Dear Baron Fifth Avenue Growth Fund Shareholder:

Performance

Baron Fifth Avenue Growth Fund® (the Fund) gained 3.6% (Institutional Shares) during the third quarter, which compares to gains of 3.2% for the Russell 1000 Growth Index (R1KG) and 5.9% for the S&P 500 Index (SPX), the Fund's benchmarks.

Year-to-date, the Fund is up 23.3% compared to gains of 24.6% for the R1KG and 22.1% for the SPX.

Table I.
Performance†
Annualized for periods ended September 30, 2024

	Baron Fifth Avenue Growth Fund Retail Shares[1,2]	Baron Fifth Avenue Growth Fund Institutional Shares[1,2,3]	Russell 1000 Growth Index[1]	S&P 500 Index[1]
Three Months[4]	3.51%	3.57%	3.19%	5.89%
Nine Months[4]	23.06%	23.30%	24.55%	22.08%
One Year	44.65%	45.01%	42.19%	36.35%
Three Years	(1.31)%	(1.05)%	12.02%	11.91%
Five Years	11.36%	11.65%	19.74%	15.98%
Ten Years	12.57%	12.86%	16.52%	13.38%
Fifteen Years	13.19%	13.47%	16.52%	14.15%
Since Inception (April 30, 2004)	9.75%	9.96%	12.27%	10.56%

ALEX UMANSKY
PORTFOLIO MANAGER

Retail Shares: BFTHX
Institutional Shares: BFTIX
R6 Shares: BFTUX

For the first time since the market began its recovery in 2023, Index returns were NOT dominated by the *Magnificent Seven*, which contributed 81bps (or 25%) to the quarterly return while now accounting for 54% of the R1KG's weight. This compares to the Magnificent Seven accounting for 73% of the gains in the first half of the year, and 65% of the Index's total return in 2023 when their weight averaged approximately 44% of the R1KG. After signaling that the easing cycle was upon us, the Federal Reserve (the Fed) finally cut interest rates by 50bps in September which we think caused investors to start looking beyond the Magnificent Seven and resulted in increased participation and improved market breadth. More importantly, the majority of our companies continue to execute well with their stock performance driven more by growth in fundamentals rather than multiple expansion. We are focused on finding and investing in high quality Big Ideas, which we think of as companies that could become significantly larger in the future than they are today. We look for platform businesses that benefit from power law distribution and network effects that we believe will enable these businesses to sustain competitive advantages while benefiting from a long duration of growth – the N (number of years the business will likely grow) is more important to us than the G (growth rate). We believe the economic backdrop is finally turning and the recently expanding market breadth could become a tailwind for the style of investing that we tend to employ.

Performance listed in the table above is net of annual operating expenses. The gross annual expense ratio for the Retail and Institutional Shares as of September 30, 2023 was 1.06% and 0.78%, respectively, but the net annual expense ratio was 1.01% and 0.76% (net of the Adviser's fee waivers, comprised of operating expenses of 1.00% and 0.75%, respectively, and interest expense of 0.01% and 0.01%, respectively), respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser waives and/or reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2035, 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 BaronCapitalGroup.com or call 1-800-99-BARON.

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

1 The **Russell 1000® Growth Index** measures the performance of large-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 1000® 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. Investors cannot invest directly in 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.

The Fund's 38bps of outperformance versus the R1KG in the quarter was driven by stock selection, which was responsible for 84bps while sector allocation was a 47bps headwind. From a sector attribution perspective, the Fund's best performing sectors, Health Care and Communication Services were responsible for 248bps of outperformance combined, driven by **argenx**, **Intuitive Surgical**, and **Meta**. Interestingly, Health Care and Communication Services were the two worst performing sectors in the R1KG in the quarter, due to underperformance of some of the largest pharmaceutical companies such as Eli Lilly or Merck (which we do not own), and **Alphabet** (which we are underweight). This outperformance was partially offset by underperformance in Information Technology (IT), which cost us 177bps. The sector was largely impacted by the performance of our software holdings, which detracted 133bps from relative performance due to double-digit declines from **CrowdStrike**, **Datadog**, **Snowflake**, and **Atlassian**. Apart from CrowdStrike, which became a household name for the wrong reasons (a faulty update caused a widespread crash), our other holdings reported solid results, leading to an increase in expectations for the year. Overall, our software holdings (including CrowdStrike) saw their expectations for 2024 revenues, operating income, and margins rise by 0.2%, 9.5%, and 0.5%, respectively[1]. While estimates went up, valuation multiples contracted due to continued macro uncertainty and investor concerns that IT budget pressures and reallocation to AI crowding out everything else, would cause headwinds for future growth. We are big believers in the world of AI; however, we also believe in the long duration of growth for these software businesses. We do not think they are mutually exclusive.

From a company specific and absolute perspective, we had 19 contributors, with 16 of our investments posting double-digit gains during the quarter. **Tesla**, argenx, **ServiceNow**, Intuitive Surgical, **Samsara**, and **Trade Desk** contributed at least 50bps each, while **Shopify**, Meta, and **MercadoLibre** added over 100bps each to absolute returns. This strong performance was partially offset by 14 detractors, with **ASML** and **Mobileye** costing the Fund over 50bps each, while CrowdStrike at 149bps was the one decliner to have cost us over 100bps.

We note that most of the quarterly declines were driven by multiple contraction and are therefore unlikely to result in permanent loss of capital. For example, the stock of the leading semiconductor equipment manufacturer, ASML, declined due to investor concerns over near-term order trends, which drove a 29% decline in the company's P/E multiple (on forward 12-month EPS based on FactSet consensus estimates). We remain more focused on the company's long-term competitive positioning and duration of growth. As a de-facto monopoly, ASML is the only provider of critical equipment for leading-edge semiconductor chip manufacturing, and it is the beneficiary of a number of secular tailwinds including electrification, digitization, AI, and growing chip complexity.

To better understand stock performance, we deconstructed returns into two components – the change in multiples and the change in fundamentals. We analyzed the change in the weighted average multiple of the Fund and the change in weighted average consensus expectations for 2024 (for revenues, operating income, and operating margins). During the third quarter, the multiple[2] contracted by 1.5% and is now up just 6.1% year-to-date – driven by our IT investments where the multiple contracted by 8%. Since the Fund was up 3.6%, the fundamentals of our businesses improved by approximately 5.1% during the quarter. Revenue expectations for 2024 increased by 1.7% (after increasing by 1.3% in the June quarter), operating income expectations increased by 7.3% (up 1.4% in the June quarter), and operating margin expectations increased by 65bps (up 5bps in the June quarter). Of course, multiples go up or down every year, depending on the macro environment, investor psychology, geopolitical situations, etc., and multiple expansion (or contraction) can have a disproportionate impact on the Fund's performance over the short term, as it did in 2022 when the Fund's multiple declined 53.1%. However, we are subscribers to Benjamin Graham's view that over the short term the market is a voting machine but over the long term it is a weighing machine. Since the recovery began in early 2023, the Fund has appreciated 102.5% with approximately 71.1% of that attributable to the improvement in fundamentals. We believe that stock prices can fluctuate, sometimes wildly, as a result of the changes in multiples investors are willing to pay based on current circumstances, but that over the long term they will almost always come to reflect the factual and quantifiable fundamentals that underline their businesses.

Table II.
Top contributors to performance for the quarter ended September 30, 2024

	Quarter End Market Cap ($ billions)	Contribution to Return (%)
Shopify Inc.	103.3	1.23
Meta Platforms, Inc.	1,448.3	1.13
MercadoLibre, Inc.	104.0	1.04
Tesla, Inc.	835.8	0.73
argenx SE	32.4	0.65

Shopify Inc. is a cloud-based software provider for multi-channel commerce. Shares rose 21.3% after reporting strong financial results with revenue growth of 25% year-on-year, accelerating from the prior quarter. Shopify's operating margins also outperformed, at 14.6%, or nearly 3% better than expected, alleviating investor concerns over an upcoming investment cycle. While the company continues gaining share in its core business, we are increasingly seeing data points that point to a successful expansion to new opportunities including international, B2B, and offline. Despite volatility in the pace of reinvestments and margin expansion, we remain shareholders due to Shopify's strong competitive positioning, innovative culture, and long runway for growth, as it still holds less than a 2% share of the global commerce market.

Shares of **Meta Platforms, Inc.**, the world's largest social network, were up 13.6% this quarter on impressive results with 22% year-over-year revenue growth and 38% operating margins (excluding investments on VR/AR, operating margins were 50%). Despite its size, Meta continues to find opportunities such as Instagram Reels to outgrow the broader digital advertising industry. Our industry checks have validated advertiser adoption and satisfaction, with particular improvements in monetizing Reels and

[1] Calculated based on consensus expectations for 2024 as collected by FactSet for revenues, EBIT, and EBIT margins, using weighted average positions as of the end of the quarter.

[2] We calculate the change in P/E multiple (based on FactSet consensus expectations for EPS for the next 12 months) for each holding between June 30, 2024 and September 30, 2024 as long as the starting P/E is less than 100 times. If it is greater than 100 times (or negative), we used an EV/Revenue multiple. For GDS specifically we applied an EV/EBITDA multiple. We then use the ending weights of each position in the Fund to calculate the weighted average change in the Fund's multiple.

click-to-message ads. Meta is a leading innovator in the use of generative AI (Gen AI), with a dedicated AI research lab and the best and most widely adopted open-source models to date (Llama), and its core apps are starting to incorporate Gen AI in the user experience. Longer term, we believe Meta will leverage its leadership in mobile advertising, massive user base, innovative culture, leading Gen AI research, distribution, and technological scale to sustain a long duration of growth, with additional monetization opportunities ahead.

Shares of **MercadoLibre, Inc.**, Latin America's leading e-commerce company, rose 24.9% in the quarter, driven by results that beat expectations. It reported 83% constant-currency year-over-year growth in gross merchandise value (GMV), 131% growth in commerce revenues, and 86% growth in total payments volume. Despite its dominant position, the company generated above-market GMV growth across its major Latin American markets and is increasingly outperforming its peers in e-commerce, particularly in Brazil thanks to its broad selection and differentiated logistics capabilities, which enable faster delivery times than peers. MercadoLibre has also benefited from product innovation in fintech and solid underwriting in the growing credit business, which we believe will drive margin expansion and earnings growth as e-commerce in the region continues maturing over the next decade.

Table III.
Top detractors from performance for the quarter ended September 30, 2024

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Contribution to Return (%)
CrowdStrike Holdings, Inc.	68.8	–1.49
Mobileye Global Inc.	10.6	–0.80
ASML Holding N.V.	331.6	–0.64
Alphabet Inc.	2,049.7	–0.49
Amazon.com, Inc.	1,955.6	–0.42

CrowdStrike Holdings, Inc. is a leading cybersecurity software company. Following a long period of outsized gains, shares fell 29.5% in the quarter after a software glitch caused a global Microsoft outage in July. Despite the outage, the company delivered solid second quarter results that exceeded the high end of expectations across all key metrics. Management called out several delayed deals but noted that they remained in the pipeline and should close in coming quarters. Increased scrutiny and the implementation of new incentives, including discounts and free products and flexibility on billings, will likely negatively impact bookings and revenue growth over the near term. While the range of outcomes on the implications of the outage on customer retention and willingness to expand with CrowdStrike remains wider than usual, leading us to reduce our position, we believe that the fact that the incident was not due to a breach, the company's competitively advantaged product, its transparent and rapid response, and the new procedures it had put in place, should help it retain its customers and grow wallet share over time.

Shares of **Mobileye Global Inc.**, a leading provider of advanced driver-assistance systems and autonomous driving technologies for the automotive industry, declined 52.4% in the quarter. Excess inventory among key customers has been generating headwinds to growth. Mobileye also experienced a significant decline in market share in China as local original equipment manufacturers shifted to domestic suppliers and in-house technology. Although this was an embedded risk, it materialized faster than expected and included market share loss in key customers. While we believe the company would likely be able to overcome these recent challenges, we decided to harvest our losses while continuing to reassess the company's competitive positioning and their technological development as they work towards autonomy.

ASML Holding N.V. designs and manufactures photolithography equipment for semiconductor production. ASML is the leader across all types of lithography and the only company selling extreme ultra-violet lithography tools, which are critical for leading-edge chip manufacturing. The stock fell 18.4% during the quarter on investor concerns around potential 2025 results driven by Intel's capex cuts, sustainability of Chinese lithography demand, potential government restrictions on sales to China, and worries over slowing demand in the coming quarters. Despite near-term noise and uncertainty, ASML has a backlog covering the majority of expected revenues for 2025. More importantly, long-term demand outlook remains favorable as it is ultimately driven by the overall global demand for semiconductors regardless of the particular fab location (and so regulatory limitations applied to particular geographies should have limited long-term implications on overall demand). As a monopoly on critical lithography tools supporting an industry with growing demand fueled by the proliferation of AI, we see strong upside for ASML over the long term.

Portfolio Structure

The Fund is constructed on a bottom-up basis with the quality of ideas and level of conviction playing the most significant role in determining the size of each investment. Sector weights tend to be an outcome of the portfolio construction process and are not meant to indicate a positive or a negative view.

As of September 30, 2024, the top 10 holdings represented 61.1% of the Fund's net assets, and the top 20 represented 85.0%. The total number of investments in the portfolio was 31 at the end of the third quarter, unchanged from the prior quarter.

IT, Consumer Discretionary, Communication Services, Health Care, and Financials made up 96.1% of net assets. The remaining 3.9% was made up of SpaceX and GM Cruise, our two private investments classified as Industrials, and cash.

Table IV.
Top 10 holdings as of September 30, 2024

	Quarter End Market Cap ($ billions)	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
NVIDIA Corporation	2,978.9	68.3	10.7
Amazon.com, Inc.	1,955.6	53.6	8.4
Meta Platforms, Inc.	1,448.3	52.0	8.2
Shopify Inc.	103.3	37.8	5.9
Intuitive Surgical, Inc.	174.6	36.7	5.8
ServiceNow, Inc.	184.2	32.7	5.1
Microsoft Corporation	3,198.4	29.5	4.6
The Trade Desk	54.0	28.8	4.5
MercadoLibre, Inc.	104.0	28.4	4.5
Tesla, Inc.	835.8	21.1	3.3

Recent Activity

During the third quarter, we initiated 3 new investments: the leading semiconductor foundry, **Taiwan Semiconductor**; an alternative asset manager, **KKR**; and a cloud software solution provider for physical assets, **Samsara**. We also added to 4 existing positions: the merchant and banking solutions provider, **Block**; the payments leader, **Adyen**; the Connected TV advertising buy-side platform, **Trade Desk**; and the software megacap, **Microsoft**. We funded those purchases by reducing 11 existing positions where we saw a less favorable long-term risk/reward equation and by exiting our positions in **Rivian**, **Endava**, and **Mobileye**.

Table V.
Top net purchases for the quarter ended September 30, 2024

	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Taiwan Semiconductor Manufacturing Company Limited	900.7	14.7
KKR & Co. Inc.	115.9	11.5
Samsara Inc.	26.8	9.5
Block, Inc.	41.3	2.1
Adyen N.V.	48.5	1.8

We initiated a new position in **Taiwan Semiconductor Manufacturing Company Limited** (TSMC). Morris Chang founded TSMC in 1987 as the world's first dedicated semiconductor foundry. Until then, semiconductor chips were always designed and manufactured by the same company. TSMC introduced a groundbreaking new business model, in which it acted purely as a contract manufacturer, which proved to be highly successful. TSMC maintained a focus on improving its manufacturing process technology and enabled the emergence of innovative fabless design companies, including NVIDIA, Apple, and Qualcomm, who became TSMC's key customers. While many other foundry competitors emerged over the years, TSMC has outcompeted them with superior execution, operating efficiency, and customer service. Today, TSMC has a more than 60% share of the total semiconductor foundry market and over 90% share in leading edge semiconductor manufacturing. TSMC enjoys high barriers to entry given the ever-increasing cost and technological complexity of semiconductor manufacturing, while customer relationships are becoming increasingly sticky.

We expect TSMC to continue to benefit from the virtuous cycle of its scale advantage – higher profits leading to higher R&D and capex investments, allowing for further technological differentiation, resulting in more profits. We believe TSMC will sustain strong double-digit earnings growth for years to come, driven by continued market share gains, strong pricing power, and structural growth in AI demand. According to C.C. Wei, TSMC's CEO[3], *"almost all the AI innovators are working with TSMC to address the insatiable AI-related demand for energy-efficient computing."* Management forecasts that revenue from server AI chips, such as GPUs and other AI accelerators, will grow at a 50% CAGR from 2022 to 2028 and account for over 20% of TSMC's revenue by 2028. We except further long-term upside from the eventual proliferation of edge AI devices, including AI smartphones and AI PCs, which will require significantly more computing power and drive even stronger demand for TSMC's leading-edge technology.

During the quarter, we also initiated a new position in **KKR & Co. Inc.**, one of the largest alternative asset managers in the world with $601 billion of assets under management (AUM). We believe alternative asset management is one of the best secular growth areas of financial services, and KKR should be a prime beneficiary. Founded in 1976 as one of the earliest leveraged buyout firms, KKR was led for decades by co-founders Henry Kravis and George Roberts. Since going public in 2010 as a pure-play private equity (PE) firm, KKR has successfully diversified into other private asset classes, including private credit, real estate, and infrastructure investing. AUM has risen nearly 10-fold since 2010 (an 18% CAGR), and PE's share of firm AUM has shrunk to less than one-third. These non-PE asset classes are less penetrated than PE and provide a substantial runway for KKR to continue growing its funds, fees, and earnings. KKR also has significant growth opportunities in Asia, which it first entered in 2005 and where alternative asset management is far less penetrated compared to Western countries. In 2021, KKR successfully transitioned leadership from Kravis and Roberts to co-CEOs Scott Nuttall and Joe Bae, longtime KKR employees responsible for many of the growth initiatives that are driving KKR's success today.

In addition to its globally diversified asset management business, KKR has significant exposure to the growth of private credit through its ownership of Global Atlantic, an insurance company with $183 billion of AUM. Global Atlantic is a beneficiary of the shift of illiquid credit assets into the private markets where they are better matched from a funding duration perspective and can deliver higher yields than publicly traded fixed income securities with the same credit ratings. KKR also has a strategic holdings segment that includes co-investments in a portfolio of high-quality businesses managed by KKR's PE funds. These balance sheet investments should generate a durable stream of earnings and dividends for KKR that will be reinvested back into the business or returned to shareholders. We believe the company's above-market growth is enabled by its brand, track record of strong returns, proven management team, deep client relationships, and diversified business which gives the company more growth avenues compared to peers. At the company's Investor Day in April, management guided to 20% annualized growth in fee-related earnings and 30% annualized growth in earnings per share, reaching $7 to $8 by 2026. KKR management expects earnings to more than quadruple to over $15 per share within 10 years, representing a 16% CAGR. We think KKR's diversified platform of leading businesses gives the company multiple ways to grow earnings as they execute into the expanding market for alternative assets, which should bode well for the stock over the long run.

Lastly, we initiated a position in **Samsara Inc.**, which provides a cloud software platform for commercial vehicle telematics, video-based driver safety, driver workflow automation, and industrial equipment monitoring. Its software collects and analyzes data from sensors and cameras installed in its customers' commercial trucks, construction equipment, warehouses, and other assets, helping companies visualize and improve the state of their operations. More than 17,500 customers in the transportation, field services, construction, utilities, and other industries have adopted Samsara, and last year the company became one of the fastest software companies ever to reach $1 billion in annual recurring revenue (ARR).

Samsara has been winning share from competitors in the $51 billion connected fleet software market due to its superior cloud native architecture, ability to address multiple use cases in a single platform, and its rapid product release cycle. Importantly, as Samsara continues to expand

[3] Second quarter 2024 earnings call.

its connected asset base, it is building an unmatched data asset that it is using to drive better outcomes for its customers relative to competitors. Capturing more than 10 trillion data points from over 70 billion miles driven, Samsara uses AI to help companies optimize their vehicle routes, prevent accidents, improve asset utilization, reduce fuel expenses, and lower insurance premiums. In 2023, across its customer base, the company prevented 200,000 accidents and reduced carbon emissions by 2.3 billion pounds. Seeing a fast and tangible return on investment, customers have renewed and expanded their Samsara subscriptions at a healthy rate.

We see a long runway for growth as Samsara expands in existing accounts and wins new logos. Samsara is less than 50% penetrated in its existing customers' vehicle fleets and has a significant opportunity to cross-sell newer non-vehicle products into its base. As it has scaled, Samsara has delivered healthy operating leverage, and we think free cash flow can expand to more than 20% longer term.

Table VI.
Top net sales for the quarter ended September 30, 2024

	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
CrowdStrike Holdings, Inc.	68.8	15.0
ServiceNow, Inc.	184.2	13.3
NVIDIA Corporation	2,978.9	6.6
Rivian Automotive, Inc.	12.0	6.4
Cloudflare, Inc.	27.7	6.1

Outlook

We started the year with majority of market participants expecting an economic recession, or at a minimum, a hard landing. Since 1955, every time but once, whenever the yield curve had inverted, a recession followed within 6 to 24 months[4]. Over the last 9 months, as the economy proved to be more resilient, the conversation has shifted to the likelihood of a soft landing or possibly even no landing. After posting a 1.6% reading in the March quarter, the U.S. real GDP accelerated to 3.0% growth in the second quarter of 2024. The unemployment rate remained steady at 4.1%, while inflation continued to soften, hitting 2.4% in September, the lowest rate since February 2021. After 8 months of "higher for longer" dominating the investing narrative, the Fed officially embarked on an easing cycle after reducing the interest rates by 50bps after its September meeting.

While we continue to have no view on the timing or the pace of further interest rates cuts, we will point out that lower rates reduce the cost of capital, increase the wealth effect, and generally improve investor confidence. That in turn often leads to longer time horizons which could positively impact the multiples investors are willing to pay for growth stocks. The majority of the businesses we tend to favor can be considered as long-duration assets, because as beneficiaries of disruptive change with large and fast-growing markets they almost always penalize near-term profitability in order to reinvest aggressively for future growth. In other words, they overinvest and under-earn. Mathematically speaking, using lower cost of capital and lower interest rates to discount future free cash flows to present value yields higher results. The proverbial two birds in the bush are worth more – when the rates are lower and even more when rates are expected to decline further, creating a welcome tailwind, indeed.

Importantly, we do not structure or position the portfolio to benefit from any particular market environment. Instead, we focus on investing in high quality business – companies with durable competitive advantages, strong balance sheets, and exceptional management teams with a proven track record of operational excellence and successful capital allocation.

The rapid advancement of Gen AI technology presents both clear risks and compelling opportunities. While the implications of AI on the global economy and on particular industries and businesses are not yet clear, we believe our portfolio includes many companies that are well positioned to benefit from this technological paradigm shift, without taking significant risk of permanent loss of capital.

Every day we live and invest in an uncertain world. Well-known conditions and widely anticipated events, such as Federal Reserve rate changes, ongoing trade disputes, government shutdowns, and the unpredictable behavior of important politicians the world over, are shrugged off by the financial markets one day and seem to drive them up or down the next. We often find it difficult to know why market participants do what they do over

[4] https://www.frbsf.org/research-and-insights/publications/economic-letter/2018/03/economic-forecasts-with-yield-curve/

the short term. The constant challenges we face are real and serious, with clearly uncertain outcomes. History would suggest that most will prove passing or manageable. The business of capital allocation (or investing) is the business of taking risk, managing the uncertainty, and taking advantage of the long-term opportunities that those risks and uncertainties create.

We are optimistic about the long-term prospects of the companies in which we are invested and continue to search for new ideas and investment opportunities while remaining patient and investing only when we believe target companies are trading at attractive prices relative to their intrinsic values.

Sincerely,

Alex Umansky
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 BaronCapitalGroup.com. Please read them carefully before investing.

Risks: The Fund invests primarily in large cap equity securities which are subject to price fluctuations in the stock market. 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 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.

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Price/Earnings Ratio or P/E (next 12-months): is a valuation ratio of a company's current share price compared to its mean forecasted 4 quarter sum earnings per share over the next twelve months. If a company's EPS estimate is negative, it is excluded from the portfolio-level calculation. **EPS Growth Rate (3-5-year forecast)** indicates the long term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **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. **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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