



QUARTERLY LETTER | JUNE 30, 2025

Baron Emerging Markets Fund®

Retail Shares: BEXFX | Institutional Shares: BEXIX | R6 Shares: BEXUX



Michael Kass
Portfolio Manager

Dear Baron Emerging Markets Fund Shareholder,

Performance

Baron Emerging Markets Fund® (the Fund) gained 15.39% (Institutional Shares) during the second quarter of 2025, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), appreciated 11.99%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) gained 14.56% for the quarter. The Fund solidly outperformed the Benchmark while more modestly exceeding the Proxy Benchmark during a strong quarter for global equities marked by a tempering of the Trump Administration’s tariff aggression. We were pleased with our quarterly results and have now handily exceeded both the Benchmark and Proxy Benchmark on a year-to-date and one-year trailing basis.

In our view, the principal catalyst driving global capital markets during the past quarter was the deferral and perceived pivot in U.S. trade/tariff policy, combined with strong momentum towards Congressional passage of a comprehensive and pro-growth tax reduction and fiscal spending bill. This, in effect, reversed the pattern established in the first quarter where isolationist foreign policy and global trade protectionism appeared to be prioritized over domestic spending and tax reform. From our perspective, while the near-term transactional pivot is a relief, we believe the U.S. remains committed not only to a withdrawal from the decades-long and multilateral security and trade equilibrium, but also to a meaningful reduction in the U.S. current account deficit. Thus, we remain of the view that regardless of final tariff rates, there is ongoing risk of retaliation and/or compromised demand for U.S. goods and services, as well as a meaningfully weaker U.S. dollar and an associated paradigm shift in capital flows in the direction of non-dollar assets. We are encouraged that notwithstanding the tariff deferral, passage of key pro-growth U.S. legislation, and a global equity recovery, the U.S. dollar made fresh lows and emerging market (EM) and international

Annualized performance (%) for period ended June 30, 2025

	Fund Retail Shares ^{1,2}	Fund Institutional Shares ^{1,2}	MSCI Emerging Markets Index ¹	MSCI Emerging Markets IMI Growth Index ¹
3 Months ³	15.23	15.39	11.99	14.56
6 Months ³	18.63	18.85	15.27	14.99
1 Year	19.78	20.11	15.29	16.39
3 Years	9.87	10.18	9.70	9.63
5 Years	5.38	5.65	6.81	5.52
10 Years	4.35	4.63	4.81	5.40
Since Inception (12/31/2010)	4.36	4.63	2.90	3.75

equities outperformed during the quarter, supporting in our view the likelihood that non-U.S. equities have entered a sustainable outperformance cycle. Of course, we are even more encouraged by the strong absolute and relative performance of the Fund over the recent quarter and past year, and remain optimistic that our fundamental, theme-driven and bottom-up approach is well-suited to the foreseeable environment of significant technological and geopolitical change.

For the second quarter of 2025, we comfortably outperformed the Benchmark while also outperforming our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, our large overweight positioning together with solid stock selection effect in the Industrials sector, driven by a handful of investments across our sustainability/ESG (HD Korea Shipbuilding & Offshore Engineering Co., Ltd. (KOSI), HD Hyundai Heavy Industries Co., Ltd. (HHI), and

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of April 30, 2025 was 1.37% and 1.11%, 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.

NON-U.S./GLOBAL

Doosan Enerbility Co., Ltd.) and global security/supply chain diversification (Hanwha Systems Co., Ltd. and Korea Aerospace Industries, Ltd.) themes, was the largest contributor to relative performance this quarter. In addition, favorable stock selection effect in the Financials sector, primarily attributable to our India wealth management/consumer finance related holdings (JM Financial Limited, Nippon Life India Asset Management Limited, Jio Financial Services Limited, and Nuvama Wealth Management Limited), was also a notable contributor to relative results. Select positions across Latin America such as Credicorp Ltd., the leading financial services company in Peru, and XP Inc., a Brazil-based digital brokerage firm, also contributed within Financials. Lastly, positive allocation effect combined with good stock selection in the Energy sector also bolstered relative performance. Partly offsetting the above was adverse stock selection effect in the Health Care sector, owing to a couple investments in our China value-added theme (Zai Lab Limited and Wuxi Biologics (Cayman) Inc.). Our modest cash position in a rising market also had a negative impact on relative results during the period.

From a country perspective, our overweight positioning together with strong stock selection effect in Korea added the most value this quarter. We remain optimistic about our investments in Korean shipbuilders (KOSI and HHI) that are entering a multi-year growth cycle with attractive profitability metrics, while also benefiting from geopolitical tailwinds leading to increased collaboration with the U.S. Navy, among other global defense related opportunities. Another notable contributor within Korea was Doosan, a leading manufacturer of nuclear power equipment and gas turbines, that is expected to benefit from a global nuclear power upcycle, driven by power requirements for AI datacenters as well as industrial decarbonization and rising demand for nuclear energy as a strategic asset amid rising geopolitical tensions. Solid stock selection effect in India, owing to many of the above-mentioned holdings, was also a notable contributor to relative results. We are encouraged with the continued recovery of Indian equities from the lows of February and have growing conviction that many of our holdings are entering an earnings upgrade cycle owing to improving economic growth that is being driven by a rebound in government infrastructure spend, recent tax cuts, and favorable monetary stimulus measures enacted by the Reserve Bank of India. Lastly, our lack of exposure to Saudi Arabia, which was the worst performing EM jurisdiction during the quarter, also bolstered relative performance. Partially offsetting the above was adverse stock selection effect in China. Many of our China related holdings, including Full Truck Alliance Co. Ltd., China Mengniu Dairy Co. Ltd., Zai Lab, and BYD Company Limited, consolidated prior period gains which is not a surprise to us. After a strong rally in Chinese equities year-to-date, driven by an improving forward-looking earnings outlook and technological innovation typified by the groundbreaking AI development at “DeepSeek,” valuations are no longer at deep discounts, which makes us somewhat cautious in the near term, particularly given ongoing uncertainty regarding global trade policy. We have accordingly reduced our exposure to China and are now modestly underweight the country as of the end of the quarter. Finally, our underweight positioning in Taiwan, during a period of recovery for global technology and semiconductor stocks, also detracted from relative results.

Top contributors to performance for the quarter

	Contribution to Return (%)
Taiwan Semiconductor Manufacturing Company Limited	2.71
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.35
HD Hyundai Heavy Industries Co., Ltd.	1.08
Doosan Enerbility Co., Ltd.	0.72
Hanwha Systems Co., Ltd.	0.61

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) contributed to performance during the second quarter, driven by robust demand for AI chips and easing investor concerns about tariffs and macroeconomic risks. We retain conviction that TSMC’s technological leadership, pricing power, and exposure to secular growth markets—including AI and high-performance computing, automotive, 5G, and Internet of Things—will allow the company to sustain strong double-digit earnings growth over the next several years.

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. is the shipbuilding and offshore engineering sub-holding company of HD Hyundai, overseeing key affiliates including HHI, a leading global shipbuilder and engine manufacturer. Shares rose during the quarter on improving profit margin visibility, backlog growth, and increasing evidence of a sizable long-term opportunity in the naval and defense business. The stock also benefited from broader strength in Korean equities—particularly among chaebol-affiliated companies (large family-controlled conglomerates)—following the Korean presidential election outcome, which is expected to lead to shareholder-friendly corporate governance reforms. We continue to hold shares and remain confident in the company’s long-term outlook.

HD Hyundai Heavy Industries Co., Ltd. is a leading global shipbuilder and engine manufacturer. Shares rose during the quarter on improving profit margin visibility, backlog growth, and increasing evidence of a sizable long-term opportunity in the naval and defense business, including potential partnerships with the U.S. military. HHI also benefited from broader strength in Korean equities—particularly among chaebol-affiliated companies (large family-controlled conglomerates)—following the Korean presidential election outcome, which is expected to lead to shareholder-friendly corporate governance reforms. We continue to hold shares and remain confident in the company’s long-term outlook.

Top detractors from performance for the quarter

	Contribution to Return (%)
Alibaba Group Holding Limited	(0.67)
Meituan	(0.34)
Full Truck Alliance Co. Ltd.	(0.23)
China Mengniu Dairy Co. Ltd.	(0.19)
Sigma Lithium Corporation	(0.19)

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall, and has businesses spanning logistics, local services, digital

media, and cloud computing. Shares of Alibaba were pressured by quarterly results that were solid but fell short of elevated investor expectations, as well as heightened macroeconomic and geopolitical uncertainty impacting international stocks following Liberation Day. Alibaba is actively pursuing Artificial General Intelligence, ramping its capital expenditures over the next three years to build out its cloud infrastructure layer and add AI capabilities to existing apps (e.g., consumer search). Within its commerce business, the core market is showing continued positive signs of stabilization, and improved profitability should follow. We retain conviction that Alibaba is well positioned to benefit from China's ongoing growth in e-commerce and cloud, although competitive concerns remain.

Meituan is China's largest food delivery platform and the leading super app for local services. Shares declined during the quarter amid intensifying domestic competition and increased spending on international expansion. Earlier this year, JD.com—a major Chinese e-commerce company—entered the food delivery space, triggering an industry-wide subsidy war. Meituan and Alibaba's Ele.me (the second-largest platform in the industry) rolled out aggressive discounts to defend share across food delivery and the fast-growing Quick Commerce segment. Despite Meituan's deep logistics network, robust technology stack, and proven operational expertise, these initiatives pressured near-term earnings as the company increased support for merchants and couriers. At the same time, Meituan is investing to build its presence in new markets such as the Middle East and Brazil. While we trimmed our position in light of these near-term headwinds, we continue to view Meituan as one of China's most competitively advantaged and efficiently managed consumer internet companies, with significant long-term growth potential overseas.

Full Truck Alliance Co. Ltd. (FTA), China's leading digital freight platform, detracted from performance during the quarter. While FTA delivered strong quarterly results, with solid revenue growth and margin improvement, it reported muted earnings guidance and revised its full-year profit forecast lower to reflect increased AI investment and anticipated losses from planned acquisitions, which disappointed the market. Shares were also pressured by growing concerns over the potential delisting of FTA's American Depositary Receipts from U.S. exchanges, fueled in part by fears that the Trump administration could take a harder stance on Chinese listings. This is particularly concerning for FTA, which does not yet have a Hong Kong listing, though the company is actively preparing for one. We retain conviction in FTA's growth outlook, supported by expanding market share, higher take rate potential, and long-term benefits from its strategic investments in AI and logistics technology.

Portfolio Structure

Top 10 holdings

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	9.3
Tencent Holdings Limited	4.4
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	3.7
Bharti Airtel Limited	2.7
Alibaba Group Holding Limited	2.4
Bajaj Finance Limited	2.3
Contemporary Amperex Technology Co., Limited	2.1
Full Truck Alliance Co. Ltd.	2.0
HD Hyundai Heavy Industries Co., Ltd.	1.9
Kingdee International Software Group Company Limited	1.9

Percentage of securities by country

	Percent of Net Assets (%)
India	29.4
China	26.4
Korea	16.3
Taiwan	13.2
Brazil	4.5
Poland	2.1
Peru	1.8
Philippines	1.1
South Africa	1.0
Mexico	1.0
Argentina	0.9
Greece	0.8
United Arab Emirates	0.5
Spain	0.5
Russia	0.0*

* The Fund's exposure to Russia was less than 0.1%

Recent Activity

During the second quarter, we added several new investments to our existing themes, while also increasing exposure to various positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We increased exposure to our sustainability/ESG theme by initiating an investment in **Doosan Enerbility Co., Ltd.**, a leading power equipment and engineering company in South Korea. The company's core business segments include the design and manufacturing of nuclear power equipment and gas turbines, and the construction of nuclear power plants and combined-cycle power plants (CCPPs). In our view, Doosan is well positioned to benefit from a global nuclear power upcycle, driven by a step-function increase in power demand

for AI-related data centers, industrial decarbonization, and the rising demand for nuclear energy as a strategic asset amid rising geopolitical tensions. The company is a key player across the entire nuclear value chain, from forging and manufacturing to engineering, procurement, construction (EPC) and decommissioning. Doosan has a strong track record of supplying core nuclear reactor components for conventional nuclear power plants. In addition, Doosan is establishing itself as a foundry for small modular reactors (SMR), serving as a global manufacturing hub for next-generation nuclear technology components. We believe the company will benefit from growing order momentum through partnerships with leading global SMR developers, including TerraPower, NuScale Power, and X-energy. We are also excited about the opportunity in the CCP segment, driven by the rising demand for faster-to-deploy, lower-carbon sources of energy. In our opinion, Doosan is well positioned to capitalize on this growth given its expertise in gas turbine manufacturing and EPC execution. We expect the company to generate mid-teens compound revenue growth and deliver rising profit margins over the next three to five years.

During the quarter, we also added to our China value-added theme by building positions in **Zhejiang Sanhua Intelligent Controls Co., Ltd.** and in **Pony AI Inc. (Pony.ai)**. As the world's largest manufacturer of air-conditioning and refrigeration components and a global leader in automotive thermal management system modules, Sanhua is a critical supplier to major global appliance brands and top electric vehicle (EV) companies, including Tesla. Being an early mover in overseas expansion, the company has established a global production and sales network that enables it to dynamically respond to changes in local demand, accelerate innovation, and ensure delivery of high-performance solutions worldwide. Driven by its robust R&D capabilities and comprehensive global footprint, we expect Sanhua's core business to deliver solid mid-teens earnings growth as EV adoption accelerates globally. In addition, the company's expertise in precision components such as electronic expansion valves and a decade-long Tesla partnership could give the firm a distinctive edge in the rapidly emerging field of humanoid robotics, a potential multi-decadal growth driver that could significantly expand Sanhua's addressable market.

Pony.ai is a global leader in autonomous mobility. We expect China's robotaxi market to evolve into a multi-billion-dollar industry over the next five to ten years, fueled by advancing AI technology, supportive government policies, and a superior user experience. The company is well positioned as an early mover, becoming the first corporate entity to secure regulatory licenses to operate fully driverless vehicles in all four Tier-1 cities in China. This achievement reflects Pony.ai's industry-leading technology and exceptional safety track record, backed by millions of accumulated driverless miles. Pony.ai's latest-generation autonomous vehicle, set to roll out in the second half of 2025, delivers a 70% bill-of-materials cost reduction, which we believe will allow the company to rapidly scale robotaxi commercialization. Leveraging strategic partnerships with automotive giants like Toyota, GAC, and BAIC for mass production, Pony.ai's robotaxi fleet is projected to scale to tens of thousands of vehicles over the next five years. In our view, this expansion will enable the company to achieve strong network effects and highly

profitable unit-level economics. Over the long run, we expect Pony.ai to maintain dominant market share and strong pricing power, given the robotaxi industry's formidable barriers to entry, including cutting-edge technological requirements, substantial capital investment, and extensive regulatory approvals. While Pony.ai's near-term focus remains on the vast China market, the company has already forged collaboration agreements to extend its robotaxi services worldwide, including in Europe, Asia, and the Middle East. In our opinion, Pony.ai's cost advantages and technological leadership will make it highly competitive against global peers in these new markets.

During the quarter, we also increased exposure to our digitization theme by initiating a position in **Eternal Limited**, India's largest food delivery and quick commerce platform. In our view, Eternal, with a dominant market share of 55%, is well positioned to capitalize on the structural growth of online food delivery, a duopoly market in India that remains significantly underpenetrated relative to global peers. This industry structure supports a rational pricing environment with increasing visibility into long-term profitability. We are also excited about Eternal's fast-growing quick commerce segment, which is disrupting India's offline retail and e-commerce industries by offering delivery of groceries, apparel, packaged food, and electronic goods within 15 minutes of ordering. Consumers can now get an iPhone or Samsung smartphone delivered in under 15 minutes versus waiting more than a day while ordering from other e-commerce platforms. India's total addressable retail market for quick commerce players exceeds \$400 billion, with current penetration less than \$10 billion, providing a significant multi-year growth opportunity. Eternal has emerged as the market leader in quick commerce, with approximately 40% market share, driven by its superior logistics infrastructure, focus on customer experience, and visionary management team. We believe the company will continue to benefit from structural growth in online food delivery and quick commerce, with the potential to triple its revenue while improving profitability over the next five years.

Finally, we initiated an investment in **GPS Participacoes e Empreendimentos S.A.**, Brazil's leading provider of outsourced facilities management and corporate services. The company operates across a broad range of essential services—including cleaning, security, maintenance, food services, logistics, and specialized industrial support—serving clients in sectors such as health care, industrials, logistics, and commercial real estate. GPS' scale, operational efficiency, and decentralized structure give it a unique competitive advantage in a fragmented market, allowing it to offer tailored, cost-effective solutions to a diverse client base. The company has a strong track record of organic growth and disciplined M&A, consistently expanding its service offerings and geographic reach. We are excited about GPS' growth outlook, driven by rising demand for outsourcing as companies seek efficiency, and by the opportunity to consolidate a still highly fragmented industry where GPS is established as the clear leader.

We added to several of our existing positions during the quarter, including **SK hynix Inc.**, **Max Healthcare Institute Limited**, **S.F. Holding Co., Ltd.**, **Contemporary Amperex Technology Co., Limited**, **Kotak Mahindra Bank Limited**, **Trent Limited**, **Piraeus Financial Holdings S.A.**, **Credicorp Ltd.**, and **KE Holdings Inc.**

During the quarter, we also exited several positions including **PT Bank Rakyat Indonesia (Persero) Tbk**, **JD.com, Inc.**, **Techtronic Industries Co. Ltd.**, **Nu Holdings Ltd.**, **Titan Company Limited**, and **WEG S.A.**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

In early April, President Trump surprised markets with a more extreme proposed tariff regime than expected, which combined with the previous foreign policy shock centered on the withdrawal of support for Ukraine, triggered an abrupt and sharp sell-off in global equities and the U.S. dollar, as well as a rise in long-term U.S. bond yields. This unexpected market reaction presaged that financial, economic, and political constraints would more likely than not lead to some tempering of the Trump Administration's protectionist terms, and on evidence of such, markets bottomed and began to recover. By the end of the quarter, enthusiasm over the deferral of tariffs and the expected passage of the "Big Beautiful Bill," the Administration's comprehensive tax reduction and fiscal spending bill, drove global equities to a new all-time high, more than recovering a near 17% year-to-date decline from peak to trough. While the recovery in equities was impressive, EM equities (MSCI Emerging Markets Index) again outperformed U.S. equities, extending year-to-date outperformance to nearly 1,000 basis points.

Notwithstanding the market's complacency as sentiment shifted from the negative shock to earnings, inflation and earnings multiples implied by aggressive tariffs to the pro-growth Big Beautiful Bill, we stick to our initial conclusion articulated last quarter that U.S. economic nationalism, foreign policy isolationism, and a willingness to declare economic war on allies and adversaries, whether for real or just as negotiating leverage, is a unifying event for such counterparties as well of rest of world consumers and corporates, and in our view, represents a wake-up call for global investors currently underweight non-U.S. equities. Do we remain mired in trade policy uncertainty, or is this simply a negotiating tactic? U.S. trade policy goals remain unclear: does the U.S. wish to maximize tariff revenue or incentivize on shoring of manufacturing? To us, much of this may be noise while the signal is the U.S. withdrawal from decades long and multilateral security and trade pacts, supplanted by a new unilateral approach, which regardless of the tariff rate, still suggests a high risk of retaliation and/or compromised demand for U.S. goods and services. Further, while protectionism appears tempered in the near term, even the low-case tariff regime represents a quadrupling of effective rates entering the year, and uncertainty will remain. Perhaps more important, we believe markets are largely ignoring the longer-term implications of what appears the early innings of a U.S. tilt towards patronage and national service, which we characterized last quarter as potentially usurping the private sector's freedom to allocate capital to its most efficient use, while also capping corporate profitability and/or investor confidence in longer-term earnings growth. This scenario would ultimately require higher risk premium and lower equity multiples on U.S. equities. We maintain conviction that U.S. priorities have shifted abruptly from economic and corporate profit optimization to geopolitics, national security, and domestic manufacturing and labor. The trade deficit will narrow either through higher effective tariffs or a considerably weaker

dollar; while tariffs do not lift U.S. competitiveness, a weaker U.S. dollar does, and, as addressed in our previous letter, both suggest a paradigm shift in relative capital flows in favor of foreign assets.

While still early, in our view, in the EM relative outperformance cycle, we see much to be excited about regarding themes, fundamentals, and stocks. Our concentration in Korean shipbuilding, defense and power infrastructure (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **HD Hyundai Heavy Industries Co., Ltd.**, **Hanwha Systems Co., Ltd.**, **Korea Aerospace Industries, Ltd.**, and **Doosan Enerbility Co., Ltd.**) has delivered quite strong returns year-to-date, building on last year's gains. We believe Korea's strategic role in such sectors is amplified in the current geopolitical environment, and companies we are invested in will benefit greatly given their advanced technology, high-quality, and relatively low-cost structure, mirroring Korean success in semiconductors, autos, EV batteries, and biotechnology manufacturing. These companies are leveraging enhanced pricing power and are well positioned to benefit from shifting geopolitical priorities, EU/Asia/U.S. defense spending, as well as AI data center power requirements. Further, the recent Korean presidential election solidifies a strong mandate for corporate governance and Chaebol reforms, which while in the early innings, has already markedly reduced the traditional valuation discount on Korean equities in general.

While China equities cooled in the recent quarter, they have performed in-line to ahead of solid EM equity returns year-to-date. As we have remarked previously, while we approach this market with caution, we see attractive bottom-up opportunities, and are attracted particularly to companies where Chinese technology and engineering appear at or near world-leading on price/performance basis in key verticals including AI, EV/automated driving, battery/storage technology, humanoid robotics, and advanced logistics platforms (**Alibaba Group Holding Limited**, **Tencent Holdings Limited**, **Kingdee International Software Group Company Limited**, **BYD Company Limited**, **XPeng Inc.**, **Contemporary Amperex Technology Co., Limited (CATL)**, **Zhejiang Shuanghuan Driveline Co., Ltd.**, **Jiangsu Hengli Hydraulic Co., Ltd.**, **Meituan**, **Full Truck Alliance Co. Ltd.**, and **S.F. Holding Co., Ltd.**). We believe the Spring of 2025 marks the moment when global investors began re-evaluating China's technology advances and capability on the back of impressive developments by DeepSeek, Huawei, CATL, BYD, Xiaomi, XPeng and others. We anticipate a weaker dollar and a shift in relative inflation impulse to prove a notable tailwind for marginal growth and domestic consumption and investment in EM jurisdictions; we reiterate that Latin America (particularly Brazil), where we have been increasing exposure, is perhaps the most levered region to this shift. We are optimistic that several investments we have made in this region (**Credicorp Ltd.**, **MercadoLibre, Inc.**, **XP Inc.**, **Localiza Rent a Car S.A.**, and **GPS Participacoes e Empreendimentos S.A.**) are in the early stages of an acceleration in earnings growth, while currently trading at modest valuations.

Finally, India, our highest conviction and largest country weighting both absolute and relative, is nearing the highs of last September, after a protracted five month correction. We took advantage of the correction by adding to both existing positions and establishing new investments, and maintain enthusiasm given the attractive

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secular growth, economic reforms, and productivity, digitization, and geopolitical catalysts we have enumerated on at length in our prior communications and letters (top/key holdings here include **Bajaj Finance Limited, Bharti Airtel Limited, Indus Towers Limited, InterGlobe Aviation Limited, JM Financial Limited, Max Healthcare Institute Limited, Reliance Industries Limited, Swiggy Limited, and Trent Limited**).

While encouraged by year-to-date absolute and relative performance, we remain optimistic that we are early in a mean reverting performance cycle for the asset class where fundamental, bottom-up investors can prosper. We look forward to our next update and *thank you for investing in Baron Emerging Markets Fund.*

Sincerely,



Michael Kass
Portfolio Manager

¹ The **MSCI Emerging Markets Index Net (USD)** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. The **MSCI Emerging Markets IMI Growth Index Net (USD)** is a free float-adjusted market capitalization index designed to measure equity market performance of large, mid and small-cap securities exhibiting overall growth characteristics across 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

² The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

³ Not annualized.

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Risks: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and 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.

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