Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund® (the Fund) gained 7.70% (Institutional Shares) for the quarter and 14.97% for the year ended December 31, 2023. This modestly trailed those of the Fund's primary benchmark, the Russell 2000 Growth Index (the Benchmark), which gained 12.75% for the quarter and 18.66% for the year. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, gained 11.69% for the quarter and 26.29% for the year.

The Federal Reserve's sudden interest rate pivot sent speculative, lower-quality, and interest-rate sensitive stocks soaring in December. While the Fund performed well on an absolute basis, our exclusive focus on high-quality durable growth assets put us at a relative disadvantage during the month. This is consistent with historical patterns, where the Fund generally keeps up with the market during the early phase of rallies and protects capital during more challenging periods, all while taking less risk than the Benchmark. We are optimistic that this strategy will continue to generate positive results over cycles.

NEAL ROSENBERG
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended December 31, 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]	7.63%	7.70%	12.75%	11.69%
One Year	14.68%	14.97%	18.66%	26.29%
Three Years	2.08%	2.34%	(3.50)%	10.00%
Five Years	14.62%	14.92%	9.22%	15.69%
Ten Years	9.96%	10.24%	7.16%	12.03%
Fifteen Years	13.87%	14.15%	12.07%	13.97%
Since Inception (December 31,1994)	12.73%	12.88%	7.67%	10.47%

Stocks rallied meaningfully during the quarter. December was particularly strong as investors celebrated moderating inflation and a dovish tone from the Federal Reserve. Yields on the benchmark 10-Year U.S. Treasury Bond plummeted to 3.90% after jumping to 4.80% just one quarter ago, a dramatic change for a market that generally moves in basis point increments. Relatively lower-quality, more speculative, and interest-rate sensitive stocks benefited the most from declining rates. We estimate that the Fund's focus on higher-quality, less volatile and relatively larger businesses reduced our performance by over 330 basis points in December, or substantially all the difference in our performance versus the Benchmark for the year.

Our performance in the quarter was also negatively impacted by short-term developments in several of our largest and longest-tenured investments. Shares of **Vail Resorts, Inc.** declined as investors fretted about unfavorable weather conditions in the Eastern U.S. and Tahoe. While the stock fluctuates along with meteorological forecasts, Vail's fundamentals remain robust. Vail's subscription revenue is growing at a double-digit rate, helped by volume growth, annual price increases, and a favorable mix shift towards more expensive passes. Season passes are approaching 75% of total annual skier visits, which meaningfully dampens the impact of weather on Vail's

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail shares and Institutional shares as of September 30, 2023 was 1.30% and 1.05%, respectively (comprised of operating expenses of 1.29% and 1.04%, respectively, and interest expense of 0.01% and 0.01%, respectively). The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's transfer agency expenses may be reduced by expense offsets from an unaffiliated transfer agent, without which performance would have been lower. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, visit baronfunds.com or call 1-800-99-BARON.

1 The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **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 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.

financial results. Finally, the company is highly cash generative, and we expect management to continue to drive the business toward consistent earnings growth and return of capital to shareholders.

Shares of hotel franchisor **Choice Hotels International, Inc.** declined as the company announced a hostile acquisition for competitor Wyndham Hotels. We believe that the stock is being impacted by short-term oriented merger arbitrageurs and does not appropriately reflect the meaningful strategic and financial synergies represented by the combined companies. We opportunistically added to our positions during the quarter. Please see the section titled “Recent Purchases” for additional information.

Shares of **Iridium Communications Inc.**, a mobile voice and data communications services vendor offering global coverage via satellite, were negatively impacted by the termination of its relationship with Qualcomm. Iridium’s core voice and data opportunities are unrelated to the Qualcomm relationship, and therefore we believe that the growing annuity of high-retention Iridium customers remains unaffected. We expect Iridium to return almost $3 billion of capital to shareholders over the next six years, which is a material portion of its current enterprise value.

Finally, our long-tenured and highly successful investments in insurers **Kinsale Capital Group, Inc.** and **Arch Capital Group Ltd.** both declined during the quarter. Growth in Kinsale’s gross written premiums moderated to 33% from 58% in the prior quarter. We attribute this to normal seasonality for property insurance and believe that this level of absolute growth reinforces our thesis that Kinsale will continue to be a net share gainer in the fast-growing excess and surplus market. Additionally, we believe that shares of both Arch and Kinsale were adversely impacted by the rotation towards more speculative stocks that we mentioned above, after being meaningful outperformers earlier in the year.

In late October, a federal jury in Kansas City determined that the National Association of Realtors (NAR) and large residential brokerages conspired to keep commission rates artificially high. The jury in the Sitzer-Burnett case awarded the plaintiffs an eye-catching $1.8 billion in damages, which is eligible to be trebled under antitrust law. Other analogous suits were already pending, and a flood of copycat suits have been filed in the immediate aftermath of the verdict. This has garnered national media attention given the size of the potential damages and the way that it may dramatically impact buyers, sellers, and brokers of residential real estate. The result may also create a dramatic tailwind for our investment in **CoStar Group, Inc.**, which is investing aggressively to disrupt the residential real estate advertising market.

We believe that the key enabler of CoStar’s remarkable track record of growth has been its relentless reinvestment in pursuit of long-term profitable growth. This is enabled by the company’s enviable combination of favorable secular trends, recurring revenue, high incremental margins, and robust free cash flow generation. Founder and CEO Andy Florence has created a business that benefits from a virtuous cycle. Faster growth generates additional profits, a portion of which can be invested back into the business to develop new products, expand into new markets, or hire additional salespeople, thereby creating additional growth opportunities and perpetuating the cycle.

CoStar is now undertaking its most sizeable investment cycle as it enters the residential lead generation marketplace. The residential real estate market represents a vast and underpenetrated opportunity. As an asset class, single-family residential properties represent more than $40 trillion of value in the U.S., or around 60% of the total value of U.S. real estate. We estimate that CoStar’s residential products will address a total addressable market (TAM) that exceeds $15 billion of annual recurring revenue, or almost 4 times larger than the company’s flagship Suite offering currently serves. We estimate that offering a residential product in international markets could increase that TAM by a further factor of four. We believe that this represents a highly lucrative opportunity, with a fundamental market structure that can support margins above 50% at scale.

We believe that the Sitzer-Burnett class action suit, and other similar suits, may bring profound changes to the residential real estate market in the U.S. Changes in the way that real estate agents are compensated could cause a meaningful reduction in their use, and force many to exit the market. Additionally, huge damages and a potential exodus of buyers’ agents may cause the NAR to go bankrupt. The greater the magnitude of changes wrought, the better the outcome will be for CoStar. We do not believe that CoStar’s ultimate success in the residential market depends on these changes, but instead they represent a potential accelerant.

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 December 31, 2023

	% of Net Assets (as of 12/31/2023)	Total Return (%)	Contribution to Return (%)
Core Growth	**28.8**	**19.24**	**5.19**
Trex Company, Inc.	1.1	34.44	0.33
Gartner, Inc.	8.7	31.29	2.41
IDEXX Laboratories, Inc.	3.7	26.94	0.85
Krispy Kreme, Inc.	0.9	21.34	0.17
Guidewire Software, Inc.	1.3	21.16	0.25
Bright Horizons Family Solutions, Inc.	1.0	15.76	0.17
CoStar Group, Inc.	5.7	13.66	0.79
Bio-Techne Corporation	2.9	13.51	0.30
Mettler-Toledo International Inc.	1.1	9.47	0.10
Littelfuse, Inc.	0.2	8.46	0.01
Neogen Corp.	0.3	8.45	0.03
West Pharmaceutical Services, Inc.	2.0	–6.11	–0.20
Marel hf.	–	–8.24	–0.00
Russell 2000 Growth Index		**12.75**	
Disruptive Growth	**10.4**	**7.59**	**0.65**
Altair Engineering Inc.	0.8	34.51	0.22
ANSYS, Inc.	4.6	21.96	0.84
FIGS, Inc.	0.7	17.80	0.12
Northvolt AB	0.2	3.50	0.00
Farmers Business Network, Inc.	0.0	–	–
Iridium Communications Inc.	4.0	–9.23	–0.54

Table II. (continued)
Total returns by category for the three months ended December 31, 2023

	% of Net Assets (as of 12/31/2023)	Total Return (%)	Contribution to Return (%)
Financials	**42.1**	**3.88**	**1.69**
The Carlyle Group Inc.	0.8	36.43	0.24
Moelis & Company	0.2	26.19	0.06
Morningstar, Inc.	3.4	22.40	0.75
Cohen & Steers, Inc.	1.7	22.11	0.32
Houlihan Lokey, Inc.	0.7	12.52	0.08
Essent Group Ltd.	0.3	12.11	0.04
MSCI Inc.	10.9	10.55	1.07
FactSet Research Systems Inc.	7.3	9.33	0.71
Primerica, Inc.	3.9	6.39	0.27
Clearwater Analytics Holdings, Inc.	0.1	3.57	0.00
Arch Capital Group Ltd.	8.5	–6.83	–0.56
Kinsale Capital Group, Inc.	4.3	–19.10	–1.31
Real/Irreplaceable Assets	**19.2**	**2.44**	**0.46**
Red Rock Resorts, Inc.	1.3	30.76	0.33
Alexandria Real Estate Equities, Inc.	1.1	27.89	0.27
Douglas Emmett, Inc.	0.7	15.05	0.10
PENN Entertainment, Inc.	1.4	13.51	0.19
Gaming and Leisure Properties, Inc.	3.4	10.04	0.32
Boyd Gaming Corporation	0.4	3.20	0.01
Vail Resorts, Inc.	5.4	–1.94	–0.07
Choice Hotels International, Inc.	4.4	–7.29	–0.39
Marriott Vacations Worldwide Corporation	1.1	–14.99	–0.31
Cash	**–0.4**	**–**	**0.00**
Fees	**–**	**–0.29**	**–0.31**
Total	**100.0***	**7.68****	**7.68****

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.*

Our investments in **Real/Irreplaceable Assets**, **Core Growth**, and **Financials** represent between 19% and 42% of the Fund's net assets, and aggregate to 89% of net assets. Another 10% 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 and advisory businesses appreciated significantly, while our investment in property and casualty (P&C) insurers declined. Shares of P&C insurers, such as Arch and Kinsale, declined in December as investors rotated away from defensive stocks to more speculative stocks following a decline in yields. Despite December declines, both stocks generated compelling full-year returns, and both have meaningfully outperformed the Benchmark during the period in which we have been invested. We believe that the hard market in P&C is durable and are optimistic that both will continue to generate attractive annual returns going forward.

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 12/31/2023	Millennium Internet Bubble to Present 12/31/1999 to 12/31/2023	Inception 12/31/1994 to 12/31/2023
Alpha (%)	5.05	3.92	5.39	6.85
Beta	0.58	0.82	0.71	0.72

Baron Growth Fund

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 12/31/2023		Millennium Internet Bubble to Present 12/31/1999 to 12/31/2023		Inception 12/31/1994 to 12/31/2023	
	Annualized Return	Value $10,000	Annualized Return	Value $10,000	Annualized Return	Value $10,000	Annualized Return	Value $10,000
Baron Growth Fund	2.46%	$12,448	14.15%	$72,836	9.62%	$90,670	12.88%	$335,394
Russell 2000 Growth Index	(4.71)%	$ 6,476	12.07%	$55,254	5.46%	$35,781	7.67%	$ 85,350
S&P 500 Index	(3.60)%	$ 7,188	13.97%	$71,080	7.03%	$51,092	10.47%	$179,394

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.

The Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.88% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.21% and the S&P 500 Index by 2.41%, annualized. This represents robust absolute and relative returns across a variety of market environments, driven primarily by favorable stock selection. We attribute this result to not losing money during periods of significant market drawdowns, such as the nine years ended December 2008, as well as robust absolute and relative performance versus the Benchmark during the most recent five-year period, which featured two significant market corrections.

While the Fund did not make much money from December 31, 1999 through December 31, 2008, a period which included 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. (Please see Table IV–Millennium Internet Bubble to Financial Panic). From the Financial Panic to present, the Fund generated an annualized return of 14.15%, which exceeded that of its Benchmark by 2.08% annualized, and the S&P 500 Index by 0.18% annualized.

We believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with attractive growth prospects and exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Gartner, Inc.	2007	$2.3	$35.2	31.29%	2.41%
MSCI Inc.	2007	1.8	44.7	10.55	1.07
IDEXX Laboratories, Inc.	2005	1.9	46.1	26.94	0.85
ANSYS, Inc.	2009	2.3	31.5	21.96	0.84
CoStar Group, Inc.	2004	0.7	35.7	13.66	0.79

Shares of **Gartner, Inc.**, a provider of syndicated research, soared after reporting excellent quarterly earnings results. Gartner's core subscription research businesses continued to compound at attractive rates, and growth is poised to accelerate over the next several quarters. We believe Gartner will emerge as a critical decision support resource for every company evaluating the opportunities and risks of artificial intelligence for its business. We expect this development to provide a tailwind to Gartner's volume growth and pricing realization over time. Gartner's sustained revenue growth and focus on cost control should drive continued margin expansion and enhanced free cash flow generation. The company's balance sheet is in excellent shape and can support aggressive repurchases and bolt-on acquisitions.

Shares of **MSCI, Inc.**, a leading provider of investment decision support tools, contributed to performance. The company reported solid quarterly earnings results and reiterated its 2023 free-cash-flow guidance. Shares also climbed higher in November and December as equity market performance improved. Despite some near-term macro uncertainty, we retain long-term conviction as MSCI owns strong, "all weather" franchises and remains well positioned to benefit from numerous secular tailwinds in the investment community.

Shares of veterinary diagnostics leader **IDEXX Laboratories, Inc.** contributed to performance during the quarter. While foot traffic to veterinary clinics in the U.S. remained subdued, IDEXX's excellent execution has enabled the company to continue to deliver robust financial results. We believe IDEXX's competitive trends are outstanding, and we expect new proprietary innovations and field sales force expansion to be meaningful contributors to growth in 2024. 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.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Kinsale Capital Group, Inc.	2016	$0.6	$ 7.8	–19.10%	–1.31%
Arch Capital Group Ltd.	2002	0.4	27.7	–6.83	–0.56
Iridium Communications Inc.	2014	0.6	5.1	–9.23	–0.54
Choice Hotels International, Inc.	1996	0.4	5.6	–7.29	–0.39
Marriott Vacations Worldwide Corporation	2013	1.5	3.0	–14.99	–0.31

Shares of specialty insurer **Kinsale Capital Group, Inc.** gave back some gains from earlier this year after the company reported slower premium growth in the third quarter. Earnings beat Street expectations with EPS doubling and ROE exceeding 34%. However, investors focused on the slowdown in gross written premiums to 33% growth from 58% growth in the prior quarter, which management attributed to normal seasonality for property insurance. Additionally, we believe some of the share price weakness resulted from a market rotation away from defensive stocks to more speculative stocks following a decline in yields. We continue to own the stock because we believe Kinsale is well managed and has a long runway for growth in an attractive segment of the insurance market.

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 market rotation away from defensive stocks to more speculative stocks following a decline in yields. 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 to persist. We continue to own the stock due to Arch's experienced management team and our expectation of solid growth in earnings and book value.

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 of this year. The decision shook investors' confidence in Iridium's direct-to-device opportunity. We retain conviction. Iridium remains a unique satellite asset 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 to return $3 billion to shareholders between 2023 and 2030, representing a material portion of its current enterprise value.

Recent Activity

During the quarter, the Fund added to its holdings in **Choice Hotels International, Inc.**, a leading hotel franchisor managing 22 brands and brand extensions that cover approximately 625,000 hotel rooms around the world. Choice provides a combination of services and technology-based offerings that help create compelling financial performance for franchisees, who pay Choice initial and ongoing franchise and other platform fees to support these efforts. Choice generates consistent growth in its effective royalty rate through the combination of higher prices, greater penetration of services, and a favorable mix of franchisors. Royalty rate growth is enhanced by modest growth in rooms under management and RevPAR growth over cycles, creating a consistently growing stream of high-quality cash flows.

Choice has historically enhanced its growth through M&A. In 2022, Choice acquired Radisson Hotels Americas in a deal valued at approximately $675 million. The company successfully integrated the Radisson assets in just 11 months, driving meaningful synergies from transitioning Radisson properties to Choice's distribution channels and rewards program while also leveraging economies of scale. The Radisson assets are on pace to generate $80 million of EBITDA in 2024, up from a loss of $12 million before the acquisition.

Recently, Choice made an offer to acquire Wyndham Resorts, which will create a global lodging platform that can generate significant value for all stakeholders. We believe that the pro forma company will be poised to generate meaningful revenue synergies from a broader partnership ecosystem, a vast rewards program database, and dramatic scale in marketing and reservations spending. This will be amplified by an estimated $150 million of cost synergies targeted by management. Wyndham management has rebuffed Choice to date, and shares of Choice have sold off on fears of greater financial leverage for Choice and a potential proxy battle. We expect the deal to ultimately be completed but believe that Choice shares represent attractive value from current levels regardless of whether a deal with Wyndham closes.

We also added to our investment in **Neogen Corp.**, a pure-play food security company. We have been investing in Neogen since 2009 and have been increasing our position as short-term merger integration challenges and end-market headwinds created an attractive entry point. Neogen continues to integrate its 2022 acquisition of 3M Food Safety, which we view as a transformational deal that solidifies the company's position as a scaled food security leader. This integration process is not trivial and is negatively impacting short-term financial results, along with some temporary end-market headwinds, but we believe that the long-term potential makes this effort worthwhile. Under prior ownership, the 3M Food Safety business was largely neglected, and we believe that Neogen management can dramatically improve performance by increasing the attention and investment directed towards this business.

Following the integration, we expect that Neogen will compound its revenue at a mid-to-high single-digit rate organically. The food security market is greater than $20 billion and is growing at a mid-single-digit annual rate, which is supported by several secular trends including rising incomes in emerging markets, more health-conscious consumers, increasing food allergies, more incidents of food contamination, and an increasing regulatory focus. Neogen boasts a strong underlying business model with high rates of customer retention and more than 95% of revenue coming from products that have recurring revenue. Margins are being depressed in the short term, but we believe that margins should increase and have the potential to exceed the 30% level over the next several years. Neogen has historically been a strong generator of free cash flow and we expect that this track record will resume as margins expand and one-time capital expenditures related to the 3M Food Safety integration subside.

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 durable secular tailwinds. We invest in business models that have recurring or predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We invest with management teams that seek to consistently reinvest into their businesses to raise barriers to entry and pursue long-term profitable growth. We work with our growing team of analysts to conduct iterative and holistic due diligence by interacting with representatives of all a company's stakeholders. In addition to visiting regularly with a company's management team, we join our analysts in speaking with a company's existing and potential customers, key suppliers, and large competitors. We use such findings to refine our understanding of a business and its industry, assess its growth trajectory, test the durability of its competitive advantages, and ultimately reinforce or refute our investment thesis. We do this in an iterative manner and ultimately spend as much time researching long-held positions as we do when researching new potential investments.

We hold investments for the long term. As of December 31, 2023, our weighted average holding period was 16.1 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 71% 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 17.9 years, ranging from a 7.1-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** both of which the Fund has held for roughly 27 years. We have held 24 investments, representing 85.2% of the Fund's net assets, for more than 10 years. We have held 15 investments, representing 15.2% of the Fund's net assets, for fewer than 10 years. We believe that Table VII and Table VIII quantify the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than 10 years

	Year of First Purchase	Cumulative Return Since Date of First Purchase	Annualized Return Since Date of First Purchase
IDEXX Laboratories, Inc.	2005	3,756.5%	21.3%
Choice Hotels International, Inc.	1996	3,119.4	13.6
Arch Capital Group Ltd.	2002	2,497.9	16.2
MSCI Inc.	2007	2,406.3	22.1
CoStar Group, Inc.	2004	2,082.6	17.5
Gartner, Inc.	2007	1,937.5	20.2
Mettler-Toledo International Inc.	2008	1,581.4	20.6

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 we first purchased them. This exceeded the performance of the Fund's Benchmark by 8.2% annualized. Four of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year of First Purchase	Cumulative Return Since Date of First Purchase	Annualized Return Since Date of First Purchase
Kinsale Capital Group, Inc.	2016	1,162.3%	43.1%
Trex Company, Inc.	2014	831.1	25.7
Iridium Communications Inc.	2014	474.3	19.9
Altair Engineering Inc.	2017	359.6	28.1

The cohort of investments that we have held for fewer than 10 years has returned 23.3% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 14.9% 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 December 31, 2023, we owned 39 investments. The top 10 holdings represented 63.5% of the Fund's total investments, all of which have been held for a minimum of seven years. All were small-cap businesses at the time of purchase and have become top 10 positions through stock appreciation. Our holdings in these stocks have returned 19.3% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 11.2% 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 $7.8 billion, and its weighted average market cap is $21.3 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $8.3 billion and $47.4 billion, respectively, as of December 31, 2023.

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 Total Investments
MSCI Inc.	2007	$1.8	$44.7	$854.1	10.8%
Gartner, Inc.	2007	2.3	35.2	681.2	8.6
Arch Capital Group Ltd.	2002	0.4	27.7	672.1	8.5
FactSet Research Systems Inc.	2006	2.5	18.1	572.5	7.2
CoStar Group, Inc.	2004	0.7	35.7	450.9	5.7
Vail Resorts, Inc.	1997	0.2	8.1	426.9	5.4
ANSYS, Inc.	2009	2.3	31.5	362.9	4.6
Choice Hotels International, Inc.	1996	0.4	5.6	342.7	4.3
Kinsale Capital Group, Inc.	2016	0.6	7.8	334.9	4.2
Iridium Communications Inc.	2014	0.6	5.1	316.9	4.0

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

Respectfully,

Ronald Baron
CEO and Portfolio Manager

Neal Rosenberg
Portfolio Manager

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

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

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