Michael Kass: Catalysts for Emerging Market and International Growth Equities

This is an edited version of a January 25, 2023, webinar with Michael Kass, portfolio manager of Baron Emerging Markets Fund, Baron International Growth Fund, and Baron New Asia Fund, with additional commentary from members of the EM/International research team. To access the recording, please visit our website.

Executive Summary

- We believe that we've entered a sustainable period of international and EM equity relative outperformance.
- We retain high conviction and a large overweight position in India for several reasons, most importantly the economic reforms implemented by the Modi administration over the past few years.
- Following China's party Congress last fall, the new leadership abruptly dismantled the zero-COVID policies and went all-in on liquidity and stimulus measures. We believe it's more likely than not that we'll see material upside in earnings expectations across China.
- We see Europe's need to move away from reliance on Russian energy and commodities as a major investment opportunity with global implications.

Please recap the Funds' performance in fourth quarter and for the full year.

Michael Kass: Baron Emerging Markets Fund was up 8.58% in the fourth quarter of 2022, modestly underperforming the MSCI EM Index, which was up 9.70%, and the MSCI EM IMI Growth Index, which was up 9.28%. Baron International Growth Fund was up 14.85%, modestly outperforming the benchmark MSCI ACWI ex USA Index, which was up 14.28%. More notably, it outperformed the MSCI ACWI ex USA IMI Growth Index, which was up 12.73%.

In our view, the key catalysts during the quarter were evidence that we have passed through what we call peak hawkishness, along with a major pivot in China's zero-COVID policy. Those factors drove strong global, and particularly international, equity performance.

Full-year results, however, were not as exciting. Baron Emerging Markets Fund was down 25.82%, underperforming the MSCI EM Index, which was down 20.09%. Baron International Growth Fund was down 27.29%, underperforming the MSCI ACWI ex USA Index which was down 16.00%. Again, our growth-oriented strategy more modestly underperformed the International all-cap growth proxy, which was down 23.49%.

Key drivers for the full year were the unexpected scope of the global rise in inflation, which was compounded by Russia's invasion of Ukraine, prompting an interest rate hiking cycle. That disproportionately weighed on growth equities worldwide. In addition, China's stringent COVID policy

and geopolitical uncertainties in the aftermath of Russia's invasion of Ukraine weighed broadly on equities.

Tell us why you believe the peak of central bank hawkishness will be a catalyst for improving international and EM and perhaps growth equity relative performance.

Michael Kass: We suggested some months ago that the Federal Reserve Board's hawkishness in particular was reaching a zone of practical constraint. Our view was that a likely moderation in inflation readings would inspire a shift in tone by the Fed, signaling a slowing or even a pause in rate hikes. That's where we are now. A few months ago, we also said that we anticipated a peak in the U.S. dollar. In our view, the dollar was near the peak of its parabolic rise, and we anticipated a concurrent peak in dollar sovereign bond yields as evidence that we were passing through peak hawkishness. That would imply a near-term peak in equity risk premiums, suggesting a new regime favoring EM and International equities on a relative basis. We think the fourth quarter confirmed that this is exactly what we're seeing.

We believe that we've entered a sustainable period of international and EM equity relative outperformance. I would say the subsequent pivot by China on its zero-COVID policy and large-scale easing measures add fuel to that fire. Indeed, from November 1 through year-end, EM equities outperformed the S&P 500 Index by about 1,300 basis points. International equities also outperformed the S&P during that period by 1,100 basis points. This outperformance has continued into early 2023.

These are very early innings. First, we think the dollar is completing a 14-year bull market, and that we're likely beginning a new cyclical dollar bear market. That would be a key catalyst to reverse the leadership of U.S. assets. Second, even after the recent uptick, EM and International equities are at 30-year relative valuation lows. We would suggest that a mean reversion on relative valuation alone would suggest material upside, but we think the more unexpected catalyst is going to be an improvement in real earnings expectations driven by this early stage.

We think this scenario will develop through a five- to 10-year global capital investment cycle required in this new era of reduced globalization. We believe EM and international equities will be the biggest beneficiaries of new priorities around global security and supply chain diversification. This shift should result in a transfer of wealth, pricing power, and earnings power away from U.S. and developed world consumers to the owners of real assets and entities that hold industrial pricing power. That's in addition to the beneficiaries of interest rate normalization, which is another major vector change that we began to see play out last year.

Is it too late for investors to participate in this shift?

Michael Kass: We do not think it's too late at all. We think we're in the very early innings and that investors should consider taking a contrarian view and re-weighting on a multi-year basis.

India remains a large after overweight in your portfolios. After a couple of years of leadership, it began to underperform in the last quarter of 2022. Do you still retain your conviction?

Anuj Aggarwal: Our investments in India did underperform during the last quarter, but this didn't come as a surprise. We expected a retracement of prior period gains. India was our largest contributor during the third quarter and held up relatively well all through 2022. Consumer activity in India slowed in the fourth quarter, which impacted near-term earnings growth for many of our businesses. That was a key contributor to relative underperformance. That said, India has been one of the best performing markets in the world, even trumping the returns of the S&P 500 in U.S. dollars over the past one- and three-year periods.

We retain a high conviction and a large overweight in India for several reasons, most importantly the economic reforms implemented by the Modi administration over the past few years. We believe they should support sustainable GDP growth between 5% and 7% for the next five to 10 years while

accelerating the formalization and digitization of the economy. We believe India is entering a virtuous investment cycle that should last for the next several years, positioning India to become the fastest growing large economy in the world this decade.

From a geopolitical standpoint, the country has increasingly pivoted towards the U.S. and broadly the West, both from a military as well as an economic standpoint over the past several years, acting as a strategic counterweight to a rising China in Asia.

Tell us why the digitization theme is so important.

Anuj Aggarwal: Over 650 million Indians now have access to a smartphone and high-speed mobile broadband data. This represents a significant inflection in the country's digital ecosystem which, in our view, is probably 10 to 15 years behind that of China. We are seeing many a bottom-up opportunities in e-commerce, fintech, food tech, and edtech among other digital platforms and services.

For example?

Anuj Aggarwal: **SBI Life Insurance Company Limited** is one of our higher conviction investments. This company forms part of our India financialization of household savings theme. Our core premise here is a structural shift in household savings from gold and real estate that currently account for the majority of savings toward financial products such as equities and life insurance savings schemes. We have owned SBI Life since the IPO more than five years ago and remain excited about its growth opportunities over the next five years. SBI Life is the largest private sector life insurer in India with about 15% market share, and insurance penetration in the country is still in its very early growth phase with less than 10 million lives insured today out of population of 1.4 billion.

In our view, while the industry should sustain mid-teen premium growth, SBI Life is positioned to grow by about 18% to 20% as the industry consolidates in the hands of larger well-managed private sector players. SBI Life also has a unique competitive advantage in its ability to leverage more than 27,000 bank branches within its current entity, State Bank of India. This puts SBI Life on a high-growth trajectory given the penetration levels for the customer base is in the low single digits today. We believe the stock can double over the next four to five years driven by that 18% to 20% premium growth along with an improving margin trajectory.

Can you elaborate on the recent outperformance in China, and how you see the path forward?

Michael Kass: We have previously said that we felt China's zero-COVID measures were untenable given the obvious economic and political constraints. We maintained that a reopening would eventually materialize. Following the country's party Congress last fall, the new leadership abruptly dismantled the zero-COVID policies and went all-in on liquidity and stimulus measures. Investors were surprised at the speed and the scope of the change.

Leadership must now demonstrate that the new policies will be successful in stabilizing the property sector and driving a consumption recovery, much like what we saw in the U.S. in the post-COVID reopening period in late 2020 and through 2021. We believe it's more likely than not that we'll see material upside in earnings expectations across China. I'd say investors have low expectations, and still have an underweight positioning bias, but we believe there's a high likelihood of positive earnings recovery.

Looking at the U.S. on a relative basis, we almost have the opposite. We think the U.S. is probably entering a period of acute earnings vulnerability due to the tightening that's already in the pipeline, combined with the likelihood that the Fed will need to remain on hold for longer than in previous cycles in order to restore its inflation fight and credibility. For that reason, we think it's not too late to reposition to China equities. We think China is likely to overshoot to the upside as you move through this next year.

Can you highlight any stocks either in China or with significant exposure to China currently held in your funds?

Eric Guzman: We initiated positions in several stocks during the pandemic, specifically from 2020 to 2022, knowing their near-term results would be impaired. These are high-quality businesses whose valuations were compressed due to COVID-related disruptions, but whose balance sheets would allow them to withstand a lengthy shock and, we thought, were likely to take market share and emerge in an even stronger position on the other side. We took advantage of the valuation of dislocation and now expect them to be material beneficiaries of China's reopening. These stocks are **Galaxy Entertainment Group Limited, Pernod Ricard SA, Budweiser Brewing Company APAC Limited, Compagnie Financiere Richemont SA,** and **Yum China Holdings, Inc.**

- Galaxy Entertainment is one of six concessionaires with a license to operate integrated gaming resorts in Macau. It has a net cash balance sheet, what we see as the best existing assets in Macau, and the largest growth pipeline of any of its peers in that market. We think this is the best business with the best growth pipeline in global casino gaming. We expect it to be a big beneficiary of Chinese spending on gaming and tourism over the next 12 months.
- Pernod Ricard, which is headquartered in France, is one of the largest listed spirits companies in the world. Relative to its peers, it's overweighted to Asia and specifically to the travel-dependent, duty-free channel there. It also has nearly half of the entire cognac profit pool in China, the most important Western-style spirit in that market, and a highly concentrated and supply constrained category globally. We think the company should generate above peer growth in 2023 and 2024.
- Budweiser APAC is Anheuser-Busch's listed subsidiary in China, dominant in premium and super premium beer there, generating roughly half of all beer industry profits in China on just 13% of volume. That's 50% of profits on 13% of volume. Premium and super premium are significantly under-penetrated in China relative to other Asian markets and are thus likely to be structural growers over the next decade.
- Yum China is the master franchisee for KFC and Pizza Hut in China. We think it can double its unit count this decade at high returns on capital. Its results were severely depressed over the last three years, but it actually flexed its net cash balance sheet to accelerate unit growth over that period while competing operators were retrenching. So, we think the company's earnings power has grown materially beneath the surface, which will show up over the next 12 months.
- Richemont owns what we think are the two best brands in luxury jewelry, specifically Cartier and Van Cleef. Approximately 40% of its business comes from Asia, which is more than its listed peers. These iconic brands should see an outsized benefit from the return of Chinese shoppers both in China and in its tourist destinations like Europe, Japan, and Singapore. We're already seeing that start and we expect it to continue.

Again, these are all well-managed, high-return, competitively advantaged businesses that we thought would emerge stronger coming out of COVID than they were before the pandemic. We took advantage of depressed valuations to buy them, and we're excited about the tailwinds they are positioned to experience over the next 12 to 24 months.

Pivoting to international equities, can you update us on this situation in Europe in the aftermath of Russia's invasion of Ukraine?

Michael Kass: Europe was clearly the most adversely impacted by Russia's invasion, given its huge reliance on Russian energy and natural gas. And in the last year, European markets were discounting, at a minimum, a consumption recession, and a much deeper recession than elsewhere in the world. The

anticipated increase in fuel, electricity, and heating costs was probably the epicenter of the inflation problem squeezing out economic activity and consumption there. Inventories were being hoarded, but now winter temperatures are well below normal, and it appears that conditions will be better than what was feared.

Looking back, the crisis has helped to bring countries within the European Union (EU) closer together. In the big picture, and for the intermediate and longer term, Europe has definitely taken a step towards greater fiscal union and mutualization, which we're really excited about. The post-crisis aftermath is driving a recovery in the Euro and a probably much lower long-term risk of a breakup.

We're at the early stages of, we think, recovery and an earnings expansion in the Euro. In thematic terms, we see Europe's need to move away from reliance on Russian energy and broader commodities as a major investment opportunity with global implications. That phenomenon underlies our global security and supports our sustainability themes. We believe we're entering a new era in which geopolitical priorities are superseding economic and financial optimization. Globalization is shifting to de-globalization, fueling a global capital investment cycle and diversification of supply chains.

Can you discuss any specific names in the Funds that are positioned to benefit by this global capital investment cycle?

Chingiz Gadimov: One of the European stocks that we continue to be excited about is **Meyer Burger Technology AG,** which is part of our sustainability theme. We see this company as one of the main beneficiaries of Europe's plan to deploy renewable energy as part of its agenda to accelerate the transition away from Russian natural gas. Meyer Burger is Swiss-based supplier of solar modules, and its next generation solar modules are more efficient, producing 10% to 20% more energy per area than traditional PERC modules produced in China, so it commands premium pricing. Because its system costs exceed module costs, which is unusual for renewables, the company can generate higher margins than its competitors. Meyer Burger has strong adoption momentum for these products, with demand exceeding near-term supply.

In our view, the company is likely to be a long-term beneficiary of greater localization of energy supply chains, in which we will see a global capital expenditure (CapEx) investment cycle and reduced reliance on China, which currently produces roughly 80% of global solar modules. Last year, Meyer Burger was one of the top contributors for Baron International Growth Fund, and we're still bullish on this theme. A number of catalysts have emerged since we initiated this investment to further enhance our thesis and add greater upside to our growth estimates. First, the Inflation Reduction Act (IRA) provides attractive incentives for companies to bring solar module manufacturing and sales to the U.S. Meyer Burger plans to significantly expand its manufacturing capacity in the U.S., supported by long-term off-take agreements with key customers.

Europe is preparing a response to the IRA with the Net-Zero Industry Act, which is designed to protect EU leadership in renewables and boost growth and CapEx of targeted industries. We believe solar CapEx incentives will likely exceed those in the U.S. because EU domestic solar companies have particularly suffered over the past decade from Chinese competition. We think Meyer Burger's technological competitive advantage will enable it to continue to gain market share both in North America and Europe.

Please share highlights regarding other themes and markets.

Jose Barria: I want to talk about a phenomenon that happening worldwide in the Financials sector that we are very excited about. We're witnessing a major shift in monetary policy across the globe as a consequence of the inflationary pressures from COVID and the war in Ukraine. We believe the most positive impact of this change will be felt in banks in the developed world, particularly Europe and Japan, where central banks have been among the most dovish and where banks have had to contend

with negative interest rates for many years. To take advantage of this shift, we increased our exposure to European banks in Baron International Growth Fund during the second half of 2022 with a new position in **Bank of Ireland Group plc**, one of that country's largest commercial banks.

During the second half of 2022, the European Central Bank (ECB) started raising interest rates, hiking the policy rate by 250 basis points in the span of about five months. Now, any short-term liquidity that banks have deposited at the central bank will earn a positive yield (versus being a cost in the last three years), and any assets linked to benchmark rates will start to reprice upwards. The revenue uplift that will accrue to banks from that is massive, especially for those with more repricing power over their liabilities. This is what brought us to Bank of Ireland. In that market, the sector has gone through major consolidation with three of the largest banks controlling roughly 75% of system deposits. Banks in that market are also among the most liquid in the region with loan-to-deposit ratios of 60% to 80% versus 90% to 100% for other European peers. That means those banks will have more pricing power and less need to compete for deposits. In addition, the asset base is mostly on variable rates so the ongoing repricing of policy rates will be more rapid. Because of this, we believe Bank of Ireland will see wider margin expansion and revenue growth compared to other European peers.

Another reason we like Bank of Ireland is its solid balance sheet and ability to return capital to shareholders. Since the 2008 financial crisis, European banks have been deleveraging and building capital ratios to meet increasing stringent regulation. Over the last two years, largely due to the economic uncertainties of COVID, Bank of Ireland has tightened underwriting standards and built large excess reserves. To us, that means that the balance sheet is now stronger and of higher quality, which should allow it to better withstand any potential macroeconomic slowdown. The Irish economy is also expected to be one of the most resilient in Europe, given it has zero dependence on Russian gas, the government is running a budget surplus, and the unemployment rate is close to 20-year lows. We believe these conditions will allow Irish banks and especially Bank of Ireland to keep credit costs lower than regional peers. If we look at the last reported quarter, Bank of Ireland had a core equity Tier 1 ratio of about 60%, which is among the highest in the industry. It also has been one of the most proactive in building reserves during COVID. We believe this provides an additional buffer to deal with any potential losses and will help keep credit costs low.

We believe the combination of higher revenues from rising interest rates and benign credit costs will drive about 20% earnings over the next three years and propel its return on equity from about 7% in 2022 to about 11% in 2025. While the stock is already up about 40% since we initiated the position, we believe we can still generate around 15% annual return over the next few years.

Eitan Chemerinski: As part of our China digitization theme, I'd like to highlight our investment in **Glodon Company Limited**, a leading Chinese construction software provider. We believe that Glodon is uniquely positioned to benefit from increasing software penetration in the construction industry, which is the least digitized in China. China's construction Information Technology (IT) spending is only about 1/10 of that in the U.S. as a percentage of output. However, this gap is set to narrow significantly over the next decade as Chinese construction companies accelerate IT investments to boost productivity amid rising labor costs. These businesses traditionally use pen and paper or Excel spreadsheets to estimate the required materials and cost of a project. Glodon software provides a much more automated and accurate alternative, including a real-time database with updated materials prices. Glodon is the dominant player in China's cost estimation software market with 70% market share.

Over the last few years, Glodon transitioned to a subscription cloud-based model leading to increased earnings stability while maintaining best-in-class gross margins over 90%. Glodon is leveraging its leading position in cost estimation software to expand into other construction IT verticals, including building information modeling, digital design, and enterprise resource planning. These products are in the early growth stage in China with still limited penetration. We expect Glodon to ultimately emerge as the

leading player offering a one-stop shop integrated solution across the entire smart construction ecosystem. Finally, we believe Glodon can maintain strong double-digit earnings growth even amidst the slowdown in China's residential real estate market as overall construction activity including commercial buildings, industrial plants, hospitals, and infrastructure remains robust.

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Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses contain this and other information about the Funds. You may obtain them from the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

Baron International Growth Fund's annualized returns for the Institutional Shares as of December 31, 2022: 1-year, -27.29%; 5-years, 2.17%; 10-years, 6.50%; since inception (12/31/2008), 9.04%. Annual expense ratio for the Institutional Shares as of December 31, 2021, was 0.96%, but the net annual expense ratio was 0.95% (net of the Adviser's fee waivers). **MSCI ACWI ex USA Index** annualized returns as of December 31, 2022: 1-year, -16.00%; 5-years, 0.88%; 10-years, 3.80%; since fund inception, 6.13%. **MSCI ACWI ex USA IMI Growth Index** annualized returns as of December 31, 2022: 1-year, -25.29%; 5-years, 2.11%; 10-years, 5.26%; since fund inception, 7.07%.

Baron Emerging Market Fund's annualized returns for the Institutional Shares as of December 31, 2022: 1-year, -25.82%; 5-years, -2.70%; 10-years, 3.10%; Since inception (12/31/2010), 2.77%. Annual expense ratio for the Institutional Shares as of December 31, 2021, was 1.08%. **MSCI EM Index** annualized returns for the as of December 31, 2022: 1-year, -20.09%; 5-years, -1.40%; 10-years, 1.44%; since fund inception, 0.89%. **MSCI EM IMI Growth Index** annualized returns as of December 31, 2022: 1-year, -23.88%; 5-years, -1.06%; 10-years, 2.65%; since fund inception, 1.90%.

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 reimburses certain Fund expenses pursuant to a contract expiring on August 29, 2033, 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 www.BaronFunds.com or call 1-800-99BARON.

Baron International Growth Fund: Performance for the Institutional Shares prior to 5/29/2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to 5/29/2009 did not reflect this fee, the returns would be higher.

Baron International Growth Fund's 3- and 5-year historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

Baron Emerging Markets Fund's 10-year historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

Risks: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. This may result in greater share price volatility. 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. Securities of small and medium-sized companies may be thinly traded and more difficult to sell.

The discussion of market trends is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this document reflect those of the respective writer. Some of our comments are based on management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

Portfolio holdings as a percentage of net assets as of December 31, 2022, for securities mentioned are as follows: SBI Life Insurance Company Limited - Baron Emerging Markets Fund 1.3%, Baron New Asia Fund 2.1%; **Galaxy Entertainment Group Limited -** Baron Emerging Markets Fund 1.1%, Baron New Asia Fund 1.2%, Baron International Growth Fund 0.5%; **Pernod Ricard SA -** Baron International Growth Fund 1.7%; **Budweiser Brewing Company APAC Limited -** Baron Emerging Markets Fund 1.3%, Baron New Asia Fund 1.5%; **Yum China Holdings Inc. -** Baron Emerging Markets Fund 1.6%, Baron New Asia Fund 2.1%, Baron International Growth Fund 0.5%; **Compagnie Financiere Richemont SA -** Baron International Growth Fund 0.8%; **Meyer Burger Technology AG -** Baron International Growth Fund 2.2%; **Bank of Ireland Group plc -** Baron International Growth Fund 1.0%; **Glodon Company Limited -** Baron Emerging Markets Fund 0.8%, Baron New Asia Fund 1.0%.

Top 10 holdings as of December 31, 2022

Baron International Growth Fund

Holding	% Assets
Arch Capital Group Ltd.	2.9
AstraZeneca PLC	2.8
argenx SE	2.5
Linde plc	2.4
Meyer Burger Technology AG	2.2
Keyence Corporation	1.8
BNP Paribas S.A.	1.7
Pernod Ricard SA	1.7
Constellation Software, Inc.	1.7
Industria de Diseno Textil, S.A.	1.7
Total	21.5

Baron Emerging Markets Fund

Holding	% Assets
Taiwan Semiconductor Manufacturing Company Ltd.	4.9
Samsung Electronics Holdings Limited	3.6
Alibaba Group Holdings Limited	3.1
Tencent Holdings Limited	2.7
Reliance Industries Limited	2.7
Bajaj Finance Limited	2.6
Suzano S.A.	2.0
Bharti Airtel Limited	1.8
Korea Shipbuilding & Offshore Engineering Co. Ltd	1.7
PT Bank Rakyat Indonesia (Persero) Tbk	1.6

Total	26.6

Baron New Asia Fund

Holding	% Assets
Taiwan Semiconductor Manufacturing Company Ltd.	5.3
Samsung Electronics Holdings Limited	3.7
Tencent Holdings Limited	3.4
Alibaba Group Holdings Limited	3.0
Reliance Industries Limited	3.0
Bajaj Finance Limited	2.8
ICICI Bank Limited	2.7
HDFC Bank Limited	2.4
Bharti Airtel Limited	2.2
Yum China Holdings, Inc.	2.1
Total	30.7

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Non-mutual fund products are available to institutional investors only.

The **MSCI Emerging Markets Index** is an unmanaged float-adjusted market capitalization index designed to measure equity market performance of large and mid cap securities in the emerging markets. The **MSCI EM (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 27 Emerging Markets countries. The **MSCI ACWI ex USA Index Net USD** measures the equity market performance of large and mid cap securities across developed and emerging markets, excluding the U.S. The **MSCI ACWI ex USA IMI Growth Index Net USD** measures the performance of large, mid and small cap growth securities across developed and emerging markets, excluding the U.S. 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; one cannot invest directly into an index.

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