DEAR BARON DISCOVERY FUND SHAREHOLDER:

PERFORMANCE

Baron Discovery Fund® (the Fund) was down 6.17% (Institutional Shares) in the quarter, which was 4.95% better than Russell 2000 Growth Index. The market started off the year strong but began fading in mid-February when it became clear that the Trump administration was serious about enacting tariffs, which the market views as inflationary and likely to slow economic growth. The market's decline accelerated after April 2nd when the actual tariff announcements were more sweeping than anticipated, leading to fears of a trade war and a global economic recession. While we are pleased with the relative outperformance during the quarter, we obviously are not happy with the overall direction of the market.

The question on everyone's mind following the recent sell-off in the market is "what happens from here?" Unfortunately, we don't have a great answer as these tariff announcements were just made and it is too early in the process with too many unknowns for us to assess their ultimate impact. That being said, market dislocations almost always allow us to find new investment opportunities. As long-term investors, our approach allows us to look through macroeconomic noise and focus on how our businesses can perform over a full economic cycle. We believe this market dislocation will be no different, and that many of the new investments we make today will be key contributors to helping the Fund outperform in the future.

RANDY GWIRTZMAN AND LAIRD BIEGER

PORTFOLIO MANAGERS

Retail Shares: BDFFX
Institutional Shares: BDFIX
R6 Shares: BDFUX

Table I.
Performance†
Annualized for periods ended March 31, 2025

	Baron Discovery Fund Retail Shares[1,2]	Baron Discovery Fund Institutional Shares[1,2]	Russell 2000 Growth Index[1]	Russell 3000 Index[1]
Three Months[3]	(6.23)%	(6.17)%	(11.12)%	(4.72)%
One Year	4.03%	4.34%	(4.86)%	7.22%
Three Years	0.95%	1.21%	0.78%	8.22%
Five Years	13.26%	13.56%	10.78%	18.18%
Ten Years	9.55%	9.83%	6.14%	11.80%
Since Inception (September 30, 2013) (Annualized)	11.56%	11.84%	7.14%	12.44%
Since Inception (September 30, 2013) (Cumulative)[3]	251.82%	262.25%	121.06%	284.97%

Investing in Reverse

Our investment process is designed to take advantage of market dislocations. We call this process "investing in reverse." What this process entails is sitting down with each sector analyst on the investment team and asking one simple question: "removing current valuation, what are the companies in your particular subsector that best fit the criteria we look for in an investment (typically fast growing, high margin businesses with favorable long-term prospects)?" Those conversations lead to a "shadow list" of potential investments that we would like to own if the companies sell at attractive valuation levels. We call it "investing in reverse" because the majority of investors start their investment process by screening for valuation first and then, after narrowing it down to a select group of companies, use certain quality metrics (revenue and earnings growth, operating margins, and balance sheet leverage) to determine which stocks they should consider investing in. We do the reverse. We screen for companies that hit our quality criteria first and then we patiently wait for their stocks to get to the point where we believe we can make outsized returns.

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 2025 was 1.33% and 1.06%, respectively. The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. The Adviser may waive or reimburse 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 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the broad 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. 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 and Russell 3000® Indexes 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 Not annualized.

This "shadow list" of ideas is constantly refreshed throughout the year. We track these companies closely. We listen to their earnings calls and meet with their management teams as frequently as possible. Because the companies are typically the fastest growing and have the highest margin, in a normal market environment these businesses trade at premium valuations that typically do not meet our investment return hurdle rate. During market dislocations, however, almost every stock trades lower. When the market "throws the baby out with the bathwater" we are poised to make investments that historically have produced some of our highest returns. If history is any guide, this current dislocation will do the same.

Table II.
Top contributors to performance for the quarter ended March 31, 2025

	Contribution to Return (%)
Inari Medical, Inc.	1.22
Tempus AI, Inc.	0.77
Kratos Defense & Security Solutions, Inc.	0.50
Reddit, Inc.	0.29
Axon Enterprise, Inc.	0.28

Inari Medical, Inc. offers catheter-based devices to remove clots from venous thromboembolism (VTE). VTE is the third most common vascular condition in the U.S. after heart attacks and strokes and can be fatal if left untreated. Shares contributed to performance after Inari was acquired by Stryker Corporation in February for a 48.5% premium to its prior trading price.

Tempus AI, Inc. is an intelligent diagnostics and health care data company with two synergistic business units: Genomics and Data. Although shares have been volatile since its June 2024 IPO, we attribute these fluctuations to trading dynamics that do not reflect Tempus' business fundamentals and have managed our position size accordingly, which was a key reason for the investment's contribution this quarter. In the long run, we expect the company's Genomics business (diagnostics for cancer treatment selection) to continue to grow rapidly as the market develops. The data generated from Tempus' diagnostic tests also enhances its Data business, as Tempus combines its genomics data with clinical patient data from its oncology partners, to generate an enormous proprietary multimodal dataset. We believe that no one will be able to replicate the breadth and depth of this dataset, given Tempus' enormous proprietary advantages. Tempus licenses its dataset to biopharmaceutical companies for use in designing smarter clinical trials and for identifying new drug targets.

Shares of **Kratos Defense & Security Solutions, Inc.**, a disruptive defense technology provider, rose following a strong quarterly earnings report that demonstrated notable strength across multiple segments and guided to faster than baseline growth in fiscal 2026. We believe Kratos is increasingly well positioned to accelerate growth with its exposure to what are arguably the fastest growing segments of the defense ecosystem, including hypersonic missiles, solid rocket motors, and unmanned aircraft solutions. The company is hitting its stride and is making huge investments now to satisfy what it believes to be very visible future demand.

Table III.
Top detractors from performance for the quarter ended March 31, 2025

	Contribution to Return (%)
Exact Sciences Corporation	–0.70
indie Semiconductor, Inc.	–0.52
Montrose Environmental Group, Inc.	–0.51
Chart Industries, Inc.	–0.50
PAR Technology Corporation	–0.42

Exact Sciences Corporation is a cancer diagnostics company. Its flagship product is Cologuard, a stool-based screening test for colorectal cancer (CRC). Shares detracted from performance in the quarter due to fears of competitive blood-based CRC tests which may launch in 2025. While these tests cost more than Cologuard, they are somewhat more convenient for patients. However, blood-based tests do not have the same level of pre-cancer sensitivity as Cologuard, and Cologuard is significantly better at detecting pre-cancerous growths called Advanced Adenoma. Moreover, Exact Sciences is developing its own blood-based tests that we anticipate will be as accurate as competitor tests but will cost significantly less than those tests as it uses a different type of analytics to get its results. So, either way, we believe Exact Sciences will win. It also has a huge channel presence in CRC which will enable it to be successful in both fecal and blood-based CRC testing. In addition, with 60 million Americans not receiving any CRC screening at all, there is ample opportunity for multiple players to win.

Indie Semiconductor, Inc. designs automotive semiconductors for advanced driver assistance (ADAS), in-cabin features, and other applications. Shares fell during the quarter on a miss in forward revenue guidance due to an inventory correction in the broader automotive semiconductor industry that was exacerbated by continued automotive macroeconomic uncertainty. We retain conviction. Revenue growth continued to outperform peers, and the company is winning new sockets in future platforms. Indie remains well positioned over the medium and long term, supported by its $7.1 billion strategic backlog and its radar, vision, and other programs that will ramp through 2025 and more meaningfully into 2026. We believe indie will return to outsized growth by the end of 2025 and will significantly outpace the broader industry on its path to $1 billion in revenue by the end of this decade supported by contract visibility. As its product mix shifts to ADAS, its margins should meaningfully improve as well.

Montrose Environmental Group, Inc., a leading environmental solutions company, detracted from performance during the quarter. This was due to concerns that the Environmental Protection Agency (EPA) under the Trump administration will reduce enforcement of environmental regulations that require the type of consulting, testing, remediation and monitoring that Montrose provides. We believe these concerns are misguided, and that given its current high single-digit multiple of cash flow, Montrose is hugely underpriced. Montrose's business is driven by state regulations as well as contaminants that have a long-regulated history with bipartisan support (including from the current EPA Administrator). Montrose has successfully grown through both Democratic and Republican administrations (including the first Trump administration), and the company believes the Trump administration's initiatives on cost efficiency, U.S. manufacturing, and domestic energy production could create large new opportunities for the company.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2025

	Year Acquired	Quarter End Investment Value ($ millions)	Percent of Net Assets (%)
Kratos Defense & Security Solutions, Inc.	2020	57.7	3.8
Exact Sciences Corporation	2024	49.0	3.3
Liberty Media Corporation - Liberty Live	2023	47.7	3.2
Guidewire Software, Inc.	2022	44.1	2.9
CyberArk Software Ltd.	2022	44.0	2.9
PAR Technology Corporation	2018	42.9	2.8
DraftKings Inc.	2023	41.0	2.7
Clearwater Analytics Holdings, Inc.	2021	40.2	2.7
Mercury Systems, Inc.	2015	39.7	2.6
Masimo Corporation	2024	39.2	2.6

Recent Activity

Table V.
Top net purchases for the quarter ended March 31, 2025

	Year Acquired	Quarter End Market Cap ($ billions)	Net Amount Purchased ($ millions)
Wingstop Inc.	2025	6.3	26.3
Karman Holdings Inc.	2025	4.4	26.0
Exact Sciences Corporation	2024	8.0	23.1
ServiceTitan, Inc.	2024	8.6	10.6
Inspire Medical Systems, Inc.	2024	4.7	9.8

During the quarter we "invested in reverse" and initiated a position in **Wingstop Inc.** Wingstop shares have recently underperformed, as following two straight years of very strong same-store sales growth, trends have returned to normalized levels. We took advantage of this opportunity to own this high-quality company at a compelling valuation relative to its growth and margin prospects.

Wingstop is a franchised limited-service restaurant company that serves cooked-to-order wings, tenders, and chicken sandwiches and is the leader within the popular chicken wing category. Wingstop restaurants operate on a relatively simple operating model of made to order chicken wings and sandwiches and the majority of its food is consumed off-premise, which allows for a smaller square footage store. The combination of a simple operating model and smaller stores provides an efficient model for franchisees with stores generating $2 million in revenue per store with restaurant level margins of around 25%. Additionally, new stores require a relatively modest initial investment of $500,000 which leads to best-in-class cash on cash returns in excess of 70% for franchisees.

Wingstop ended 2024 with over 2,500 global locations and we expect the company to grow units at a 10% compounded annual growth rate over the long term. Eventually, we see a path to 10,000 units globally, supported by the company's leadership in the wing category and strong unit economics as described above. We also expect Wingstop to be able to grow same-store sales in the mid-single-digit range as it invests in brand awareness campaigns, improves digital efficiency and ordering times, and expands its menu offering. The combination of 10%-plus unit growth and mid-single-digit same-store sales should lead to mid-teens revenue growth and high teens profit growth over the foreseeable future. We are also attracted to Wingstop's high margin, free-cash flow generative, asset light franchise business model.

Karman Holdings Inc. is a leading proprietary space and defense solutions provider. We initiated a position in February 2025 when the company executed its IPO. Formed via four key acquisitions by Dallas-based private equity firm, Thrive Capital, in the early 2020s, Karman has a management team with a strong mix of executive experience and technical, engineering talent.

Karman designs, tests, and manufactures mission-critical systems for existing and emerging missile and space programs, which are some of the growthiest and in-demand segments of the defense industry. Segments include Hypersonics & Strategic Missile Defense (33.2% of revenues), Space & Launch (33.3%), and Tactical Missile & Integrated Defense Systems (33.5%). Karman has become an outsourcer of choice for highly technical systems related to these programs. It has unique experience in complex/proprietary manufacturing methods, high end materials and composites, and system level design. Nearly 90% of Karman's sales are sole-sourced from the company, and 94% of its revenue is tied to proprietary IP-driven solutions (including patent protected technologies). The company's unique capabilities have allowed it to grow revenue organically at a low double-digit rate over time (with total growth including acquisitions at over 30%) with adjusted cash flow margins in excess of 30%.

We believe Karman can continue to expand its solution set over time and that it is poised to grow nicely over the next five years as it targets the priorities that are emerging in the new defense budget.

We initiated a small position in **Arcellx, Inc.**, a biotechnology company that together with Gilead Sciences, Inc. is developing a next-generation CAR-T cell therapy it calls "Anito-cel" for the treatment of multiple myeloma. While we generally do not invest in emerging biotechnology companies, we took a small position in Arcellx given that the market is large and proven (currently a $3.5 billion opportunity that could expand to $12 billion or more over time), and that we believe Arcellx has a safer CAR-T therapy than the currently approved solution. Moreover, the company has over $600 million of net cash on its balance sheet and a favorable manufacturing agreement with Gilead. We believe that this combination makes the company more than fully funded through profitability.

Multiple myeloma is relatively common blood cancer, and a number of different therapies are used to treat it. CAR-Ts are a one-and-done customized genetically engineered t-cell therapy. With this type of therapy, the hospital collects a patient's blood, sends it off for the T-cells to be engineered to attack a certain antigen that appears on cancer cells, and then these engineered CAR-T cells are reinfused back into the patient to attack the cancer cells. CAR-Ts have started to transform treatment modalities and appear to be the most efficacious treatment for multiple myeloma. A competitive treatment called Carvykti (developed by a partnership of Legend Biotech Corporation and Johnson & Johnson) has been launching rapidly in the second line (2L+) setting. Carvykti already has $1 billion in sales worldwide in 2024 (up more than 100% year over year). The issue with Carvykti is that although it's very efficacious, it appears to cause delayed neurotoxicity (neurological damage) in 5% to 10% of patients and in rare cases (2% or potentially higher) Parkinsons-like symptoms, which is devastating and uncurable. The promise of Arcellx's Anito-cel process is that it appears to have similar efficacy to Carvykti while avoiding these neurotoxicity risks. Beyond the safety differentiation, Arcellx is also partnered with Gilead, which gives them access to state-of-the-art manufacturing with faster turnaround times and more reliable manufacturing success rates, as well as Gilead's existing sales infrastructure for Yescarta (a CAR-T used to treat a different type of blood cancer).

Arcellx will present final data from its pivotal study in fourth line (4L+) multiple myeloma patients this year and we think this will be sufficient to file for FDA accelerated approval. It is also enrolling its phase 3 study in 2L+ multiple myeloma patients. We think a significant portion of the roughly 75,000 patients diagnosed with multiple myeloma each year in the U.S. and EU should receive a CAR-T over the course of their treatment, and that multiple myeloma CAR-Ts will ultimately be a $10 billion to $15 billion category. Based on our conversations with doctors, we think most doctors will seek out Arcellx's Anito-cel as the safer option for patients and we think Anito-cel will capture meaningful share of the market for multiple myeloma treatment.

Table VI.
Top net sales for the quarter ended March 31, 2025

	Year Acquired	Market Cap When Acquired ($ billions)	Quarter End Market Cap or Market Cap When Sold ($ billions)	Net Amount Sold ($ millions)
Inari Medical, Inc.	2020	2.0	4.7	61.2
Axon Enterprise, Inc.	2022	8.9	54.1	45.4
Reddit, Inc.	2024	8.0	37.1	25.0
Tempus AI, Inc.	2024	6.6	8.3	12.9
CyberArk Software Ltd.	2022	5.2	16.7	11.4

We exited our positions in **Reddit, Inc.** and **AAON, Inc.** as both stocks had exceeded our long-term price targets.

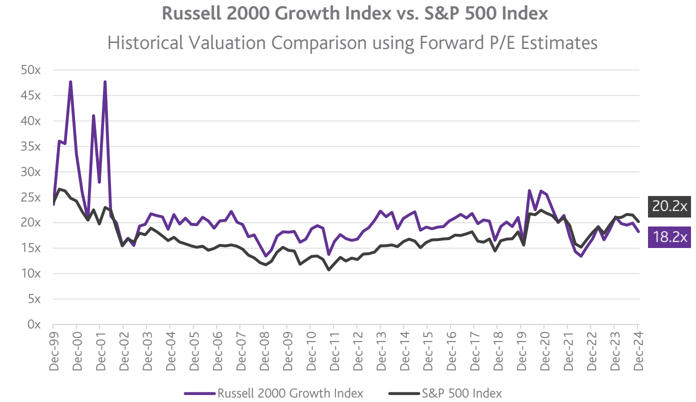
Inari Medical, Inc. was acquired by Stryker Corporation in February. We sold our investment in **ASGN Incorporated** as we grew concerned about the company's ability to continue to rapidly grow its IT consulting business in the current environment, and we believe that the placement side of the platform still faces meaningful cyclical and structural challenges. We sold our small position in **Maravai LifeSciences Holdings, Inc.** after it failed to gain traction on a turnaround geared toward replacing its dependence upon COVID vaccines.

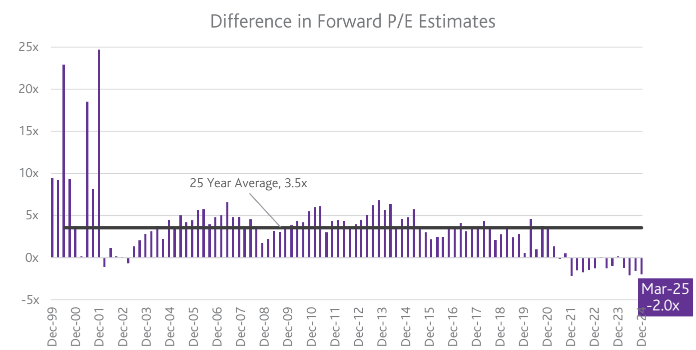
We will miss our investment in **Axon Enterprise, Inc.** Axon is a truly fantastic company, with an incredible management team, and has been one of the best investments we have ever made. Our rationale in selling our investment was two-fold. First, we believed at the time we sold that valuation had exceeded our long-term estimates. Second, the company's market capitalization at over $50 billion had become too large for our small-cap mandate. The Fund's investors reaped huge returns from Axon. Our initial investment in January 2022 was made when the company traded at $128 per share, with our last sale at over $700 per share. This is exactly the type of company we want to find, and we believe it benefits our investors that we have the flexibility to hold companies even as they become mid-caps as long as the overall market cap in the Fund remains in the small-cap domain. Our work on this investment has also benefited other Baron Funds that continue to hold the investment, and we suspect that this will become an even larger company over time.

Outlook

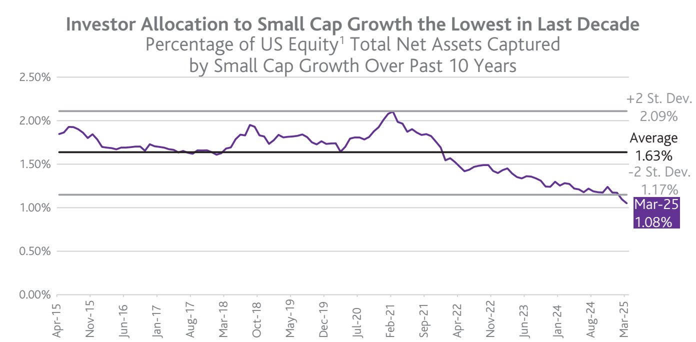
While there is currently a lot of macroeconomic noise, we will stay focused on investing for the long term. Market dislocations have historically created fantastic opportunities to invest in fast-growing companies with favorable long-term prospects. We anticipate being able to take advantage of the current market dislocation to make new investments at attractive long-term valuations. We look forward to updating you on these new and exciting investments over the coming couple of quarters.

The case for small-cap growth stocks remains strong. As you can see in the charts below, valuations remain inexpensive and investor allocation to small cap growth is at the lowest levels in the last decade (a contrarian indicator). While we admittedly do not know when, we do believe these trends will revert to their long-term averages at some point in the future. When that happens, it will be a tailwind for the performance of small-cap growth stocks.





Sources: FactSet Market Aggregates and The Bank of New York Mellon Corporation



1 - US Equity includes the following Morningstar defined categories: US Equity, International Equity, Sector Equity, and Nontraditional Equity.

Source: Morningstar Direct.

Thank you for your support.

Randy Gwirtzman
Portfolio Manager

Laird Bieger
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: Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. 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 manager only through the end of the period stated in this report. The portfolio managers' 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 Discovery Fund by anyone in any jurisdiction where it would be unlawful under the laws of that jurisdiction to make such offer or solicitation.

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.

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).