Dear Baron Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund® (the Fund) gained 3.00% (Institutional Shares) during the first quarter of 2025, while its primary benchmark, the MSCI Emerging Markets Index (the Benchmark), appreciated 2.93%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) gained 0.37% for the quarter. The Fund modestly outperformed the Benchmark while handily exceeding the Proxy Benchmark during a somewhat volatile quarter for global equities marked by uncertainty around President Trump's policy agenda priorities early in his second term. We were pleased with our first quarter results, particularly given the weakness in growth versus value-oriented emerging markets (EM) equities during the quarter.

In our view, the principal catalyst driving global capital markets during the quarter was a change in consensus thinking regarding U.S. foreign policy and the role of U.S. tariffs. As the quarter progressed, hopes that U.S. domestic immigration and tax reform priorities would dominate began to fade as foreign policy isolationism and economic nationalism/protectionism moved to center stage in the eyes of global investors. Protectionist rhetoric that had been rationalized as negotiating leverage exerted by a transactional president increasingly became viewed as perhaps a means to an end, with the likely economic impact being higher inflation and lower growth than expected, at least in the near term. Early in the second quarter, the jury is still out on whether the Trump administration pivots back to a more transactional posture, but at the time of this writing, concerns are growing that the U.S. is signaling an exit from the established rules-based global trade and security compact that has remained in place since the aftermath of World War II. Such a development, if entrenched, would in our view represent another move in the direction of geopolitical priorities superseding economic optimization. While we anticipate this would likely entail a rise in equity risk premium, particularly in the U.S. (to some extent already being priced in), we also believe it could act as the prevailing catalyst to usher in an extended phase of U.S. dollar weakness and ex-U.S. equity outperformance.

MICHAEL KASS

PORTFOLIO MANAGER

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

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

	Baron Emerging Markets Fund Retail Shares[1,2]	Baron Emerging Markets Fund Institutional Shares[1,2]	MSCI Emerging Markets Index[1]	MSCI Emerging Markets IMI Growth Index[1]
Three Months[3]	2.95%	3.00%	2.93%	0.37%
One Year	8.24%	8.43%	8.09%	6.67%
Three Years	1.04%	1.29%	1.44%	0.09%
Five Years	7.38%	7.64%	7.94%	6.99%
Ten Years	2.96%	3.22%	3.71%	4.01%
Since Inception (December 31, 2010)	3.40%	3.66%	2.14%	2.83%

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 26, 2024 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.

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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For the first quarter of 2025, we performed broadly in line with the Benchmark while comfortably outperforming our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, solid stock selection in the Industrials sector, driven by investments across multiples themes, including global security/supply chain diversification (**Hanwha Systems Co., Ltd.** and **Korea Aerospace Industries, Ltd.**), China value-added (**Jiangsu Hengli Hydraulic Co., Ltd.**), and digitization (**Full Truck Alliance Co. Ltd.**), was the largest contributor to relative performance this quarter. In addition, favorable stock selection effect in the Health Care sector, owing to our China value-added related holdings (**Zai Lab Limited** and **WuXi Biologics (Cayman) Inc.**), was also a notable contributor to relative results. Lastly, our underweight positioning in Information Technology, which was the worst performing sector during the quarter, also bolstered relative performance. Broadly offsetting the above was poor stock selection effect in the Consumer Discretionary sector, primarily attributable to select India holdings in our digitization (**Swiggy Limited**) and EM consumer (**Trent Limited**) themes. Adverse stock selection together with our underweight positioning in the Financials sector also weighed on relative results during the period.

From a country perspective, strong stock selection effect in China added the most value this quarter. Within China, a standout contributor was **Kingdee International Software Group Company Limited**, a leading domestic Enterprise Resource Planning (ERP) provider and key beneficiary of China's ongoing digital transformation and push for software localization. The company is well positioned to capture market share from foreign ERP competitors, while continuing to transition to a subscription, cloud-based business model that increases recurring revenue and earnings visibility. Our chronic underweight positioning in Taiwan was also a notable contributor to relative results, as AI/technology and data center-related plays corrected on fears of a capex slowdown. Lastly, our lack of exposure to Thailand, which suffered a double-digit correction during the period, also bolstered relative performance. Broadly offsetting the above was poor stock selection effect combined with our large overweight in India. In our opinion, India is on the cusp of an earnings recovery driven by a rebound in government infrastructure spending along with a recently announced tax cut for the middle class that should support domestic consumption. After a second consecutive quarter of equity market correction and underperformance, we believe this jurisdiction is likely at or near a relative bottom. We are encouraged by the performance of our China related holdings, which rallied through the quarter on early signs of economic stabilization, especially in the property sector. The improving macroeconomic signals, together with recent technological innovation via the groundbreaking AI development at "DeepSeek" and automated driving features unveiled by **BYD Company Limited**, are improving China's forward-looking earnings outlook while also triggering a long-awaited equities multiple rerating. That said, we remain somewhat cautious given uncertainties regarding global trade policy as proposed by the Trump administration, and we are gauging the anticipated impact to our Chinese investments, and more broadly across the portfolio.

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

	Contribution to Return (%)
Alibaba Group Holding Limited	1.46
Tencent Holdings Limited	0.93
Kingdee International Software Group Company Limited	0.79
Gold Fields Limited	0.52
Bajaj Finance Limited	0.49

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall, as well as businesses in logistics, local services, digital media, and cloud. Shares were up this quarter, as the company announced investment and progress in generative AI, and core domestic commerce growth accelerated. Alibaba is 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 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.

Tencent Holdings Limited operates the leading social network and messaging platforms (QQ, WeChat), the largest online entertainment and media business, and the largest online gaming business in China. Shares of Tencent were up, as core gaming growth reaccelerated, profitability again beat expectations, and the company announced a step-up in AI investments. Tencent has already seen benefits from AI in its core advertising technology, with better targeting, content ranking, and new ways of engagement (e.g., AI-based search); the company also remains a notable player in the frontier AI model space. We continue to believe in Tencent's ability to compound earnings, given its growth structure, massive scale, and focus on efficient operations. Longer term, we also believe Tencent could be the largest generative AI beneficiary in China, given its ability to improve its existing products and enter adjacent markets with massive scale and distribution. We continue to monitor the regulatory environment.

Shares of **Kingdee International Software Group Company Limited**, a leading Chinese ERP provider, increased during the quarter due to optimism that new AI features will improve enterprise customer productivity, accelerate revenue growth, and expand its competitive edge. We believe Kingdee will be a key beneficiary of the digital transformation and software localization of Chinese companies. We expect Kingdee will take market share from foreign ERP providers while continuing to transition to a subscription, cloud-based model that should lead to increased recurring revenue and earnings visibility.

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

	Contribution to Return (%)
Taiwan Semiconductor Manufacturing Company Limited	–1.22
Swiggy Limited	–1.02
Kaynes Technology India Limited	–0.60
Trent Limited	–0.56
JM Financial Limited	–0.32

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** (TSMC) detracted in the first quarter due to uncertainty around tariffs, rumors about a potential joint venture with Intel, concerns about long-term margin dilution from increasing manufacturing capacity in the U.S., and fears of a slowdown in AI-related semiconductor demand. We retain conviction that TSMC's technological leadership, pricing power, and exposure to secular growth markets, including AI/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.

Swiggy Limited is a leading food delivery platform in India, with approximately 45% market share. Shares were down due to greater-than-expected losses in its quick commerce business, as the company increased investment amid rising competition. We retain conviction in Swiggy as we believe India's food delivery and quick commerce industries are still in their infancy and will continue to scale over the next several years, driven by a growing middle class, rising disposable income, higher smartphone penetration, and a structural shift in consumer preference given a technology-savvy younger population.

Kaynes Technology India Limited is a leading electronics manufacturing service player in India, offering services across the automotive, industrial, railway, medical, and aerospace and defense industries. Shares were down this quarter due to lower-than-expected quarterly sales, as execution on a subset of industrial-related orders was temporarily delayed. We retain conviction in Kaynes Technology, as we believe it is well positioned to benefit from the government's Make in India initiative, which encourages domestic manufacturing of electronic components by providing attractive tax subsidies and manufacturing infrastructure. We are excited about the company's decision to set up an Outsourced Semiconductor Assembly and Test facility, which we believe represents significant incremental growth opportunity in the medium term. We expect the company to deliver over 30% compounded EBITDA growth over the next three to five years.

Portfolio Structure

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

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	8.3
Tencent Holdings Limited	5.1
Alibaba Group Holding Limited	4.2
Bharti Airtel Limited	2.6
BYD Company Limited	2.5
Bajaj Finance Limited	2.5
Full Truck Alliance Co. Ltd.	2.4
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.4
Contemporary Amperex Technology Co., Limited	2.0
Meituan	1.9

Table V.
Percentage of securities by country as of March 31, 2025

	Percent of Net Assets (%)
China	33.2
India	27.3
Korea	11.7
Taiwan	11.5
Brazil	4.5
Poland	2.6
South Africa	1.6
Peru	1.5
Philippines	1.2
Mexico	1.0
Argentina	0.8
United Arab Emirates	0.7
Indonesia	0.7
Greece	0.5
Hong Kong	0.5
Spain	0.4
Russia	0.0*

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

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the first quarter of 2025, the Fund's median market cap was $14.2 billion, and we were invested 50.8% in giant-cap companies, 37.7% in large-cap companies, 9.6% in mid-cap companies, and 1.5% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first 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 positions in Chinese electric vehicle (EV) manufacturers, **BYD Company Limited** and **XPeng Inc.** BYD is China's largest EV manufacturer with approximately 35% domestic market share. Its competitive advantage stems from vertical integration, including in-house battery production, and a best-in-class cost structure owing to economies of scale. China is leading the EV revolution with penetration levels exceeding 50%, which is well ahead of the rest of the world. BYD, in our view, has been a key enabler of EV adoption by making it affordable for consumers to switch from gasoline engines to electric power vehicles. Going forward, the company should continue to benefit from structural growth opportunities within China, with growing dominance in overseas markets as an additional vector for earnings growth. We expect BYD to gain share abroad, particularly among price sensitive EM customers with the buildout of efficient and low-cost manufacturing plants. The recent introduction of new autonomous driving features to its mid-range and low-end mass market vehicles will further improve BYD's leadership position. We believe earnings should double over the next three years with scope for attractive shareholder returns going forward.

XPeng is another leading Chinese EV manufacturer, distinguished by its in-house development of advanced driver-assistance systems (ADAS) and intelligent in-car operating systems. XPeng is at the forefront of autonomous driving technology, with its strong first-mover advantage in AI-driven in-car applications, as well as vision-based ADAS software compared to peers. The company's recent smart EV model launches such as the G6, G9 SUVs, and Mona M03 have been well received by the market and show its commitment to innovation. XPeng is well positioned to lead in Level 3 and 4 autonomous driving technology given its lead in data collection, in-house chip development, and strong software capabilities, in our view. We are also optimistic about the company's strategic partnership with Volkswagen which brings global scale, capital, and validation of its in-house technology.

During the quarter, we also added to our China value-added theme by initiating a position in **Zhejiang Shuanghuan Driveline Co., Ltd.**, a leading Chinese manufacturer of high-precision gears with a dominant position in EV transmission components. The company supplies top EV manufacturers including Tesla, benefiting from its advanced manufacturing capabilities and precision engineering. Its strong market position and technology leadership give it a competitive edge, especially as EV adoption accelerates globally. Shuanghuan Driveline is also a market leader in RV reducers for industrial robots in China through its subsidiary, Fine Motion. These components are critical for precision movement in robotic joints, and we expect the company to continue to gain share in China's industrial robotics market. We are also bullish on Shuanghuan Driveline's positioning in the emerging and related humanoid robotics space, which offers significant long-term growth potential.

As part of our digitization theme, we established a position in **KE Holdings Inc.** (Beike), China's leading housing transaction and services platform. In a market long plagued with fragmented data and unreliable listings, Beike stands out with the most comprehensive and verified property inventory, creating strong advantages in scale, brand trust, and service quality. We decided to initiate a position as signs of stabilization emerged in both the primary and secondary property markets across Tier-1 and key Tier-2 cities in China. With its market leadership and an asset-light model, Beike is well positioned to benefit from a real estate recovery. The company holds approximately 30% share in existing home transactions and 10% in new home sales, well ahead of peers, and is set to further extend its lead as the industry consolidates. We also see future value creation from Beike's investments in newer initiatives including home furnishing, rentals, and customer-driven property development, which are not currently contributing to earnings. As China continues to discourage speculative development in favor of a new emphasis on "housing for living," demand is rising for home upgrades, quality rentals, and aging property renovations. The company's deep transaction data and network across buyers, homes, and service providers should drive synergies across its ecosystem and unlock value in a broader total addressable market. We expect Beike to deliver over 15% compound earnings growth over the next five years, and increase shareholder returns via share buybacks and dividends.

During the quarter, we also increased exposure to our India wealth management/consumer finance theme by initiating an investment in **Kotak Mahindra Bank Limited.** Kotak is India's fourth largest private sector bank. It offers products across various verticals including commercial banking, consumer finance, securities lending, investment banking, asset management, and life insurance. In our view, the company embodies the hallmarks of a high-quality bank, with a strong deposit franchise, robust capital base, and a prudent approach to risk management. Having navigated India's rapid consumer loan expansion with a cautious approach, Kotak is now well positioned to drive balance sheet growth from a position of strength, particularly as deteriorating asset quality begins to affect its peers. In addition, the Reserve Bank of India's recent decision to lift restrictions on digital client onboarding and credit card issuance marks a significant inflection point, enabling Kotak to expand its retail loan book more rapidly. This move not only allows the bank to acquire customers more cost-effectively but also strengthens its presence in the high-margin credit card segment, reinforcing its long-term growth trajectory. In our view, Kotak is well positioned to sustain mid-teens earnings growth over the next three to five years, while also being less impacted from global trade related uncertainties given its focus on domestic consumption and corporate activity.

We added to several of our existing positions during the quarter, including **Bajaj Finance Limited**, **InterGlobe Aviation Limited**, **MercadoLibre, Inc.**, **Cholamandalam Investment and Finance Company Limited**, **Cummins India Limited**, **Alibaba Group Holding Limited**, and **E Ink Holdings Inc.**

During the quarter, we also exited several positions including **Kanzhun Limited**, **Kweichow Moutai Co., Ltd.**, **KB Financial Group Inc.**, **Wal-Mart de Mexico, S.A.B. de C.V.**, **Ayala Land, Inc.**, **Aarti Industries Limited**, **Samsung SDI Co., Ltd.**, **Yum China Holdings Inc.**, **Galaxy Entertainment Group Limited**, **Budweiser Brewing Company APAC Limited**, **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, and **Kingsoft Corporation Ltd.**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

April 2, 2025 was deemed "Liberation Day" by U.S. President Donald Trump, though it may represent liberation only from free trade and economic optimization. The U.S. initiated a trade war against the rest of the world (ROW), while, when viewed in conjunction with recent foreign policy moves, may perhaps more significantly be signaling America's withdrawal from the longstanding global trade and security compact that it inspired in the aftermath of World War II, having ascended to unilateral hegemon after the fall of the Iron Curtain in November 1989. We believe the market reaction to "Liberation Day" is reasonable given the uncertainties, and suggests that contrary to the spin, the U.S. was actually the disproportionate beneficiary of this global trade and security equilibrium. It is of course possible that a negotiated course-correct plays out which we would view as positive for investors, but as we alluded in our prior letter, the emperor of U.S. exceptionalism appears to have little clothing right now. On the other hand, should the paradigm of economic nationalism and foreign policy isolationism gain momentum and take hold for good, we believe such a new world order would initially elevate risk premium, and it could take considerable time to establish a new equilibrium. The silver lining for those reading this letter: if such a paradigm shift were to take place, we would anticipate outperformance of non-dollar assets as likely. The unprecedented recent weakness of the U.S. dollar in the face of rising recession odds in our view suggests rising likelihood of a paradigm shift and better times ahead for the relative returns of non-U.S. equities. U.S. economic nationalism, isolationism, and a willingness to declare economic war on the ROW, whether for real or just as negotiating leverage, is proving a unifying event for Europe as well as for ROW consumers and corporates, and in our view, a wake-up call for global investors currently underweight non-U.S. assets.

What's at stake in this potential withdrawal? The U.S. is currently on course to cede its role as white knight hegemon, a role that has worked out pretty well for America in the post-World War II era, despite the blemishes and costs. Certainly U.S. manufacturers and the related working class have been adversely impacted, but to us this is likely more due the relatively high cost of U.S. labor, land, and environmental regulations when compared to countries with far lesser per capita income, than to foreigners "ripping us off." While foreign trade barriers can and should be lowered, the U.S. is by far the wealthiest nation in the world, and with a consumer-led economy, it should naturally have a current account deficit. The U.S. has failed over decades to establish policies and programs to adequately retrain workers that have been disadvantaged by the "middle-income trap" afflicting low value-added manufacturing, but we believe historic levels of tariffs are unlikely to represent a silver bullet. The administration on the surface seeks not only to shrink or eliminate the current account deficit but to also abruptly diminish 40 years of globalization, economic optimization, and capital efficiency. In our opinion, success would likely come at least partially at the expense of corporate profit margins and U.S. consumers' real income. Forcing the private sector to reshore low value-added manufacturing plants may or may not improve manufacturing wages (we suspect it may also speed the development of automation, AI and humanoid robots, etc.), but we do not believe it will be beneficial to corporate profit margins.

One reason EM equities trade at a discount to the U.S. is because many such countries function at least in part as patronage systems with a weak or unpredictable rule of law. In such systems, political affiliation or favor, rather than free market competitive advantage, often divide the spoils, leading to heightened volatility and a lack of duration, reflected in lower equity multiples. It is premature to declare the U.S. economy as such a system, but this appears the direction of travel, in our view unsettling the tectonic plates of relative earnings growth, risk premium and valuation on U.S. versus non-U.S. assets. Patronage and national service usurp the private sector's freedom to allocate capital to its most efficient use, while also often capping corporate profitability and/or investor confidence in longer-term earnings growth. In our view, this, rather than near-term economic/earnings momentum, is the greater risk of a paradigm shift in the global trade equilibrium.

As the issuer of the world's reserve currency, the U.S. has benefitted for decades as the safe haven in a storm; a rising currency in turbulent times affords the Federal Reserve incremental cushion to ease monetary policy to combat financial or economic stress – particularly relative to foreign central banks that must contend with weaker currencies and by association more challenging inflation risks. Further, the world's reserve currency, particularly during the global hegemon phase of the past 35 years, accrues a material funding cost advantage as it ensures stable demand for sovereign bonds and, by definition, a dominant liquidity advantage. The mirror image of a large current account deficit is a massive capital/financial account surplus, which in our view has been a key contributor to perceived U.S. exceptionalism when measured by demand for U.S. assets and relative valuation. Thus, a significant reduction in the U.S. current account deficit would also diminish foreign demand for U.S. financial assets and erode the global liquidity, funding cost advantage, and safe haven status endemic to the world's reserve currency. The extraordinary U.S. tariff regime as proposed represents a short-term inflation and growth shock to the U.S., while outside the U.S., it represents a *deflationary* impulse and growth shock, this time affording foreign central banks greater room to maneuver. A goal of onshoring manufacturing at a high marginal cost, while encouraging the ROW to coalesce in protest of U.S. protectionism via new trade pacts and boycotts, would likely reprogram global capital flows and further erode the net benefits that have accrued to the U.S. over the 30-plus year period of expanding global trade. Further, roughly 40% of S&P 500 Index revenues are generated in foreign countries – certainly some portion of this is at risk, which in our view again would shift the forward-looking relative earnings growth dynamic in the direction of non-U.S., as U.S. goods and services are increasingly replaced by alternative sources.

With regard to the Fund, we highlight our large overweight position in India as a likely anchor in the current global trade storm. Having absorbed a fairly steep correction in our India holdings in the fourth quarter of 2024 and through much of the recent quarter, Indian equities began to recover and outperform just as global equities and volatility started sending warning signals in early March. In our view, India is a big "relative winner" as the country is one of the least impacted from a trade war, given that it is primarily a domestic consumer driven economy with a low share of global trade. With goods exported to the U.S. accounting for only 2% of India's GDP, the impact of announced tariffs will only modesty impact it's world-leading real GDP growth of roughly 6%. Further, we anticipate the final impact could be far less, as the U.S. and India are currently in active discussions to sign a Bilateral Trade Agreement (BTA) with a lofty goal to more than double trade to $500 billion by 2030. In our view, India will likely increase purchases of U.S. oil and gas, as well as defense equipment, to narrow the current $46 billion trade surplus with the U.S. We are closely monitoring developments on this front as the execution of a BTA should trigger a meaningful reduction in tariffs and set the stage for increased bilateral trade, benefitting both countries and confirming our longstanding view that India represents an increasingly important ally of the U.S., particularly as a counterweight to a rising China within Asia. In addition, a global slowdown will have a deflationary impact on key oil and commodity imports for India, often viewed as the country's Achilles heel, thereby acting as a fiscal boost given that India imports roughly 80% of its energy needs. More generally, and across the Fund, from a bottom-up perspective we have always emphasized quality domestic growth companies rather than global-facing and export driven businesses, which should further temper our direct exposure to earnings disruption related to rising trade protectionism.

Current U.S. economic and trade policy is turning economic orthodoxy on its head. While the U.S. dishonors this orthodoxy, capital is migrating offshore. It appears that the U.S. may no longer be the protector of global security and democracy, free trade, and free markets; rather, it recently appears a principal source of disruption with an agenda to unwind decades of disinflation and capital efficiency. While we look for signs that the U.S. Congress can begin to reclaim its mandate over U.S. trade and tariff policy and slow the protectionist momentum, we suggest that to some extent, and in the eyes of our traditional trading and geopolitical allies, the genie is out of the bottle, and the catalyst we have been waiting for is finally now in view. Our suggestion in our previous letter, that the horse of U.S. exceptionalism has left the barn, and that looking forward from here there is likely more upside than downside in ex-U.S. equity relative performance, now appears prescient. We believe it is time to rebalance in favor of non-U.S. assets. We continue to anticipate a volatile year that we suspect will offer attractive opportunities for long-term investors.

Baron Emerging Markets Fund

Thank you for investing in Baron Emerging Markets Fund.

Sincerely,

Michael Kass
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 its distributor, Baron Capital, Inc., by calling 1-800-99-BARON or visiting BaronCapitalGroup.com. Please read them carefully before investing.

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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