Dear Baron Growth Fund Shareholder:

Performance

Baron Growth Fund® (the Fund) declined 3.66% (Institutional Shares) during the quarter ended September 30, 2023. This compares favorably to the Fund's primary benchmark, the Russell 2000 Growth Index (the Benchmark), which declined 7.32%. The S&P 500 Index, which measures the performance of publicly traded large-cap U.S. companies, declined 3.27% during the period.

Interest rates rose significantly during the quarter primarily due to concerns that inflation will remain above the Federal Reserve's targeted levels, causing rates to remain *higher for longer*. We have always viewed inflation as a persistent scourge and exclusively invest in businesses with durable competitive advantages and highly differentiated products and services. We believe such attributes create pricing power that management teams can judiciously employ in pursuit of long-term growth.

Table I.
Performance
Annualized for periods ended September 30, 2023

	Baron Growth Fund Retail Shares[1,2]	Baron Growth Fund Institutional Shares[1,2,3]	Russell 2000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	(3.72)%	(3.66)%	(7.32)%	(3.27)%
Nine Months[4]	6.55%	6.75%	5.24%	13.07%
One Year	19.17%	19.48%	9.59%	21.62%
Three Years	6.15%	6.42%	1.09%	10.15%
Five Years	8.40%	8.68%	1.55%	9.92%
Ten Years	10.00%	10.28%	6.72%	11.91%
Fifteen Years	11.05%	11.32%	8.82%	11.28%
Since Inception (December 31,1994)	12.56%	12.70%	7.29%	10.14%

Interest rates continued to rise during the quarter, which put downward pressure on stocks. The S&P 500 Index declined by 3.27%, while the MSCI ACWI ex USA Index, which measures stock performance across 46 different global markets, declined by 3.77%. The Fund has gained 6.75% year-to-date through September 30, 2023, which exceeds the benchmark return by 151 bps, including 193 bps of favorable stock selection.

NEAL ROSENBERG
PORTFOLIO MANAGER

RONALD BARON
CEO AND PORTFOLIO MANAGER

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

After a series of 11 rate hikes in just 18 months, investors shifted their focus from anticipating rate increases to anxiously seeking indications of how long the Federal Reserve intends to keep short-term rates at current levels. Most recently, investors have fretted that inflation will remain above the Fed's targeted 2% level, leading to expectations that interest rates will remain *higher for longer*. The market has fixated on rising energy prices and a robust domestic labor market as applying upward pressure on inflation. The impact is exacerbated by elevated federal deficits and rising national debt with no indications of a fiscal course correction. As a result, yields on the benchmark 10-Year U.S. Treasury yield jumped to 4.80%, up almost a full percentage point from this time last year and approaching its highest level since 2007. Forward rate expectations continue to oscillate with each incremental data point and press conference, and stocks gyrate to an even greater degree as traders with hair-trigger inclinations react to the latest news.

We do not seek to reposition the portfolio or change our process or strategy based on the other investors' capricious expectations. We believe that

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

attempts to predict and invest based on macroeconomic variables are unlikely to be successful. Such variables are subject to an inordinately complex series of economic and geopolitical cross-currents, are heavily dependent on estimates, and may already be reflected in stock prices. However, our investment philosophy has always been underpinned by the view that prices rise inexorably. This perspective has heavily influenced the businesses in which we choose to deploy capital. We believe our investments serve large and growing addressable markets, benefit from positive secular trends, boast sustainable barriers to entry, offer high customer value relative to the cost of their products or services, and consistently reinvest back into their businesses to drive continuous product improvement. We believe these attributes endow these businesses with meaningful pricing power. We exclusively invest with managements that are judicious in managing their pricing strategy to meet long-term strategic goals. On the cost side, we have primarily invested in companies that incur high fixed costs to build their core assets and have high incremental margins on each additional product sold. To achieve this, such companies tend to sell products or services that use digital inputs, are asset light, employ high levels of automation, and have almost no exposure to commodity prices.

In the second quarter, we highlighted the transformational potential of artificial intelligence (AI) and observed that management teams were starting to allocate time and capital to develop AI capabilities. We have continued to see these product development roadmaps come into focus. Most recently, market data and analytics vendor **FactSet Research Systems Inc.** outlined its near-term vision for AI, with CEO Phil Snow touting that the company is "all in on Gen[erative] AI." FactSet envisions multiple product enhancements that will help broaden its addressable market, facilitate cross sales, and augment its pricing power. Innovations include creating conversational user interfaces across platforms that will enable customers to ask questions, discover and source information, and initiate tasks. FactSet will also develop "next best action" capabilities that leverages AI to make real-time suggestions, and separately will develop AI-derived tools to create and populate presentations that FactSet's customers can use to grow their own businesses. Deeper within the technology stack, FactSet is harnessing generative AI to create code in its programmatic environment. This will reduce the need for investors to learn coding languages such as Python, thereby making the platform accessible for more users. Finally, FactSet is actively establishing generative AI data bundles, which will allow clients to augment their own AI models with FactSet's connected and auditable data.

On the cost side, FactSet is preparing to leverage AI to augment its data collection capabilities. We estimate that approximately 45% of FactSet's 12,000 employees work in content operations. Leveraging AI will help FactSet collect an expansive range of data more rapidly with a lower marginal cost. We believe that a broad portfolio of cleansed and concorded data represents a critical component of FactSet's barriers to entry and expect AI to help enhance this competitive advantage. The company has also begun to trial AI-based co-pilots, which will improve the productivity of its own developers, and has rolled out an agent assist bot to help its front-line employees answer client questions.

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 September 30, 2023

	% of Net Assets (as of 9/30/2023)	Total Return (%)	Contribution to Return (%)
Financials	**43.1**	**8.14**	**2.79**
Clearwater Analytics Holdings, Inc.	0.1	21.78	0.01
Morningstar, Inc.	2.9	19.70	0.42
Kinsale Capital Group, Inc.	5.6	10.71	0.48
MSCI Inc.	10.4	9.61	0.76
Houlihan Lokey, Inc.	0.6	9.53	0.05
FactSet Research Systems Inc.	7.0	9.39	0.54
Cohen & Steers, Inc.	1.6	9.04	0.12
Arch Capital Group Ltd.	9.7	6.49	0.52
Essent Group Ltd.	0.3	1.55	0.00
Moelis & Company	0.2	0.79	0.00
Primerica, Inc.	3.9	–1.58	–0.08
The Carlyle Group Inc.	0.7	–4.57	–0.03
Real/Irreplaceable Assets	**20.5**	**–6.63**	**–1.40**
Choice Hotels International, Inc.	4.9	4.75	0.18
Douglas Emmett, Inc.	0.8	3.08	0.02
American Assets Trust, Inc.	–	–0.22	–0.00
PENN Entertainment, Inc.	1.5	–4.49	–0.06
Gaming and Leisure Properties, Inc.	3.3	–4.57	–0.15
Alexandria Real Estate Equities, Inc.	1.0	–10.68	–0.12
Red Rock Resorts, Inc.	1.1	–11.77	–0.13
Vail Resorts, Inc.	6.0	–11.86	–0.77
Boyd Gaming Corporation	0.4	–12.09	–0.05
Marriott Vacations Worldwide Corporation	1.7	–17.41	–0.32
Russell 2000 Growth Index		**–7.32**	
Core Growth	**26.0**	**–8.60**	**–2.23**
Guidewire Software, Inc.	1.1	18.29	0.16
Dechra Pharmaceuticals PLC	–	0.54	0.00
West Pharmaceutical Services, Inc.	2.4	–1.85	–0.04
Gartner, Inc.	7.0	–1.91	–0.10
Trex Company, Inc.	1.0	–5.99	–0.06
Marel hf.	0.0	–9.80	–0.01
Bright Horizons Family Solutions, Inc.	1.1	–11.86	–0.15
IDEXX Laboratories, Inc.	3.1	–12.94	–0.42
CoStar Group, Inc.	5.3	–13.61	–0.74
Neogen Corp.	0.3	–14.72	–0.05
Littelfuse, Inc.	0.2	–14.89	–0.03
Krispy Kreme, Inc.	0.8	–15.44	–0.10
Mettler-Toledo International Inc.	1.0	–15.52	–0.18
Bio-Techne Corporation	2.7	–16.53	–0.50

Table II. (continued)

Total returns by category for the three months ended September 30, 2023

	% of Net Assets (as of 9/30/2023)	Total Return (%)	Contribution to Return (%)
Disruptive Growth	**10.3**	**–21.94**	**–2.57**
ANSYS, Inc.	4.0	–9.91	–0.39
Altair Engineering Inc.	0.6	–17.51	–0.12
Northvolt AB	0.2	–20.31	–0.04
Iridium Communications Inc.	4.8	–26.57	–1.55
FIGS, Inc.	0.7	–28.79	–0.20
Velo3D, Inc.	–	–47.66	–0.04
Farmers Business Network, Inc.	0.0	–95.74	–0.23
Cash	**0.1**	**–**	**–0.01**
Fees	**–**	**–0.28**	**–0.28**
Total	**100.0***	**–3.69****	**–3.69****

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

* *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** represented between 20.5% and 43.1% of the Fund's net assets and aggregate to 89.6% of net assets. Another 10.3% of net assets were 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. As shown in the table above, our investments in Financials and Real/Irreplaceable Assets outperformed the Benchmark, while our investments in Core Growth and Disruptive Growth trailed. We view this quarter's results are illustrative of the way in which our balanced approach enables us to generate superior returns over time despite an ever-fluctuating market backdrop.

We note that the efficacy of our balanced approach is also evident when viewed over a longer time horizon. Over the past five years, we find that our investments in Financials, Core Growth, and Disruptive Growth have compounded at annualized rates of 15.1%, 10.3%, and 5.5%, respectively. These meaningfully exceed the 1.6% annual return of the Benchmark over the same period. Our investments in Real/Irreplaceable Assets have compounded at 0.7%, modestly trailing the benchmark, but with a less volatile cash flow stream, in our view.

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 9/30/2023	Millennium Internet Bubble to Present 12/31/1999 to 9/30/2023	Inception 12/31/1994 to 9/30/2023
Alpha (%)	5.05	4.09	5.49	6.95
Beta	0.58	0.82	0.71	0.72

Table IV.

Performance

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

	Millennium Internet Bubble to Financial Panic 12/31/1999 to 12/31/2008		Financial Panic to Present 12/31/2008 to 9/30/2023		Millennium Internet Bubble to Present 12/31/1999 to 9/30/2023		Inception 12/31/1994 to 9/30/2023	
	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized	Value $10,000	Annualized
Baron Growth Fund	$12,448	2.46%	$67,625	13.84%	$84,184	9.38%	$311,402	12.70%
Russell 2000 Growth Index	$ 6,476	–4.71%	$49,007	11.38%	$31,735	4.98%	$ 75,700	7.29%
S&P 500 Index	$ 7,188	–3.60%	$63,640	13.37%	$45,744	6.61%	$160,616	10.14%

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

In addition to strong short- and medium-term results, the Fund has meaningfully outperformed its Benchmark over the long term. The Fund has gained 12.70% on an annualized basis since its inception on December 31, 1994, which exceeds that of the Benchmark by 5.41% and the S&P 500 Index by 2.56%, 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 includes the highs of the Internet Bubble and the lows of the Financial Panic, it did generate a positive annualized return of 2.46%. Conversely, a hypothetical investment in a fund designed to track the Fund's Benchmark would have declined in value by 4.71% on an annualized basis over the same time. Similarly, a hypothetical investment in a fund designed to track the large-cap S&P 500 Index would have declined 3.60% annualized. (Please see Table IV–Millennium Internet Bubble to Financial Panic). From the Financial Panic to present, the Fund generated an annualized return of 13.84%, which has exceeded that of its Benchmark by 2.46% annualized, and the S&P 500 Index by 0.47% annualized.

We believe that the power of compounding is better demonstrated by viewing these returns in dollar terms. A hypothetical investment of $10,000 in the Fund at its inception on December 31,1994 would be worth $311,402 on September 30, 2023. This is approximately 4.1 times greater than the $75,700 the same hypothetical investment made in a fund designed to track the Benchmark would be worth, and almost double a hypothetical investment in the S&P 500 Index. Hypothetically, our returns were achieved with approximately 28% less volatility than the Benchmark, as represented by its beta. (Please see Tables III and IV.) Importantly, we believe that the returns in the portfolio have come primarily through the compounded growth in the revenue and cash flow of the businesses in which we have invested rather than increases in valuation multiples. We are pleased that our long-term investments in what we believe are competitively advantaged companies with attractive growth prospects and exceptional management teams have generated attractive returns in good markets and have helped to protect capital during more challenging ones.

Table V.

Top contributors to performance for the quarter ended September 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
MSCI Inc.	2007	$1.8	$40.6	9.61%	0.76%
FactSet Research Systems Inc.	2006	2.5	16.7	9.39	0.54
Arch Capital Group Ltd.	2002	0.4	29.7	6.49	0.52
Kinsale Capital Group, Inc.	2016	0.6	9.6	10.71	0.48
Morningstar, Inc.	2005	0.8	10.0	19.70	0.42

Shares of **MSCI Inc.**, a leading provider of investment decision support tools, contributed to performance during the quarter. The company reported solid second quarter earnings results and reiterated its outlook for the remainder of 2023. The stock traded up due to the stabilization of ESG trends on a sequential basis coupled with continued robust performance in Index and Analytics. 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, in our view.

Shares of **FactSet Research Systems Inc.**, a leading provider of investment management tools, contributed to performance. Despite macro-related volatility including challenges in the banking sector, lengthening sales cycles, and constrained client budgets, the company reported quarterly earnings that beat consensus estimates and provided a solid outlook for fiscal year 2024. While there is some near-term uncertainty, we retain long-term conviction in FactSet due to the company's large addressable market, consistent execution on both new product development and financial results, and robust free-cash-flow (FCF) generation.

Specialty insurer **Arch Capital Group Ltd.** contributed after reporting results that beat consensus amid favorable industry conditions. During the second quarter, net premiums written grew 28%, underwriting margins remained strong, and net investment income more than doubled. The operating ROE exceeded 20%, and book value per share grew 18%. Pricing trends in the P&C insurance market remain favorable, and higher interest rates are driving higher investment yields. The Fund has been a large investor in Arch Capital since 2002. Its stock price increased about 27 times since our initial purchase. We remain an investor in this unique, well-managed, diversified property, casualty and mortgage insurer. That is due to our expectation of significant growth in earnings and book value.

Table VI.

Top detractors from performance for the quarter ended September 30, 2023

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Total Return	Percent Impact
Iridium Communications Inc.	2014	$0.6	$ 5.7	–26.57%	–1.55%
Vail Resorts, Inc.	1997	0.2	8.5	–11.86	–0.77
CoStar Group, Inc.	2004	0.7	31.4	–13.61	–0.74
Bio-Techne Corporation	2009	2.1	10.8	–16.53	–0.50
IDEXX Laboratories, Inc.	2005	1.9	36.3	–12.94	–0.42

Iridium Communications Inc. is a leading mobile voice and data communications services vendor offering global coverage via satellite. Shares fell on second quarter earnings, growth modestly slower than expected. Investors were also concerned by a potential slowdown in Iridium's voice and data segment following several years during which the segment benefited from price increases and competition displacements. We attribute the earnings miss to a one-time write off of a spare satellite. This will not impact the company's long-term prospects. We also remain excited about the potential benefit from Iridium's recent partnership with Qualcomm to allow satellite connectivity on its new Snapdragon chips. While Iridium has suggested the realization of the direct-to-device opportunity might take longer than some investors had hoped, we believe the collaboration will yield substantial revenue for the company over time. We also remain excited about the company's capital allocation program, which should benefit shareholders in the years ahead.

Vail Resorts, Inc., a global owner and operator of ski resorts, detracted from performance during the quarter. The stock declined as poor weather conditions in Australia and lower summer visitation at its U.S. destination mountain resorts hurt financial results. Despite these short-term headwinds, Vail continues to generate strong season pass sales, which grew 11% over last year. Renewal rates increased across all destinations, international, and local geographies, with the strongest growth in the Northeast despite last season's poor snow conditions. We view the stock as a high single- to low double-digits EBITDA grower with a mid-single-digit FCF yield, all of which is being returned to shareholders through dividends and share buybacks.

CoStar Group, Inc., a provider of marketing platforms, data and analytics to the commercial and residential real estate industries, detracted from performance. CoStar's financial results were negatively impacted by lower non-subscription revenue resulting from a significant drop in commercial real estate sales volumes. We are optimistic that volumes will recover. More importantly, we believe trends in the company's core subscription offerings remain excellent and are encouraged by growing traction in CoStar's nascent residential offering. We estimate CoStar invested around $230 million in this initiative in 2022 and is targeting a total investment approaching $540 million in 2023. While this is a significant upfront commitment, we believe residential represents a transformative opportunity. We believe the company's proprietary data, broker-oriented approach, and best-in-class management position it to succeed in this endeavor.

Recent Activity

We increased our holding in **Krispy Kreme, Inc.**, an omni-channel manufacturer and retailer of doughnuts. Krispy Kreme sells its product through its owned and franchised doughnut shops, and in grocery and convenience stores through its Delivered Fresh Daily (DFD) network. Krispy also sells via e-commerce. Krispy Kreme is successfully executing its plan to grow DFD points of access by 10% to 15% annually. It now services nearly 13,000 points of access in 37 countries by leveraging over 400 doughnut producing hubs worldwide.

We believe that Krispy Kreme is making consistent progress along its core growth vectors. In its most recently reported quarter, the company grew revenue 11.4% organically as it benefited from pricing, growth in premium specialty doughnuts, and the growth of DFD. Within the U.S., sales per hub grew 9%, while average sales per DFD location increased by 16%, indicating the long growth runway that exists within its existing footprint.

We remain excited by the trial with McDonald's in the Louisville, Kentucky area, which presently includes 160 locations. To date, sales at McDonald's have proven to be incremental to existing donut shop and DFD sales in the region, and Krispy Kreme has been able to successfully serve these additional points of access from its existing hub network. We believe that a successful trial in Kentucky could ultimately lead to a broader rollout across McDonald's restaurants and may also motivate additional quick service restaurant chains to contemplate a similar partnership with Krispy Kreme.

Portfolio Structure And Investment Strategy

We seek to invest in businesses with attractive fundamental characteristics and long-term growth prospects. These attributes include high barriers to entry, durable competitive advantages, large and growing addressable markets, and enduring secular tailwinds. We favor business models that have high levels of recurring and predictable revenue, generate attractive incremental margins, are cash generative, and are not dependent on third-party financing. We exclusively invest with management teams that consistently reinvest into their businesses 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 sustainability 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 September 30, 2023, our weighted average holding period was 15.8 years. This is dramatically longer than most other small-cap growth funds, which, according to Morningstar, turn over about 76% of their portfolios annually based on an average for the last three years. The portfolio's 10 largest positions have a weighted average holding period of 17.6 years, ranging from a 6.8-year investment in **Kinsale Capital Group, Inc.** to investments in **Choice Hotels International, Inc.** and **Vail Resorts, Inc.** that are now both approaching 27 years. We have held 23 investments, representing 80.0% of the Fund's net assets, for more than 10 years. We have held 17 investments, representing 20.0% of the Fund's net assets, for less than 10 years. We believe that Table VII and Table VIII quantify the merits of our long-term holding philosophy.

Table VII.
Top performing stocks owned more than 10 years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase	Annualized Return Since First Date of Purchase
IDEXX Laboratories, Inc.	2005	2,938%	20.1%
Arch Capital Group Ltd.	2002	2,688	16.7
Choice Hotels International, Inc.	1996	2,508	13.4
MSCI Inc.	2007	2,167	21.7
CoStar Group, Inc.	2004	1,820	16.9
Gartner, Inc.	2007	1,452	18.6
Mettler-Toledo International Inc.	2008	1,436	20.2

The cohort of investments that we have held for more than 10 years earned a weighted average annualized rate of return of 16.4% since we first purchased them. This exceeded the performance of the Fund's Benchmark by 8.4% annualized. Five of these investments have achieved annualized returns that exceeded the Benchmark by more than 10% per year.

Table VIII.
Top performing stocks owned less than 10 years

	Year of First Purchase	Cumulative Total Return Since First Date of Purchase	Annualized Return Since First Date of Purchase
Kinsale Capital Group, Inc.	2016	1,460%	49.6%
Trex Company, Inc.	2014	593	22.6
Iridium Communications Inc.	2014	533	21.7

The cohort of investments that we have held for less than 10 years has returned 23.0% annually on a weighted average basis since our initial purchase, exceeding the Benchmark by 16.9% annualized. Eight 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 September 30, 2023, we owned 40 investments. The top 10 holdings represented 64.7% of the Fund's net assets, most of which have been held for more than 10 years. All were small-cap businesses at the time of purchase and have become top 10 positions mostly through stock appreciation. Our holdings in these stocks have returned 20.0% annually based on weighted average assets since our initial investment, exceeding the Benchmark by an average of 12.7% 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.

Baron Growth Fund

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 $6.8 billion, and its weighted average market cap is $18.7 billion. This compares to Morningstar's U.S. market cap breakpoints for small- and mid-cap funds of $7.6 billion and $42.7 billion, respectively, as of September 30, 2023.

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

	Year Acquired	Market Cap When Acquired (billions)	Quarter End Market Cap (billions)	Quarter End Investment Value (millions)	Percent of Net Assets
MSCI Inc.	2007	$1.8	$40.6	$777.3	10.4%
Arch Capital Group Ltd.	2002	0.4	29.7	722.2	9.7
FactSet Research Systems Inc.	2006	2.5	16.7	524.7	7.0
Gartner, Inc.	2007	2.3	27.1	518.9	7.0
Vail Resorts, Inc.	1997	0.2	8.5	443.8	6.0
Kinsale Capital Group, Inc.	2016	0.6	9.6	414.1	5.6
CoStar Group, Inc.	2004	0.7	31.4	396.8	5.3
Choice Hotels International, Inc.	1996	0.4	6.2	363.2	4.9
Iridium Communications Inc.	2014	0.6	5.7	356.0	4.8
ANSYS, Inc.	2009	2.3	25.8	297.6	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.

The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking. **Alpha:** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta:** measures a fund's sensitivity to market movements. The beta of the market (Russell 2000 Growth Index) is 1.00 by definition. **Free cash flow yield** is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share. **Free cash flow (FCF)** represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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