

DEAR BARON INTERNATIONAL GROWTH FUND SHAREHOLDER:

PERFORMANCE

Baron International Growth Fund® (the Fund) gained 3.45% (Institutional Shares) during the second quarter of 2023, while its primary benchmark index, the MSCI ACWI ex USA Index, returned 2.44%. The MSCI ACWI ex USA IMI Growth Index gained 1.93% for the quarter. The Fund outperformed both the primary benchmark and the all-cap growth proxy in a period of relative macroeconomic and geopolitical calm but moderating global equity gains. The quarter began under the influence of fear that the strain on global banks and associated deposit flight would trigger a credit tightening and an abrupt economic slowdown, but such concerns tapered as the quarter progressed. On the contrary, for now, stubbornly strong wage, housing, and services inflation in the U.S. have rekindled expectations that the Fed will resume rate hikes imminently, which drove a significant increase in short- and long-term bond yields during the quarter. While U.S. technology and artificial intelligence (AI)-related shares were the clear standouts in a global context, outside of this narrow universe, market breadth and momentum deteriorated, a potential signal that a consolidation or correction may be near. We remain encouraged over the longer term and maintain the premise that we are passing peak hawkishness and likely entering a period of sustainable international and emerging markets (EM) equity outperformance.



MICHAEL KASS
PORTFOLIO MANAGER

Retail Shares: BIGFX
Institutional Shares: BINIX
R6 Shares: BIGUX

Table I.
Performance†
Annualized for periods ended June 30, 2023

	Baron International Growth Fund Retail Shares ^{1,2}	Baron International Growth Fund Institutional Shares ^{1,2,3}	MSCI ACWI ex USA Index ¹	MSCI ACWI ex USA IMI Growth Index ¹
Three Months ⁴	3.40%	3.45%	2.44%	1.93%
Six Months ⁴	7.18%	7.33%	9.47%	10.27%
One Year	8.83%	9.08%	12.72%	12.90%
Three Years	3.39%	3.65%	7.22%	4.12%
Five Years	3.41%	3.66%	3.52%	3.83%
Ten Years	6.68%	6.95%	4.75%	5.65%
Since Inception (December 31, 2008)	8.97%	9.24%	6.58%	7.51%

While growth-oriented equities in the U.S. were clear leaders during the quarter, outside the U.S., value outperformed. One factor impacting ex-U.S. growth equities in our view was a correction in the leading large-cap technology companies in China, which struggled during the quarter as the post-COVID recovery remained subdued, partially due to a second, albeit more moderate, COVID wave. We remain cautiously optimistic with a modest overweight position in China and continue to expect a consumption recovery to accelerate into the second half of 2023. In the near term, we believe China offers attractive risk/reward potential with material upside should the economy either gain traction or provoke more substantial policy support. Europe, the largest regional weight by far in the primary benchmark index, performed generally in line with the benchmark, which is encouraging in light of challenging near-term growth conditions. Our European investments outperformed during the quarter. India equities returned to leadership, as valuations reset after two consecutive quarters of underperformance and the economic and earning expansion in the country continued on a healthy course. This reversal was a meaningful driver of our second quarter outperformance, and we maintain conviction that India likely

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 1.26% and 0.99%, but the net annual expense ratio was 1.20% and 0.95% (net of the Adviser's fee waivers), 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 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.

† The Fund's 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.

¹ The MSCI ACWI ex USA Index Net (USD) is designed to measure the equity market performance of large and mid cap securities across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. The MSCI ACWI ex USA IMI Growth Index Net (USD) is designed to measure the performance of large, mid and small cap growth securities exhibiting overall growth style characteristics across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) 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; one cannot invest directly into 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 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.

⁴ Not annualized.



Baron International Growth Fund

offers the most attractive long-term investment opportunity in the international/EM universe. Brazil also reversed first quarter underperformance logging significant gains, and we view the recent strength in both India and Brazil, two of the top-performing countries during the quarter in the ex-U.S. universe, as a likely signal that several EM central banks are on the cusp of a rate cutting cycle—regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S. This, along with several other catalysts detailed in the Outlook section of this letter support our view that international and EM equities are poised to enter a period of much improved relative earnings and return potential. As always, we are confident that we have constructed a diversified portfolio of well-positioned and well-managed companies that are also benefiting from the tailwinds of long-term and attractive investment themes.

For the second quarter of 2023, we outperformed our primary benchmark, the MSCI ACWI ex USA Index, as well as our all-cap international growth proxy. From a sector or theme perspective, solid stock selection effect in the Financials sector, most notably investments in our India wealth management/consumer finance theme (**Bajaj Finance Limited, Nippon Life India Asset Management Limited, Max Financial Services Limited, JM Financial Limited, and Edelweiss Financial Services Limited**) and fintech disruption theme (**XP Inc. and StoneCo Ltd.**), powered the vast majority of relative outperformance this quarter. In addition, favorable stock selection effect in the Materials sector, driven by select holdings in our sustainability/ESG theme (**AMG Critical Materials N.V. and Suzano S.A.**), also bolstered relative results. Lastly, positive stock selection and our underweight positioning in the Consumer Staples sector also contributed to relative performance. Partially offsetting the above, negative stock selection effect in the Information Technology sector, across multiple themes including China value-added (**Glodon Company Limited and Kingdee International Software Group Company Limited**), digitization (**Wix.com Ltd., Endava plc, and WANdisco plc**), and sustainability/ESG (**Meyer Burger Technology AG**), was the largest detractor from relative performance. Poor stock selection effect in the Communications Services sector, primarily attributable to our digitization-related holdings (**Future plc, Universal Music Group N.V., Z Holdings Corporation, and S4 Capital plc**), also detracted during the quarter.

From a country perspective, solid stock selection in Korea, driven by our sustainability/ESG-related investments (**HD Korea Shipbuilding & Offshore Engineering Co., Ltd. and HD Hyundai Heavy Industries Co., Ltd.**), was the largest contributor to relative performance this quarter. In addition, solid stock selection combined with our overweight positioning in India, Brazil, and Spain were also key contributors. We are encouraged by recent performance within our EM holdings and believe there is room for significant further upside. Partly offsetting the above, poor stock selection combined with negative allocation effect in China and Japan were the largest detractors from relative performance this quarter. In addition, adverse stock selection in Switzerland and Germany also stood out as detractors. We continue to believe our European investments are undervalued, particularly after a decade of deleveraging, capital strengthening, and deepening mutualization. We also remain optimistic about a recovery in our China holdings, as in our view, current stock prices do not reflect fundamental intrinsic value.

Table II.

Top contributors to performance for the quarter ended June 30, 2023

	Percent Impact
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	0.66%
Renesas Electronics Corporation	0.49
AMG Critical Materials N.V.	0.41
Industria de Diseno Textil, S.A.	0.32
XP Inc.	0.31

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. is a holding company for the largest shipbuilder in the world (based on order book size) and is the global leader in high-end vessels including liquified natural gas (LNG) powered ships. Shares increased as a result of solid performance in new orders at its subsidiary Hyundai Samho, already exceeding full fiscal year guidance. In addition, operating margin expectations have improved given the recent decline in steel prices combined with increases in new build prices. Korean shipbuilders have an oligopoly in LNG carrier shipbuilding, LNG dual-fueled and alternative zero-carbon fueled containerhips and tankers. The tightening regulation on carbon emission, which will be fully adopted by the International Maritime Organization (IMO) by 2030, should drive higher demand for LNG dual-fueled ships as well as carbon-free ammonia-fueled ships. We expect a structural shortage of compliant ships to emerge as the IMO deadline nears, which should benefit Korea Shipbuilding given its leading position. We maintain our investment as a core holding within our sustainability/ESG theme.

Renesas Electronics Corporation, a Japanese semiconductor company, contributed during the quarter, as revenue growth and margins remained resilient despite an industry-wide cyclical slowdown. As a global leader in microcontrollers, analog, and power devices, we believe Renesas will be a major beneficiary of the secular growth of semiconductor content in automotive, industrial, data center, and IoT applications.

AMG Critical Materials N.V. is a European specialty metals and minerals company. AMG applies metallurgical-based technologies to provide solutions for energy and resource conservation in the energy, transportation, infrastructure, specialty metals, and chemicals industries. Shares increased after first quarter results beat consensus expectations as a result of higher lithium spodumene prices. We remain shareholders. AMG has a captive customer base with long-term contracts, while incremental demand for its services is being driven by regulatory measures and the desire to reduce hazardous waste and meet environmental restrictions. In addition, we like the company's growth opportunity in lithium, an essential metal used in electric vehicle (EV) batteries and energy storage. AMG is currently building its own lithium hydroxide refining plant in Europe to produce higher value chemicals for the EV battery supply chain, which we think should lead to a better margin profile for this business.

Table III.

Top detractors from performance for the quarter ended June 30, 2023

	Percent Impact
Alibaba Group Holding Limited	-0.27%
Glodon Company Limited	-0.25
SMS Co., Ltd.	-0.24
Agilent Technologies, Inc.	-0.19
Watches of Switzerland Group PLC	-0.19

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Group, which operates Alipay, China's largest third-party online payment provider. Shares of Alibaba were down this quarter given uncertainty over the pace of China's post-COVID consumption recovery, and limited information around the company's announced plan to split into six units. We believe the restructuring plan has potential to unlock value, particularly in cloud, and the core e-commerce business' market share will stabilize. We retain conviction that Alibaba is well positioned to benefit from China's reopening and the growth in online commerce and cloud in China.

Shares of **Glodon Company Limited**, a leading Chinese construction software provider, decreased during the quarter due to macroeconomic headwinds and relatively slow project starts for property and infrastructure. We retain conviction in Glodon, as we believe the company is uniquely positioned to benefit from increasing software penetration in the construction industry, which is the least digitized industry in China.

SMS Co., Ltd., Japan's largest recruitment agency specializing in the nursing and elderly care sectors, detracted due to concerns over a slowdown in hiring activity. We retain conviction that Japan's aging society and labor shortage will sustain health care institutions' long-term demand for recruiting agencies. SMS's SaaS platform, which provides billing, sales, and recruitment support, provides further growth opportunities as elderly care facilities turn to digital solutions to increase productivity.

PORTFOLIO STRUCTURE

Table IV.
Top 10 holdings as of June 30, 2023 – Developed Countries

	Percent of Net Assets
Linde plc	2.5%
Meyer Burger Technology AG	2.5
argenx SE	2.2
AMG Critical Materials N.V.	2.2
AstraZeneca PLC	2.2
eDreams ODIGEO SA	2.1
Keyence Corporation	2.1
Arch Capital Group Ltd.	2.1
Industria de Diseno Textil, S.A.	2.0
Constellation Software, Inc.	2.0

Table V.
Top five holdings as of June 30, 2023 – Emerging Countries

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	2.0%
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.9
Tencent Holdings Limited	1.4
Alibaba Group Holding Limited	1.3
InPost S.A.	1.3

Table VI.
Percentage of securities in Developed Markets as of June 30, 2023

	Percent of Net Assets
Japan	11.2%
United Kingdom	10.9
France	7.9
Netherlands	6.7
Switzerland	5.5
Spain	4.5
United States	3.2
Canada	2.9
Germany	2.0
Italy	1.5
Sweden	1.1
Denmark	1.0
Hong Kong	1.0
Israel	0.9
Ireland	0.9
Norway	0.4

Table VII.
Percentage of securities in Emerging Markets as of June 30, 2023

	Percent of Net Assets
China	10.8%
India	6.9
Korea	4.9
Brazil	3.6
Poland	2.6
Taiwan	2.0
Peru	1.0
Mexico	0.9

The table above does not include the Fund's exposure to Russia (less than 0.1%) because the country falls outside of MSCI's developed/emerging/frontier framework.

Exposure by Market Cap: The Fund may invest in companies of any market capitalization, and we strive to maintain broad diversification by market cap. At the end of the second quarter of 2023, the Fund's median market cap was \$14.6 billion. We were invested 54.9% in large- and giant-cap companies, 26.3% in mid-cap companies, and 13.3% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

RECENT ACTIVITY

During the second quarter, we were active in adding 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.

As part of our digitization theme, we initiated a position in **Samsung Electronics Co., Ltd.**, a South Korean technology giant with leading market shares across several product lines including memory chips, OLED panels, smartphones, and other consumer electronics. In our view, the memory industry has reached a cyclical bottom and is on the cusp of a multi-year growth phase supported by inventory normalization and production cuts. Memory is a pillar of the data economy and enjoys structural demand

Baron International Growth Fund

growth as servers, smartphones, PCs, and other devices become ever more computationally intensive, with further upside from emerging AI applications. We believe Samsung, which has the leading market share in both DRAM and NAND chips, will be a key beneficiary of the memory industry's turnaround. We also expect Samsung's consumer electronics and display businesses to generate robust earnings, given the company's strong track record for innovation and leading market position. Finally, we believe that Samsung can gain share in the foundry industry, as it expands its manufacturing footprint in the U.S. and ramps up its groundbreaking 3nm GAA (Gate-All-Around) technology next year.

During the quarter, we also increased exposure to Japanese financials by initiating a position in **Sumitomo Mitsui Financial Group, Inc. (SMFG)**. SMFG is the holding company for Sumitomo Mitsui Banking, one of Japan's largest commercial banks. Through its subsidiaries, SMFG offers a wide range of financial services catering to corporate and retail clients. The bank has over 450 branches in Japan with operations across the globe including the U.S., Europe, the Middle East, and Asia. We believe company guidance presented in the recent mid-year management plan appears conservative considering a pickup in domestic economic activity and potential normalization of interest rate policy in Japan. SMFG has also been actively investing in digital transformation, which we believe will help drive an improvement in operational efficiency and customer experience. Lastly, management is committed to maintaining an attractive capital return profile, which should lead to a growing dividend and a potential increase in its buyback program, further enhancing returns.

Adding to our EM consumer theme, we initiated positions in **Godrej Consumer Products Limited (GCPL)** and **Localiza Rent a Car S.A.** GCPL is a leading consumer goods company in India with a dominant 50% market share in household insecticides, around 30% share in hair color, and a roughly 10% share in soaps. Given its strong product innovation capabilities and affordable price points, we believe GCPL is well positioned to benefit from India's rising per capita consumption of home and personal care, and gain market share from other players. In addition, GCPL is led by industry veteran Sudhir Sitapati, who joined the company in 2021 with two decades of experience at Hindustan Unilever and a proven track record of value creation across various consumer categories. We expect GCPL to deliver significant shareholder value over the next few years driven by Sudhir's vision to turnaround operations by simplifying its organizational structure, cutting costs, and investing in innovation and brand building. We believe GCPL can sustain double-digit earnings growth over the next three to five years with further upside from tuck-in acquisitions that can leverage its strong pan-India distribution network.

Localiza is the largest car and fleet rental company in Brazil, having pioneered the integrated business model entailing vehicle purchase, car/fleet rental, and used car sales. The company is a key beneficiary of ongoing industry consolidation and enjoys competitive advantages in buying vehicles, operating them more efficiently, and ultimately selling those vehicles while retaining the highest residual value. Localiza also has an excellent track record of capital allocation, consistently generating double-digit returns on capital, which is well above its cost of capital. The car rental market is primed for faster growth owing to a shift in consumer preferences, especially among younger Brazilians, toward renting or using rideshares versus owning a vehicle. Likewise, fleet outsourcing among Brazilian corporates is gaining traction, with penetration levels at approximately 10% compared to more than 30% in the U.S. In addition, Localiza recently closed the acquisition of its largest competitor, Unidas, which should create meaningful synergies in its fleet management business. Finally, we are excited about the growth opportunity in the recently

launched car subscription service called Localiza MEOO, which has a large addressable market and still low penetration levels at less than 1%.

During the quarter, we increased exposure to our sustainability/ESG theme by initiating a position in **Samsung SDI Co., Ltd.**, a leading Korean EV lithium-ion battery manufacturer. Samsung SDI manufactures rechargeable batteries for EVs, energy storage systems (ESS), and consumer electronics such as power tools. The company is well managed with a conservative cost structure and strong pricing power. The company is also a global leader in the development of high-energy density performance batteries including next-generation, larger-sized cylindrical batteries. Samsung SDI protects its profitability and return on invested capital by signing multi-year supply agreements, allowing it to pass on raw material inflation and other external risks to OEM customers. As a result, Samsung SDI generates industry-leading margins and financial return metrics among battery cell manufacturers. We are bullish on growth for EV/ESS batteries over the next decade and expect large-scale battery demand to grow at a compounded annual rate of over 20%. We also expect Samsung SDI to gain market share both in the U.S. and Europe owing to investments in local EV battery plants, which will benefit from fiscal and regulatory support for domestic manufacturing under U.S. and European legislation. In our view, the company will also benefit from growing OLED panel sales of its sister entity, Samsung Display.

We re-initiated a position in **XP Inc.**, as part of our fintech disruption theme. XP is a technology-driven financial services platform offering various products in Brazil. The company's core services include retail brokerage, proprietary asset management, fund distribution, institutional broker-dealer services, investment banking advisory, and investment-related educational content. XP is a disruptor in an industry with high concentration, wherein incumbents historically charge high fees, offer a narrow spectrum of products, limit access, and have poor customer service. We believe there is a secular growth opportunity in this industry as Brazilian household assets remain largely allocated to traditional products such as savings accounts. With better access to value-added products and increasing financial literacy, in our view, household assets will gradually shift into equities, mutual funds, and other sophisticated products. XP stands to gain share in these growing categories by offering a platform with superior user experience that is accessible to all segments of the population. We believe XP's earnings are set to rebound owing to an improving macroeconomic outlook, the prospect of lower interest rates, and a potential recovery in capital markets activity in the country.

We added to several of our existing positions during the quarter, including **Tencent Holdings Limited, Baidu, Inc., Mitsubishi UFJ Financial Group, Inc., Alibaba Group Holding Limited, S4 Capital plc, Kanzhun Limited, AMG Critical Materials N.V., and Kingdee International Software Group Company Limited.**

During the quarter, we exited several positions including **Glencore PLC, Newcrest Mining Limited, Edelweiss Financial Services Limited, Norsk Hydro ASA, China Tourism Group Duty Free Corporation Limited, Lumine Group Inc., and Meituan Inc.**

OUTLOOK

In our first quarter letter, while we reiterated our view that global markets were likely passing through peak hawkishness and surmised that the emergency liquidity injection related to the U.S. regional banking crisis was viewed as a bullish signal for global equities, we also suggested that the anticipation of Fed rate cuts, higher earnings multiples, and a likely phase of earnings vulnerability presented a challenge to further global equity gains.

While the recent relative calm in macroeconomic and geopolitical volatility was certainly welcomed, we stand by our end of first quarter outlook and note that outside of large-cap U.S. technology shares, equity appreciation has indeed begun to slow or stall in recent months. While global equities gained for a second quarter, U.S. employment remained too buoyant for the Fed to rule out further hikes, market breadth has deteriorated, and bond yields have risen. Indeed the 10-year U.S. Treasury real yield is now revisiting levels that triggered the deposit flight and regional bank crisis in the first quarter. Rising real yields, and a likely return to Fed rate hikes after a brief pause are not consistent with rising multiples on U.S. and growth-related equities, and thus we believe tightening U.S. liquidity and higher bond yields could trigger a consolidation of recent gains, and particularly cool the rally in technology and AI proxies should inflation measures fail to moderate in the near term. As we have stated in the past, we believe a correction in U.S. equities is likely necessary before global investors and allocators focus on improving ex-U.S. relative earnings potential, and thereby spark the sustainable relative outperformance cycle in international and EM equities that we anticipate.

Within the ex-U.S. universe, European equities, by far the dominant regional weight, performed largely in line with modest index gains. We consider this encouraging given challenging near-term growth conditions, and further view the lack of contagion from the U.S. regional bank and Credit Suisse crises as structurally reassuring. Japan has emerged in recent months as a potential market leader within the developed world; we believe select domestic and consumption-oriented opportunities are emerging after years of downward pressure on prices and wages, while improving corporate governance and investor activism are finally sparking improved returns on capital; we are actively researching opportunities and anticipate the country may warrant a larger investment weighting. China's post-COVID reopening recovery remained subdued, though ongoing cost and capital discipline by private sector companies are silver linings for equity investors. We have suggested patience, particularly given that President Xi's new team signaled a desire for an economic rebound, and we continue to expect a consumption recovery to accelerate into the second half of 2023. Meanwhile, targeted policy easing measures continue to emerge alongside rising calls for more forceful support from policymakers. We note that several of our portfolio holdings are already showing solid fundamental performance in a challenging macro environment, and we remain cautiously optimistic and modestly overweight against a backdrop of historic trough valuations, poor sentiment, and underweight positioning by global investors. We continue to believe that geopolitical concerns are priced into current valuations and that there is far too much to lose for China to initiate a move on Taiwan. We believe China likely represents the most attractive near-term risk/reward potential in the ex-U.S. universe. India equities returned to strength during the quarter, as the economic and earnings expansion continues, and valuations had fully mean-reverted entering the quarter after two consecutive quarters of underperformance. We continue to believe India represents an attractive long-term investment opportunity. Brazil also reversed first quarter underperformance with significant second quarter gains, and we view the recent strength in both India and Brazil as a manifestation of rising market confidence that several EM central banks are on the cusp of a rate cutting cycle—regardless of how the Fed progresses in the second half of 2023. This is unusual, and we believe can be attributed to the scale of U.S. COVID-related stimulus and resulting inflation, compared to a much more subdued and constrained response outside the U.S.

In summary, we remain of the view that after a long period of underperformance, international and EM equities are poised for a cycle of relative outperformance, principally driven by the following:

1. An eventual consensus recognition that a U.S. dollar bear market has begun. We believe the longer-term fundamentals for the dollar have been eroding for years, that we are well past peak dollar demand, and that the supply of U.S. Treasuries/dollars in circulation has made an important vector change higher as politicians have seized the levers of stimulus from central bankers (i.e., COVID and infrastructure stimulus). Once this view takes hold, the tax on holding non-U.S. assets will shift to a tailwind to returns, sparking a reversal of capital/investment flows which we believe will be stimulative to consumption, investment, and earnings growth in ex-U.S. jurisdictions. We believe this reversal of capital and investment flows will spark a mean-reversion in international and EM equity valuations, which are currently at or near 30-year lows relative to U.S. equities.
2. The global capital investment cycle that is necessary to fund de-globalization; security of energy, commodity, agriculture; and national security & defense is by definition a catalyst for outperformance by international countries, whose economies and markets are simply more geared towards such a capital investment-driven environment. The past 20 years—post-Iron Curtain and China's ascension into the WTO—have been characterized by globalization and the reduction of capital deployed—much to the benefit of wealthy consumers in developed markets; this will now reverse and favor the owners of real assets and industrial pricing power, and there is simply more of that in the international indexes.
3. India is the new China, and it will be the fastest growing major economy in the coming decade and beyond. Economic reforms, digitization, formalization, and rising credit penetration favor the most sophisticated, best-managed, public corporations such as those in which we have invested.
4. China's principal lever to drive necessary productivity gains is a major pivot towards self-sufficiency in the value-added industries that have been largely dominated by western multi-nationals over the past 20 years. The rise of local domestic champions in the auto/EV, automation/robotics, advanced manufacturing, pharmaceutical/biotechnology, software/AI/semiconductors, and consumer goods industries will move the dial on perceived relative earnings growth potential for China and its international ecosystem.

We look forward to our next communication.

Thank you for investing in the Baron International Growth Fund.

Sincerely,



Michael Kass
Portfolio Manager

Baron International Growth 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 the Funds' distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

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