March 31, 2024

BARON CAPITAL INVESTOR

Investing in Durable Secular Trends in Innovation

Baron Opportunity Fund® | All Cap

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Baron Opportunity Fund invests in businesses benefiting from secular innovation trends and durable growth. We target our investments toward how the world is changing: the generational, disruptive, and tectonic shifts that impact how we live and work.

We believe innovation is about the intelligent transformation of ideas or inventions into goods or services, and can be found across a range of industries, not just in technology, as is often assumed.

In fact, close to half of our holdings are not in the Information Technology sector. We own, for example, biotechnology company **argenx SE** and robotics surgical system manufacturer **Intuitive Surgical, Inc.** in Health Care. In Financials, we are invested in credit card companies **Visa Inc.** and **Mastercard Incorporated.** We own data center REIT **Equinix, Inc.** in Real Estate and rocket, satellite, and space craft manufacturer **Space Exploration Technologies Corp.** (SpaceX) in Industrials.

We also believe innovation can drive profitable growth in any company, regardless of size. For instance, the Fund holds **Microsoft Corporation**, **NVIDIA Corporation**, **Amazon.com, Inc.**, **Meta Platforms, Inc.**, and **Tesla, Inc.** All of these are massive, well known companies, but we believe they are still in the process of building competitive strengths that will continue to translate into increasing market share and profitable growth.

As seen in the table below, our approach has produced strong long-term results over the 24 years since the Fund's launch. As of March 31, 2024, the Fund, which is managed by Head of Technology Research Mike Lippert, outperformed its primary benchmark and its peer group average over the 1-, 5-, 10-year, and since inception periods.

Baron Opportunity Fund Performance
as of 3/31/2024 (annualized)*

	1-year	3-year	5-year	10-year	Since Inception**
Baron Opportunity Fund	46.63%	3.25%	19.47%	15.81%	9.69%
Russell 3000 Growth Index	37.95%	11.54%	17.82%	15.43%	7.15%
S&P 500 Index	29.88%	11.49%	15.05%	12.96%	7.77%
Morningstar Large Growth Category Average	36.45%	7.95%	14.89%	13.24%	5.88%

* Institutional shares. For Retail and R6 shares, visit baronfunds.com
** Inception date: February 29, 2000.

Emphasis on Durable Secular Trends

We believe durable secular trends will be the predominant underpinning of market leadership over the long term for both individual businesses and industries. As long-term investors, we

Performance listed in the above table is net of annual operating expenses. The annual expense ratio as of September 30, 2023 was 1.06%.

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 waive or 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.

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.

The Fund's 3-, 5-, and 10-year historical performance was impacted by gains from IPOs, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

focus on these trends and not on short-term events and business/market cycles. We believe our emphasis on secular trends, backed by extensive due diligence, is a key differentiator and has driven our long-term outperformance. We also believe many of these trends are still in their early stages. We are seeing an increasing divide in growth and market share between the structural/secular winners and the legacy/cyclical businesses.

The leaders of the secular trends we are focused on are finding better, more efficient, less costly ways to deliver goods and services. They are leveraging advances in technology – or developing technologies themselves – to disrupt their industries. They are creating platforms to build competitive advantages and take market share.

These trends include:

- Cloud computing
- Software-as-a-service (SaaS)
- Artificial intelligence (AI)
- Mobile
- Digital media
- Targeted, people-based digital advertising
- E-commerce
- Genetics
- Minimally invasive surgical procedures
- Cybersecurity
- Electric vehicles/autonomous driving
- Electronic payments

Within each theme, we take a fundamental, bottom-up approach based on extensive, company-specific research to select stocks. Following are some examples.

Artificial Intelligence

The release of ChatGPT in November 2022 was a breakthrough moment in the adoption of AI. ChatGPT is an example of generative AI (GenAI), which can create new content in the form of images, text, audio, and more. For at least a decade, AI has played a part in many aspects of our lives, from Google Search results to recommendations of videos, songs, and products to targeted advertising. GenAI, however, is not just the next step but a truly transformative technology, lowering the barriers to creation, expression, worker productivity, software development, and access to information. We view it as the next major secular tectonic shift, like mobile and cloud, and the most compelling force to power technology innovation and impact human life over the next decade. It will disrupt many industries, strengthening some businesses and weakening others.

We are in the very early innings of GenAI. While some observers may liken it to the advent of the internet or the smartphone, where a slew of new entrants sought to take advantage of the technology, it is not precisely analogous, as there are quite a few established and successful businesses that are well positioned to benefit from growth in GenAI. While we continue to research the most promising investment opportunities in the space, we have already identified a number of these companies – many of which we have invested in and/or followed for years.

Some of these names include:

- Semiconductor companies: **NVIDIA Corporation**, **Advanced Micro Devices, Inc.**, **indie Semiconductor, Inc.**
- Investors in GenAI/cloud computing: **Microsoft Corporation**, **Meta Platforms, Inc.**, **Amazon.com, Inc.**
- Autonomous driving: **Tesla, Inc.**, **GM Cruise Holdings, LLC**, **Mobileye Global Inc.**
- Systems software: **Snowflake Inc.**, **CrowdStrike Holdings, Inc.**, **Cloudflare, Inc.**, **Datadog, Inc.**
- Business applications software: **ServiceNow, Inc.**, **Workday, Inc.**

Multi-Thematic Platform Companies

Several of the Fund's largest investments are in companies that have built a platform that others can use to connect their businesses, sell products and services, market, and co-create value. Many of these companies are operating across several connected themes, leveraging economies of scale, network effect, and barriers to entry to build formidable competitive advantages and dominate their market(s). While many platform companies are classified as IT or internet stocks, we have investments in platform companies in other sectors as well.

Amazon.com, Inc. has built an online/digital service platform enabled by massively scalable IT and an unparalleled logistics infrastructure. This infrastructure has allowed Amazon to dominate online retail and public cloud service, and compete as a leading streaming service provider and digital content seller as well as a major provider of fulfillment services to third-party retailers.

The company continues to grow. Its "flywheel effect" (a term coined by founder Jeff Bezos) of increasing participation from Prime members driving further activity on Amazon.com is showing no signs of letting up. It continues to invest in new business opportunities, such as e-finance, apparel, and international expansion.

While e-commerce penetration is rising and Amazon continues to grow its addressable market by entering new verticals, we view Amazon Web Services (AWS), the company's cloud services provider, as the more material driver of growth given AWS's leadership in the vast and growing cloud infrastructure market and potential to compete in application software. We think Amazon's relentless focus on innovation will lay the groundwork for years of future growth.

Microsoft Corporation is a software mega-cap company that has crossed the chasm from the client-server and PC era to today's world of digital transformation and cloud. Microsoft, which is currently the Fund's largest holding, has successfully pivoted its business to the cloud with its leading Azure infrastructure and Platform-as-a-service (PaaS) offerings and by porting its dominant Office suite of desktop

Baron Opportunity Fund
Top 10 Holdings as of March 31, 2024

Holding	Sector	% of Net Assets
Microsoft Corporation	Information Technology	13.8%
NVIDIA Corporation	Information Technology	11.6%
Amazon.com, Inc.	Consumer Discretionary	6.7%
Meta Platforms, Inc.	Communication Services	4.6%
CoStar Group, Inc.	Real Estate	3.3%
Advanced Micro Devices, Inc.	Information Technology	3.0%
Gartner, Inc.	Information Technology	3.0%
Tesla, Inc.	Consumer Discretionary	3.0%
Visa, Inc.	Financials	2.6%
Space Exploration Technologies Corp.	Industrials	2.4%
Total		**54.0%**

solutions to the cloud, with its SaaS products Microsoft 365, Office 365, and Teams. Microsoft's ability to accelerate revenue growth to double-digit levels at its scale is a case study in successful business transformation. The company now supports open source and inter-operates with competing systems, positioning it as a leader in cloud computing alongside Amazon.

Equinix, Inc., a specialized REIT that is the leading provider of Internet Business Exchanges, is a platform company that operates in the business-to-business space. Early on, Equinix employed its scale and "network neutral" policy, which allows customers to connect with one another, to attract large telecom networks. Once Equinix established its leading market position, other telecoms, major enterprises, and e-commerce and cloud computing companies felt compelled to join the Equinix "ecosystem" to easily and efficiently access these networks. Equinix has made strategic acquisitions to expand its global footprint and improve its technical expertise in migrating customers from legacy data center infrastructure to a hybrid one in which Equinix acts as the intermediary between the enterprise IT shop and the cloud. We believe Equinix will continue to benefit from growth in internet traffic, IT outsourcing, cloud computing, and mobile, as well as the globalization of financial markets.

Electric Vehicles/Autonomous Driving

Electric vehicle (EV) sales saw another strong year in 2023, accounting for about 18% of all new car sales globally. A number of secular trends continue to drive EV adoption, including increasing consumer awareness and demand, game-changing decarbonization policies, and improving cost efficiencies that enable competitive pricing with mass-market gas-powered vehicles. While the industry-wide shift to electrification may take decades, there will be many opportunities for long-term investors to get in at or near the starting gate along the way.

We are long-time – and well-known – investors in EV manufacturer **Tesla, Inc.** Despite near-term challenges, we expect Tesla to continue to grow its automotive business over the long term through international production capacity and product expansion, including pickup and semi-truck lineups. We believe that Tesla's vertical integration, technology innovation, brand, profitability, and growing supplier support offer unique and durable growth opportunities that are hard to replicate. In addition, Tesla's energy and software expertise is broadening the industrial opportunity to large and profitable revenue avenues that were locked in the legacy vehicle architecture such as autonomous, insurance, and other AI use cases.

Alongside EVs, we think autonomous driving will be the next seismic shift in the automotive industry. Tesla and other companies are working on perfecting and leveraging advanced driver assistance systems (ADAS) and other technology to develop software-enabled connected, driver-less fleets that can be leased or rented much like a taxi. ADAS, which improves the safety and reaction times of the driver through early warning and automated systems, is already a common feature in many vehicles. The next step in the evolution of ADAS, we believe, is fully autonomous vehicles. We are invested in leading ADAS solutions provider **Mobileye Global Inc.**, which effectively pioneered the ADAS market in 2007. We also own **indie Semiconductor, Inc.**, a fabless designer, developer, and marketer of automotive semiconductors for ADAS and connected car, user experience, and electrification applications.

Minimally Invasive Surgery

Minimally invasive surgical procedures are becoming an increasingly popular alternative to traditional surgery, as they are typically less traumatic for the patient, allowing for a faster recovery. We own **Intuitive Surgical, Inc.**, the leading provider of robotic-assisted surgery. The penetration rate of robotic surgery is still quite low relative to the total number of surgeries. Intuitive is developing a catheter-based robotic system for lung cancer diagnosis and treatment.

Conclusion

The pandemic proved to be an accelerant for many of the themes in which we invest – e-commerce; electronic payments; digital entertainment, media, and advertising; digital workflows; cloud computing; cybersecurity; and genomics – as they proved critical to allowing businesses and people to carry on with life and work. We think companies benefiting from this acceleration of digital trends should see strong long-term growth as these trends play out.

Post-pandemic, innovation – in this case, GenAI – has once again proven to be a powerful driver of growth, driving a surge in the share prices of companies the market views as beneficiaries of this technology, many of which we have owned for years. While the short-term response has been impressive and somewhat gratifying, as always, we remain focused on the long term.

This means identifying the durable secular growth trends that we believe will drive economic growth regardless of short-term economic cycles or stock market gyrations and the companies that are leading or riding those trends and possess durable competitive advantages, profitable business models, and long-term-oriented managers. We establish and monitor short- and long-term price targets for all of our holdings and target companies, utilizing our own internal projections of revenues, earnings, and free cash flow, and what we believe are appropriate multiples, and we buy or add to these companies at stock prices where we believe we can deliver substantial returns.

We believe wholeheartedly in our strategy: growth based on powerful, long-term, innovation-driven secular trends. In the highly uncertain world we live in, we believe non-cyclical, durable, and resilient growth should be part of investors' portfolios.

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

Risks: Securities issued by small and medium sized companies may be thinly traded and may be more difficult to sell during market downturns. Companies propelled by innovation, including technology advances and new business models, may present the risk of rapid change and product obsolescence, and their success may be difficult to predict for the long term. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

The discussion of market trends and companies is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this document reflect those of the respective writer. Some of our comments are based on management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

Portfolio holdings as a percentage of net assets as of 3/31/2024 for securities mentioned are as follows: **argenx SE** – 1.9%; **Intuitive Surgical, Inc.** – 1.6%; **Mastercard Incorporated** – 2.3%; **Equinix, Inc.** – 0.9%; **indie Semiconductor, Inc.** – 1.6%; **GM Cruise Holdings, LLC** – 0.1%; **Mobileye Global Inc.** – 1.0%; **Snowflake Inc.** – 0.9%; **CrowdStrike Holdings, Inc.** – 1.4%; **Cloudflare, Inc.** – 0.8%; **Datadog, Inc.** – 1.2%; **ServiceNow, Inc.** – 2.0%; **Workday, Inc.** – 1.8%.

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

As of 3/31/24 the Morningstar Large Growth Category consisted of 1,191, 1,111, 1,037, 807, and 592 share classes for the 1-, 3-, 5- and 10-year, and since inception periods. Morningstar ranked Baron Opportunity Fund in the 7th, 90th, 5th, 10th, and 3rd percentile for each of the 1-, 3-, 5- and 10-year, and since inception periods.

Morningstar calculates the Morningstar Large Growth category average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

The **Russell 3000® Growth Index** measures the performance of the broad growth segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. **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 indexes include reinvestment of dividends before withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

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