Baron Emerging Markets Fund

Dear Baron Emerging Markets Fund Shareholder:

Performance

Baron Emerging Markets Fund® (the Fund) gained 9.07% (Institutional Shares) during the third quarter of 2024, while its primary benchmark index, the MSCI Emerging Markets Index (the Benchmark), was up 8.72%. The MSCI Emerging Markets IMI Growth Index (the Proxy Benchmark) gained 8.65% for the quarter. The Fund modestly outperformed both the Benchmark and the Proxy Benchmark during a solid quarter for global equity returns. The Fund more materially outperformed its peers and is now in the top quartile of performance for the year-to-date period.

While the seminal event during the third quarter was the U.S. Federal Reserve's (the Fed) 50 basis point rate cut, marking the beginning of a long-awaited easing cycle, we would argue that the nearly simultaneous emergence of two additional catalysts have markedly increased the likelihood that we have now entered a sustainable and mean-reverting outperformance phase for emerging market (EM) and international equities. The first was Japan's exit from zero interest rate policy, signaling interest rate and monetary policy normalization and a bottom to the 13-year bear market in the Japanese yen, which we believe will likely provoke a longer-term inflection point in global capital flows away from over-owned U.S. assets and in the direction of non-U.S. bonds and equities. Second was the comprehensive and unexpected pivot in monetary and fiscal stimulus intensity announced in late September by Chinese authorities, finally projecting a sense of urgency and commitment regarding economic recovery and property market stabilization, while clearly prioritizing the execution of pro-growth policy initiatives. In response to the above, EM and international equities both markedly outperformed the S&P 500 Index during the third quarter, while the Benchmark has returned an impressive 15.44% since the mid-April peak in inflation expectations. We remain optimistic that even after the recent rally, EM equities offer an attractive long-term entry point, with valuations and relative earnings expectations still near multi-decade lows and investor skepticism remaining quite high. As always, we are confident that our diversified portfolio of well-positioned and well-managed companies can execute on their potential over the coming years.

MICHAEL KASS

PORTFOLIO MANAGER

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

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

	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]	9.00%	9.07%	8.72%	8.65%
Nine Months[3]	16.20%	16.46%	16.86%	17.48%
One Year	24.10%	24.39%	26.05%	26.55%
Three Years	(3.81)%	(3.54)%	0.40%	(1.62)%
Five Years	4.18%	4.46%	5.75%	6.23%
Ten Years	3.43%	3.70%	4.02%	4.80%
Since Inception (December 31, 2010)	3.89%	4.15%	2.62%	3.44%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2023 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.

Baron Emerging Markets Fund

For the third quarter of 2024, we modestly outperformed the Benchmark as well as our all-cap EM growth Proxy Benchmark. From a sector or theme perspective, strong stock selection in the Industrials sector, largely driven by investments in our sustainability/ESG theme (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd.**, **Contemporary Amperex Technology Co., Limited**, **Techtronic Industries Co. Ltd.**, and **HD Hyundai Heavy Industries Co., Ltd.**), powered the majority of relative outperformance this quarter. In addition, favorable stock selection in the Financials sector, owing to our India wealth management/consumer finance related holdings (**JM Financial Limited**, **SBI Life Insurance Company Limited** and **Nuvama Wealth Management Limited**), was also a notable contributor to relative results. Lastly, our underweight positioning in the Information Technology sector, which was the worst performing sector in the Benchmark during the quarter, also bolstered relative performance. Largely offsetting the above was negative allocation effect together with adverse stock selection in the Health Care sector, primarily attributable to select positions across our global security/supply–chain diversification and China value-added themes (**Samsung Biologics Co., Ltd.** and **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**). Adverse stock selection across multiple themes in the Materials (**Aarti Industries Limited**, **Suzano S.A.**, **Gold Fields Limited**, **Grupo Mexico, S.A.B. de C.V.**, and **SRF Limited**) and Consumer Staples (**Wal-Mart de Mexico, S.A.B. de C.V.**, **Dino Polska S.A.**, and **Godrej Consumer Products Limited**) sectors also weighed on relative performance.

From a country perspective, solid stock selection in India was the largest contributor to relative performance this quarter. Within India, besides the above-mentioned holdings, another standout contributor was **Trent Limited**, a leading, high growth, fast fashion apparel retailer that we internally refer to as the "Zara of India."

Trent, in our view, has been one of the most misunderstood stocks in India that has seen consensus earnings upgrades of above 100% over the past 12 months. Solid stock selection in Korea, driven by our sustainability/ESG-related investments as mentioned above, and our underweight positioning in Taiwan were also notable contributors to relative results during the quarter. Largely offsetting the above was adverse stock selection effect in China, which occurred prior to the September rally in China-based equities, as well as modest negative allocation effect given our underweight position. Late in the quarter, in a surprise move, China announced significant monetary and fiscal stimulus measures to combat a deteriorating property sector and associated broad economic slowdown. As a result, Chinese equities, especially index heavyweight and mega-cap stocks, experienced a significant repricing in a matter of days. We are encouraged by the recent measures and are closely monitoring conditions for signs of improving consumer confidence and positive impact, as we anticipate a broadening of the rally which would benefit the secondary private sector growth stocks which often lag in the initial stages of major inflection points.

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

	Contribution to Return (%)
Alibaba Group Holding Limited	0.94
Swiggy Limited	0.75
Trent Limited	0.71
Tencent Holdings Limited	0.68
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.61

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, particularly as Chinese policymakers pushed a broad stimulus package and appeared ready to take additional steps to bolster economic activity as needed. Quarterly financial results were roughly in line with expectations, with notable strength in profitability. Domestic competition in core e-commerce remains high, although Pinduoduo, a major competitor, appeared to take a step back in its quarterly earnings call. We retain conviction that Alibaba is well positioned to benefit from China's reopening and the ongoing growth in online commerce and cloud in China, although competitive market concerns remain.

Swiggy Limited is a leading food delivery platform in India with roughly 45% market share. Shares rose on increasing penetration of food delivery and improving profitability. We retain conviction in Swiggy as we believe India's food delivery industry is still in its 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 to a tech savvy younger population.

Trent Limited is a leading retailer in India that sells direct-to-consumer private label apparel through its proprietary retail network. Shares were up on better-than-expected quarterly sales performance as well as the continued expansion of its Zudio value fashion franchise. We believe the company will generate over 25% revenue growth in the near-to-medium term, driven by same-store-sales growth and outlet expansion. In addition, we believe improved operating leverage and a growing franchisee mix will lead to increased profitability and return on capital, driving an EBITDA CAGR of more than 30% over the next three to five years.

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

	Contribution to Return (%)
Samsung Electronics Co., Ltd.	-0.93
SK hynix Inc.	-0.41
PDD Holdings Inc.	-0.27
Reliance Industries Limited	-0.14
Wal-Mart de Mexico, S.A.B. de C.V.	-0.12

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** decreased during the quarter due to concerns about a potential cyclical peak in DRAM and NAND prices. We are confident Samsung will remain a key beneficiary of long-term growth in semiconductor demand and a global leader in memory, 5G smartphones, and semiconductor foundry services.

After a strong start to the year, shares of **SK hynix Inc.**, a South Korean memory semiconductor company, partially retraced gains due to concerns about a potential decline in DRAM and NAND prices. Despite short-term cyclical pressure, we believe the memory industry is on the cusp of a multi-year growth phase, enjoying structural demand growth as servers, smartphones, PCs, and other devices become ever more computationally intensive. We also believe SK hynix will remain a key beneficiary of surging AI-driven demand for high-bandwidth memory (HBM), which uses advanced packaging to vertically stack DRAM chips, resulting in higher bandwidth and improved power efficiency. We expect the company to remain the industry leader in cutting-edge HBM and generate robust earnings growth over the next several years.

PDD Holdings Inc. operates China's second-largest e-commerce platform and the growing cross-border shopping platform Temu. Shares experienced a notable decline after management's remarks during a recent earnings call. While PDD's Q2 results showed a slight revenue miss, profitability remained solid, and the company continued to outperform its peers. However, the market was taken aback by the unconventional tone of the call, where management expressed a surprisingly bearish outlook on future profitability, proposed strategies that appeared misaligned with broader industry trends, and reiterated their decision to withhold shareholder returns despite a strong net cash position and Temu's improving financials. These developments raised concerns about a potential misalignment between management and shareholder interests, prompting us to reduce our position due to increased corporate governance risks.

Portfolio Structure

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

	Percent of Net Assets (%)
Taiwan Semiconductor Manufacturing Company Limited	9.0
Tencent Holdings Limited	4.3
Bundl Technologies Private Limited	3.2
Alibaba Group Holding Limited	2.8
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.6
Bharti Airtel Limited	2.5
Trent Limited	2.3
Samsung Electronics Co., Ltd.	2.2
InPost S.A.	2.1
Meituan	2.0

Exposure by Country

Table V.
Percentage of securities by country as of September 30, 2024

	Percent of Net Assets (%)
India	30.9
China	25.5
Korea	13.0
Taiwan	12.7
Brazil	5.8
Poland	2.8
Philippines	1.8
Mexico	1.7
Hong Kong	1.6
South Africa	1.4
Peru	1.3
Indonesia	1.1
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 third quarter of 2024, the Fund's median market cap was $14.6 billion, and we were invested 49.6% in giant-cap companies, 36.6% in large-cap companies, 13.1% in mid-cap companies, and 0.6% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the third 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 were most active in adding to our digitization theme by initiating positions in **Meituan** and **E Ink Holdings Inc.** Meituan is China's largest food delivery platform with over 70% market share, and it also operates a leading super app for local services with over 700 million annual users. Built on millions of user-generated reviews, the company has become the go-to app for discovering local businesses such as restaurants and salons. In our view, Meituan is one of the most attractive food delivery businesses globally, given its massive scale (60 million daily delivery orders), strong competitive positioning, and solid operational track record. We expect its food delivery economics to continue improving over time, driven by rising ad revenue and lower user incentives. The company also operates a local services marketplace, monetizing primarily through commissions on in-store coupons, hotel bookings, and advertising. Contrary to consensus concerns regarding competition, our due diligence indicates competitive headwinds are likely to prove temporary as rivals increasingly focus on profitable growth, with Meituan retaining its industry dominance. We expect the company to deliver over 20% compound earnings growth over the next three to four years, with the potential for continued value creation thereafter.

E Ink, headquartered in Taiwan, is the inventor and leading supplier of ePaper technology, with over 95% global market share. Made up of millions of tiny microcapsules containing positively and negatively charged particles, ePaper mimics the appearance and readability of traditional ink on paper. Unlike liquid crystal display (LCD), which uses a backlight, ePaper reflects external light, allowing for readability in direct sunlight, lighter weight, and much higher energy efficiency. E-Readers, such as Kindle, were the initial major end market for ePaper, however the Electronic Shelf Label (ESL) end market has proven to be a game-changer, driving a second leg of growth and already accounting for a majority of profit, and representing the company's major long-term growth driver. ESLs provide retailers with several advantages over traditional paper price labels, including a significant reduction in labor costs and paper consumption, higher efficiency in product restocking, and the flexibility to dynamically adjust prices. While global ESL penetration is currently low, we anticipate an accelerating rate of adoption over the next 5 to 10 years, as ESL unit prices have declined dramatically and industry leaders, such as Walmart, are indicating strong returns on their early investments. We are also optimistic about the emergence of large size displays, such as outdoor advertising billboards, as a new application for ePaper, with a potential revenue opportunity that ultimately exceeds that of ESLs. We believe that E Ink will maintain its dominant market share, thanks to its technological advantages, rich patent portfolio, manufacturing expertise, and extensive industry partnerships. We expect the company to deliver a compound total shareholder return in the mid-teens over the next three to five years.

During the quarter, we also increased exposure to our sustainability/ESG theme by initiating a position in **Contemporary Amperex Technology Co.,**

Limited (CATL), the world's largest manufacturer of rechargeable lithium-ion batteries for Electric Vehicles (EVs) and Energy Storage Systems (ESSs). Headquartered in China, CATL is the global leader in the development of high energy density performance batteries with technology leadership in superfast charging, creating strong pricing power for its products. Adding to its competitive moat, the company has a lower cost structure versus peers owing to its scale of operations (over 35% global market share in EV batteries), higher capacity utilization, and superior supply-chain management, including vertical integration of certain raw materials. In addition to its dominant positioning in China, CATL also has a solid track record with ex-China global original equipment manufacturers including Tesla, BMW, Stellantis, and Mercedes and, in our view, is well positioned to gain market share in Europe with the buildout of local manufacturing facilities. We remain optimistic regarding growth potential for EV/ESS batteries and expect the company to deliver at least 20% compound earnings growth in the medium term, while maintaining industry leading return on equity and gross margins of 25%.

As part of our global security/supply-chain diversification theme, we initiated a position in **Samsung Biologics Co., Ltd.**, a leading contract development and manufacturing organization (CDMO) that offers outsourced services for the development and commercialization of biopharmaceutical drugs. Samsung Biologics is the third largest CMDO by revenue globally, with a client base that includes 16 of the world's 20 largest pharmaceutical companies. We believe the large-scale CDMO industry will be under tight supply over the next three to five years, as global pharmaceutical companies increasingly outsource R&D and manufacturing services to top-tier players with proven quality and regulatory track records. In our view, Samsung Biologics will be a key beneficiary of such industry tailwinds as it has been actively investing in capacity expansion. With its new Plant 4 fully operational this year, Samsung Biologics currently stands as the world's largest CDMO in terms of production capacity. We are encouraged by the ramp up in capacity utilization at Plant 4, which demonstrates sustained order momentum. We are also excited about the upcoming capacity expansion at Plant 5, which will begin production in 2025. More recently, the U.S. House passed the Biosecure Act which will restrict business activity with targeted firms, such as Wuxi Biologics, a major Chinese CDMO, due to national security concerns. While we are still awaiting the Senate vote, we believe the long-term trend will be for global biopharmaceutical companies to diversify away from China, benefiting other top-tier CDMO players such as Samsung Biologics and Lonza Group AG, the leading European CDMO. In our view, Samsung Biologics could further gain a disproportionate share due to its competitive pricing relative to Lonza. Finally, as we have entered a central bank easing cycle, improved capital access and liquidity for the biopharmaceutical industry should also accelerate clinical trial activity and drug manufacturing.

Beginning this quarter, our semiconductor and AI-related investments (formerly part of the digitization theme), will be recategorized into a dedicated "advanced semiconductor/AI" theme given the growing importance and allocation of such businesses in the portfolio. Related to this newly minted theme, during the quarter we initiated a position in **ISC Co., Ltd.**, a South Korean manufacturer of semiconductor testing equipment. The company is the dominant global supplier of elastomer test sockets, which are electrical interfaces used to test the performance of semiconductor devices. For decades, the industry has primarily tested semiconductors with pogo pin sockets, which use miniature spring-loaded pins to create electrical connections. However, as chips are becoming increasingly complex and are operating at ever faster speeds, pogo pin technology is reaching electromechanical limits. Elastomer test sockets, which consist of a flexible rubber sheet with embedded conductive particles, offer significant advantages over pogo pin sockets for testing advanced chips, including superior electrical performance, lower risk of damage to the device under test, faster time to market, and lower cost. We believe ISC will be the key long-term beneficiary of the inexorable shift from pogo pin to elastomer sockets. We also expect the company to maintain over 70% market share, due to its strong first mover advantages, superior technology, and unparalleled manufacturing scale. Moreover, ISC's growth is levered to the booming leading edge processor market, which is driven by secular demand for AI and high-performance computing. We forecast that ISC will generate over 20% compound earnings growth over the next three to five years.

Further, we added to several of our existing positions during the quarter, including **Park Systems Corporation**, **China Mengniu Dairy Co. Ltd.**, **Localiza Rent a Car S.A.**, **Jiangsu Hengli Hydraulic Co., Ltd.**, **WEG S.A.**, **Cholamandalam Investment and Finance Company Limited**, and **Korea Aerospace Industries, Ltd**.

During the quarter, we also exited our positions in **Baidu, Inc.**, **Keyence Corporation**, **Estun Automation Co., Ltd.**, **Tata Consultancy Services Limited**, and **Edelweiss Financial Services Limited**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

For nearly a year, we have highlighted that in our opinion, the Fed's monetary policy was holding hostage the EM and international economies where inflation had already been tamed, and by extension, where real interest rates were already too restrictive. In recent years, the U.S. became the epicenter of the inflation challenge, in our view by virtue of the much greater monetary and fiscal shock therapy administered by U.S. policymakers in the aftermath of the COVID pandemic. Unfortunately for such foreign jurisdictions, Fed tightening is a global, one-size-fits-all prescription. We have anticipated for some time that a mean-reverting EM and international equity outperformance cycle was due, but that greater certainty regarding Fed easing and/or perhaps rate-normalization in Japan or a more forceful China stimulus would be the necessary catalysts to set such a cycle in motion. As anticipated in our previous letter, where we suggested that moderating U.S. economic and inflation trends would warrant Fed rate cuts sooner than later, we can finally say we have reached the elusive inflection point. As evidence, during the third quarter, the Fed cut its policy rate by a greater-than-expected 50 basis points, and EM equities rose 8.72% versus 5.89% for the S&P 500 Index, while ex-U.S. international equities appreciated 8.06%. Further, since the year-to-date peak in U.S. inflation expectations in mid-April, EM equities have returned an impressive 15.44%, outperforming the S&P 500, notwithstanding the sizable impact of NVIDIA and other members of the *Magnificent Seven* on S&P 500 returns over this period. With all three of the aforementioned catalysts now kicking in, we believe it is increasingly likely that a sustainable EM relative outperformance cycle has begun.

It appears that early in the quarter the Japanese yen finally bottomed after a 13-year bear market and a decline of over 50% versus the U.S. dollar. This bottom is confirmed in our view by the Bank of Japan's recent move to exit zero interest rate policy while further increasing its short-term policy rate by greater-than-market expectations. This signaling of monetary policy and interest rate normalization took markets by surprise, and triggered an abrupt "Japan carry-trade unwind," which sent shock waves throughout global capital markets beginning in July and continuing into August. In our view, this event has longer-lasting implications as Japanese institutions and retail investors will likely embark on a longer-term repatriation of assets back to the appreciating home currency, while global hedge funds, speculators, and investors are also likely to deleverage and reposition, which in our view collectively will favor previously underperforming assets such as EM and international equities at the expense of the more over-owned Magnificent Seven and U.S. equities in general. For reference, it is estimated that Japanese institutions and retail investors hold over $5 trillion in total foreign securities, with an estimated $1.1 trillion in U.S. treasuries as well as a large exposure to U.S. equities. Foreigners in aggregate own over $10 trillion, or roughly 18% of the $55 trillion market cap of U.S. equities, and up from $3.1 trillion when the yen last peaked in 2011. If, as we suspect, Japan repatriation has begun in earnest, this could likely trigger a broader tipping point in foreign ownership of U.S. equities, reversing a key trend that has been in place for over a decade.

Further supporting the outlook for EM (and global) equities, late in the quarter China's policymakers also surprised markets with several fresh initiatives. First, on September 24, the People's Bank of China (PBOC) announced a significant step-up in economic support via a cut to the bank reserve requirement ratio and a simultaneous policy rate cut of 20 basis points (double the typical amount), with a rare public statement that more easing is to come. Additionally, for the first time ever, the PBOC set up a mechanism to directly support the equity markets including funding/lending for corporate buybacks – in effect, "stimulus with benefits" and enhanced governance for equity investors. Simultaneously, the Chinese banking regulator announced plans to recapitalize large state banks, addressing any capital/credit concerns and positioning the state banks to increase lending while also supporting property sector stabilization. Only two days later, the Politburo (the top leadership of the Communist Party) concluded a rare "surprise economic meeting," essentially projecting a sense of urgency, with official commentary confirming that economic recovery and the execution of pro-growth policy initiatives are now of the highest priority. The Politburo for the first time explicitly pledged to arrest the decline and foster stabilization of property prices while outlining several tools at their disposal to do so. In addition, and perhaps the most critical to many investors' assessment of the credibility of the communique, the Politburo mentioned consumption, confidence, and the welfare of Chinese households – alluding to forthcoming fiscal stimulus while also contrasting the exclusive supply-side emphasis of prior initiatives. Without question, this represents a new level of commitment on behalf of China's leadership, which in our view is more likely than not to improve consumer and business confidence while also enhancing forward-looking corporate earnings estimates. We have consistently communicated that while the long-term fundamental and the geopolitical environment vis-a-vis China has deteriorated, in our view such challenges were well discounted in equity prices, resulting in more upside potential than downside. Further, lack of traction on previously announced policy measures in our view raised the odds of triggering an "all-in" stimulus signal, which we believed at the time could drive 30% to 50% gains across many of our holdings if viewed as credible. As most China-related indices rallied roughly 20% in the final week of September, with private sector and growth-oriented individual equities up significantly more, we are heartened but also carefully monitoring valuations, as we suspect we have now traveled some portion of the way towards our assessment of fair value. While India, Taiwan, and China ended the third quarter leading all major EM jurisdictions, up over 25% year-to-date and outperforming the S&P 500 over this period, we continue to believe that over the long term, India offers the most attractive and broadest set of investment opportunities consistent with the Baron approach.

A word on the upcoming U.S. election. The U.S. election appears an almost dead heat at the writing of this letter, meaning investors cannot reasonably predict the outcome. While many have voiced concerns regarding election-related risks to non-U.S. equities, we have cautioned that many of these concerns have been known for some time and that after a multi-year, relative bear market, a lot is already discounted in the price. Further, while the likelihood and viability of a second Trump administration's tariff policy is difficult to predict, we submit that a Harris administration would nearly certainly be dollar bearish, while Trump has explicitly called for a weaker dollar and an easier Fed should he prevail. In our view, the U.S. dollar remains perhaps *the* critical variable in assessing the outlook for non-U.S. equity relative performance, and we reiterate that we believe a dollar bear market is likely already underway (good for non-U.S. performance). As such, while we certainly anticipate bouts of volatility heading into the election and its aftermath, we do not currently believe the outcome of this election should have a material or lasting effect on the intermediate or longer-term outlook for EM and international equities.

Thank you for investing in the Baron Emerging Markets Fund.

Sincerely,

Michael Kass
Portfolio Manager

Baron Emerging Markets Fund

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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