

September 30, 2016
Institutional Shares (BEXIX)

Baron Emerging Markets Fund Fact Sheet

BAMCO, Inc., Registered Investment Adviser



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 has reimbursed certain Fund expenses (by contract as long as BAMCO, Inc. is the adviser to the Fund) 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. You should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus and summary prospectus contain this and other information about the Fund and can be obtained from the Fund's distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The Fund may not achieve its objectives. Portfolio holdings may change over time.

The Fund's historical performance was impacted by gains from IPOs and/or secondary offerings, and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs and secondary offerings will be the same in the future.

Definitions (provided by BAMCO, Inc.): The **MSCI EM (Emerging Markets) IMI Index Net USD** and the **MSCI EM (Emerging Markets) IMI Growth Index Net USD** are unmanaged free float-adjusted market capitalization indexes designed to measure equity market performance of large-, mid- and small-cap securities in the emerging markets. The MSCI EM (Emerging Markets) IMI Growth Index Net USD screens for growth-style securities. The indexes and the Fund include reinvestment of dividends, net of withholding taxes, which positively impact the performance results. The **Morningstar US OE Diversified Emerging Mkts Average** is not weighted and represents the straight average of annualized returns of each of the funds in the Diversified Emerging Markets category. The Fund has been included in the category since inception. As of 9/30/16, the category consisted of 919, 884, 867, 602 and 435 funds for the 3-month, year-to-date, 1-, 3- and 5-year periods. © 2016 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Standard Deviation (Std. Dev.):** measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **Sharpe Ratio:** is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Alpha:** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta:** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **R-Squared:** measures how closely a fund's performance correlates to the performance of the benchmark index, and thus is a

measurement of what portion of its performance can be explained by the performance of the index. Values for R-Squared range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation. **Tracking Error:** measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns. **Information Ratio:** measures the excess return of a fund divided by the amount of risk the fund takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the fund, given the amount of risk involved. **Upside Capture:** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture:** explains how well a fund performs in time periods where the benchmark's returns are less than zero. **EPS Growth Rate (3-5 year forecast):** indicates the long-term forecasted EPS growth of the companies in the portfolio, calculated using the weighted average of the available 3-to-5 year forecasted growth rates for each of the stocks in the portfolio provided by FactSet Estimates. The EPS Growth rate does not forecast the Fund's performance. **Price/ Earnings Ratio (trailing 12-months):** is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. **Price/Book Ratio:** is a ratio used to compare a company's stock price to its tangible assets, and it is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. **Price/Sales Ratio:** is a valuation ratio of a stock's price relative to its past performance. It represents the amount an investor is willing to pay for a dollar generated from a particular company's operations. Price/Sales is calculated by dividing a stock's current price by its revenue per share for the last 12 months. Historical portfolio characteristics are provided by Compustat and FactSet Fundamentals. **Weighted Harmonic Average:** is a calculation that reduces the impact of extreme observations on the aggregate calculation by weighting them based on their size in the fund.

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Not bank guaranteed, may lose value, not FDIC insured.



Portfolio Facts and Characteristics

	Fund	MSCI EM IMI Growth Index
# of Equity Securities / % of Net Assets	94/93.2%	-
Turnover (3 Year Average)	25.03%	-
Median Market Cap†	\$6.61 billion	\$0.96 billion
Weighted Average Market Cap†	\$40.79 billion	\$61.83 billion
EPS Growth (3-5 year forecast)†	18.3%	16.5%
Price/Earnings Ratio (trailing 12-month)*†	15.4	18.0
Price/Book Ratio*†	2.7	2.6
Price/Sales Ratio*†	1.9	1.7

* Weighted Harmonic Average

† Source: FactSet PA – Compustat, FactSet and BAMCO. Internal valuations metrics may differ.

R6 Shares are also available for this Fund.

Performance Based Characteristics²

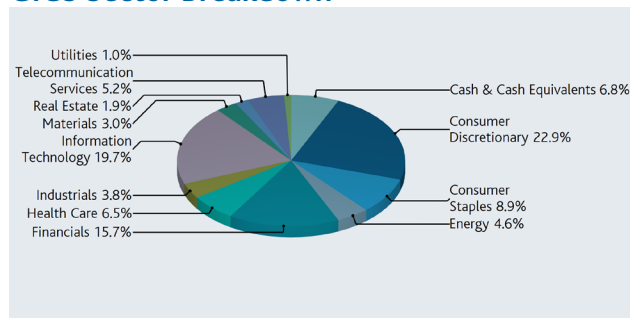
	3 Years	5 Years	Since Inception
Std. Dev. (%) - Annualized	12.43	14.45	14.76
Sharpe Ratio	0.25	0.57	0.25
Alpha (%) - Annualized	1.81	3.81	3.79
Beta	0.78	0.83	0.79
R-Squared (%)	87.29	85.36	85.66
Tracking Error (%)	5.42	6.15	6.64
Information Ratio	0.29	0.50	0.59
Upside Capture (%)	76.87	91.51	87.67
Downside Capture (%)	67.72	74.15	71.09

Top 10 Holdings

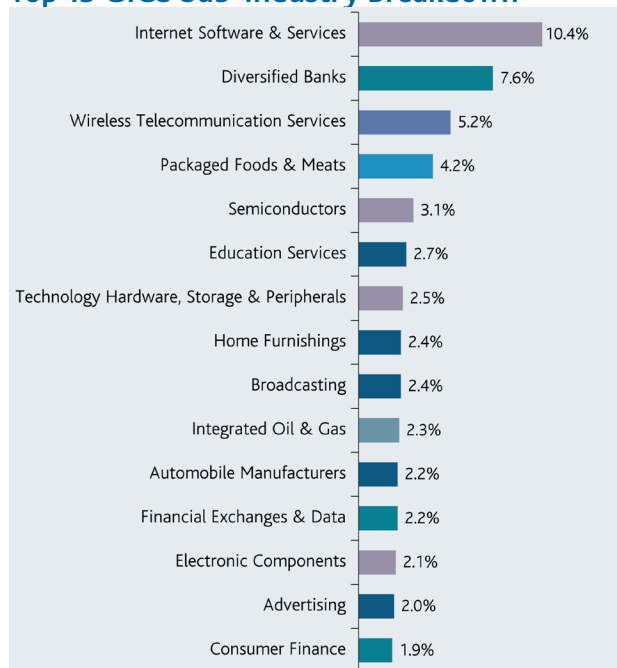
% of Net Assets

Alibaba Group Holding Limited	3.8
Samsung Electronics Co., Ltd.	2.5
Tencent Holdings, Ltd.	2.4
Taiwan Semiconductor Manufacturing Company Ltd.	2.1
Bharat Financial Inclusion Limited	1.9
NAVER Corporation	1.9
Copa Holdings, S.A.	1.7
Divi's Laboratories Ltd.	1.7
Ctrip.com International, Ltd.	1.6
China Mobile Ltd.	1.5
Total	21.1

GICS Sector Breakdown¹



Top 15 GICS Sub-Industry Breakdown¹



Colors of Sub-Industry bars correspond to sector chart above.

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.

1 - Industry sector or sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"). All GICS data is provided "as is" with no warranties. The Adviser may have reclassified/classified certain securities in or out of a sub-industry. Such reclassifications are not supported by S&P or MSCI.

2 - Source: FactSet SPAR. Except for Standard Deviation and Sharpe Ratio, the performance based characteristics above were calculated relative to the Fund's benchmark.

Investment Strategy

The Fund invests mainly in non-U.S. companies of all sizes with significant growth potential. The majority of investments are in companies domiciled in developing countries, and the Fund may invest up to 20% in companies in developed and frontier countries. Diversified.

Portfolio Manager

Michael Kass has been portfolio manager since inception. Michael joined Baron in 2007 and has 29 years of research experience. From 2003 to 2007, he was a managing principal of Artemis Advisors, which acquired the Artemis Funds, a long-short equity strategy he co-founded in 1998. From 1993 to 2003, he worked at ING Furman Selz as a director of proprietary trading and was named senior managing director and portfolio manager in 1996. From 1989 to 1993, he worked at Lazard Frères in investment banking. From 1987 to 1989, Michael was an analyst at Bear Stearns. Michael graduated summa cum laude from Tulane University with a B.A. in Economics in 1987.

Investment Principles

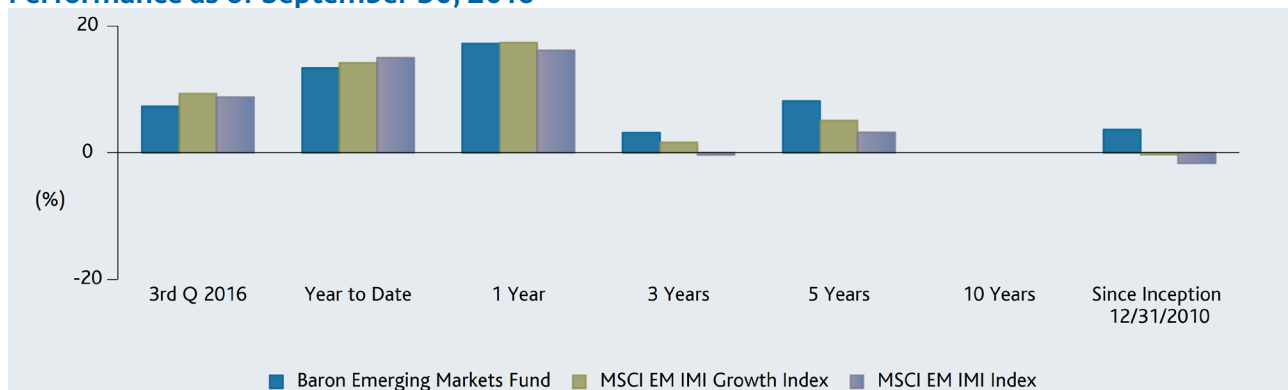
- Long-term perspective allows us to think like an owner of a business
- Independent and exhaustive research is essential to understanding the long-term fundamental growth prospects of a business
- We seek appropriately capitalized open-ended growth opportunities, exceptional leadership, and sustainable competitive advantages
- Purchase price and risk management are integral to our investment process

Fund Facts

Inception Date	December 31, 2010
Net Assets	\$2.62 billion
Expense Ratio (As of FYE 12/15)	1.20%



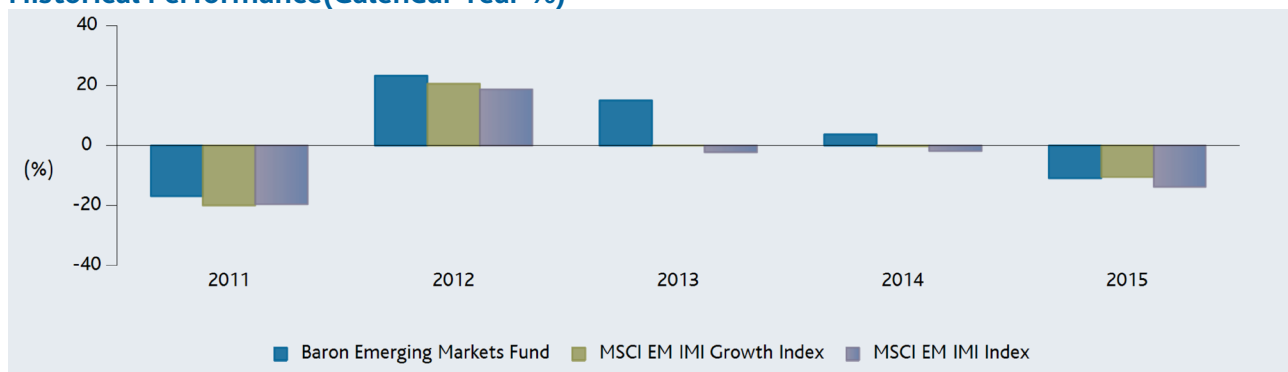
Performance as of September 30, 2016



	Total Returns(%)				Annualized Returns(%)											
	3rd Q 2016		Year to Date		1 Year		3 Years		5 Years		10 Years		Since Inception 12/31/2010			
	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -	Return	+ -		
BEXIX - Institutional Shares	7.33		13.41		17.28		3.19		8.20		N/A		3.70			
MSCI EM IMI Growth Index	9.36	-2.03	14.20	-0.79	17.39	-0.11	1.63	1.56	5.11	3.09	N/A		-0.25	3.95		
MSCI EM IMI Index	8.83	-1.50	15.02	-1.61	16.19	1.09	-0.33	3.52	3.24	4.96	N/A		-1.64	5.34		
Morningstar Diversified Emerging Mkts Category Average	7.60	-0.27	14.34	-0.93	15.24	2.04	-0.36	3.55	3.68	4.52	N/A		N/A			

The blue shading represents Fund outperformance vs. the corresponding benchmark. The yellow shading represents underperformance.

Historical Performance(Calendar Year %)



	2011	2012	2013	2014	2015
BEXIX - Institutional Shares	-17.00	23.22	15.02	3.75	-10.97
MSCI EM IMI Growth Index	-20.04	20.72	0.10	-0.15	-10.51
MSCI EM IMI Index	-19.49	18.68	-2.20	-1.79	-13.86

Country Breakdown

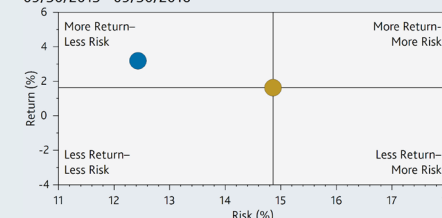
	% of Net Assets		% of Net Assets
Frontier	0.9	Developing (Cont'd)	
Argentina	0.9	Russia	3.0
Developing	86.1	Philippines	2.8
China	22.0	Panama	1.7
India	17.4	Chile	1.0
Taiwan	8.9	Thailand	0.7
South Africa	7.1	Developed	6.2
Brazil	6.5	Hong Kong	3.0
Korea	6.5	United Kingdom	1.1
Mexico	5.1	Singapore	0.9
Indonesia	3.4	Australia	0.7
		United States	0.5

BEXIX has outperformed the MSCI EM IMI Growth Index 100% of the time (since its inception and using rolling 3-year annualized returns).



Risk/Return Comparison¹

09/30/2013 - 09/30/2016



● Baron Emerging Markets Fund - I
● MSCI EM IMI Growth Index

1 - Source: FactSet SPAR.



Review and Outlook

The third quarter of 2016, "post-Brexit" rally suggests there are few signs of political change or contagion strong enough to disrupt the market equilibrium in place for many years. Sovereign bond markets initially moved aggressively to discount likely global policy support, a stimulative catalyst, particularly for the emerging markets. From our vantage point, while we may question the fundamental underpinnings, we must respect that such a significant decline in cost of capital is likely to spark an earnings recovery, particularly in the developing world where previous pressures suggest pent-up demand and trough corporate profit margins. As such, we remain confident that EM equities can maintain a leadership position for the time being.

A key question in the past year has been whether imbalances and strong credit growth in China will ultimately lead to a credit contraction and/or a marked RMB devaluation. While we have previously noted cause for concern, financial and economic conditions now appear to be stable and improving, with economic growth, consumption, and commodity prices holding up well in the face of moderating stimulus measures and increased scrutiny over non-traditional bank lending. We view this as a sign that structural reforms, improved policy coordination and communication, and progress on capital market liberalization, financial reform, and bank non-performing loan recognition, seem to be achieving desired goals. As an important contributor to global demand, we believe stability in China is a key variable in the outlook for global growth and corporate earnings, and are encouraged by recent progress.

Looking forward, we remain optimistic, though as always, we are monitoring several key variables. We believe EM economies and equities have reached a favorable inflection point, where the cyclical earnings recovery seems to be coalescing with longer-term structural reforms across many EM countries, driving outperformance and potentially a sustainable bull market. Such reforms are in direct response to deteriorating economic and financial conditions suffered over the past several years, and often take time to take effect. In particular, we note China, India, Indonesia, Mexico, Brazil, and Argentina as countries where we have invested in companies likely to benefit from economic, financial or labor reforms, or significant political change. More recently, our enthusiasm is balanced by early signs that we may be passing through an important secular bottom in sovereign bond yields. Developing political realities, likely fiscal expansion, signs of rising wage and rent inflation, and comments by the U.S. Federal Reserve and Bank of Japan suggest the central bankers appear to be encouraging inflation expectations to rise, and perhaps "run hot" for the time being. This important shift is occurring after an historic decline in global yields that leaves investor sentiment and positioning vulnerable to "inflation sightings." We suspect bond market volatility is likely to rise, although it remains an open question as to whether this would be favorable or unfavorable for equities, and we suspect we will have more to report on this at year end.

Top Contributors/Detractors to Performance for the Quarter Ended September 30, 2016

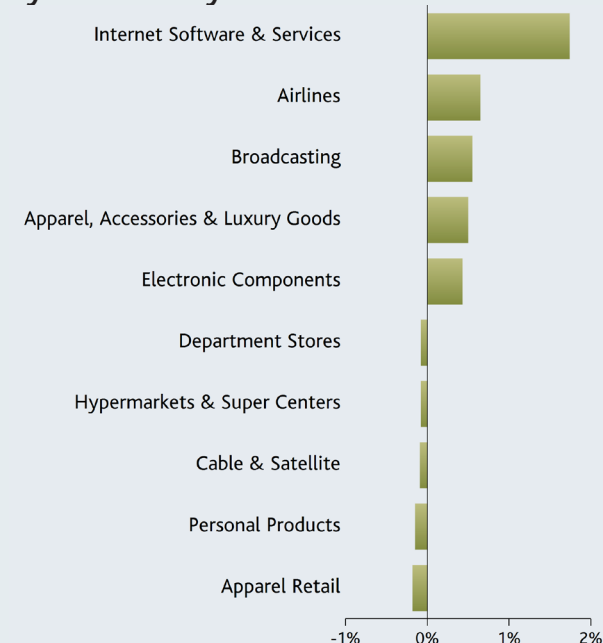
Contributors

- Shares of **Alibaba Group Holding Limited**, the largest e-commerce company in China, performed well in Q3 following strong quarterly results. Enhanced financial disclosure helped investors to understand better the profitability of the core commerce business and thereby attribute a higher value to it. We expect that mobile monetization will continue to improve through 2016 and beyond as the company invests in new areas such as online grocery and cloud computing.
- **Copa Holdings, S.A.** is a leading Latin American airline with a hub in Panama City's Tocumen airport, a strategic location with reach to major destinations across the Americas and superior infrastructure to neighboring airports. Shares have been under pressure in 2015 due to economic and currency weakness in Latin America. With the industry rationalizing capacity and prioritizing yield, we have seen a strong return to profitability for Copa, and the third quarter continued the year-to-date recovery in share price.
- **NAVER Corporation** is the leading search company in Korea. It also owns Line, the leading messaging application in Japan, Taiwan, and Thailand and the second largest global messaging application after WhatsApp. Shares of NAVER were up in Q3 as investors ascribed greater value to the company as a result of Line's recent initial public offering.

Detractors

- **Mr Price Group Limited** is a South African fast fashion brand and retailer. It has performed remarkably well, growing same store sales at 10% CAGR for years despite a challenging economy. However, exogenous factors appear to be finally catching up. Mr Price is experiencing the impact of low spending in a country with 27% unemployment, increasing regulation on credit, and growing price competition. While the company itself remains interesting, we have trimmed our position given negative forces that are larger and more protracted than we expected.
- **LG Household & Health Care Ltd.** is a South Korean company in the cosmetics, home & personal care and beverage categories. In recent years, it has been riding on the success of its cosmetics division through exports into mainland China and duty free sales to Chinese tourists. Despite the company's strong fundamentals year to date, geopolitical worries surrounding North Korea and the Thaad missile deployment pressured the share price in Q3. We believe the correction is a buying opportunity.
- Shares of **Grupo Lala, SAB de C.V.**, Mexico's leading dairy conglomerate, fell in Q3. The stock was pressured by a slowdown in consumer spending in Mexico along with currency weakness, which negatively impacts profitability. The company recently announced a U.S. acquisition from a related party, which investors viewed unfavorably. We believe Grupo Lala is well positioned to sustain double-digit earnings growth over the next two to three years given strong brand loyalty, nationwide supply and distribution network, and improving operational efficiencies.

Contribution to Return¹ By Sub-Industry



By Holdings

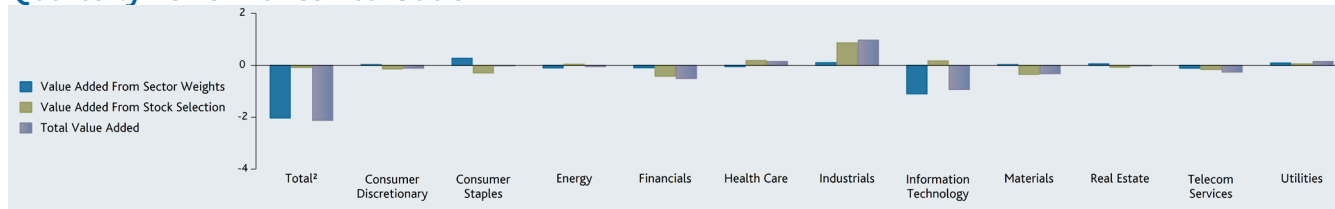
Top Contributors	Average Weight(%)	Contribution(%)
Alibaba Group Holding Limited	3.11	0.90
Copa Holdings, S.A.	1.38	0.65
NAVER Corporation	1.73	0.46
Shenzhou International Group Holdings Ltd.	1.19	0.44
Sunny Optical Technology Group	1.25	0.43

Top Detractors	Average Weight(%)	Contribution(%)
Mr Price Group Limited	0.87	-0.18
LG Household & Health Care Ltd.	1.25	-0.15
Grupo Lala, S.A.B. de C.V.	0.89	-0.12
BM&FBOVESPA SA	1.65	-0.10
GRUMA, S.A.B. de C.V.	1.04	-0.09

1 - Source: FactSet PA.

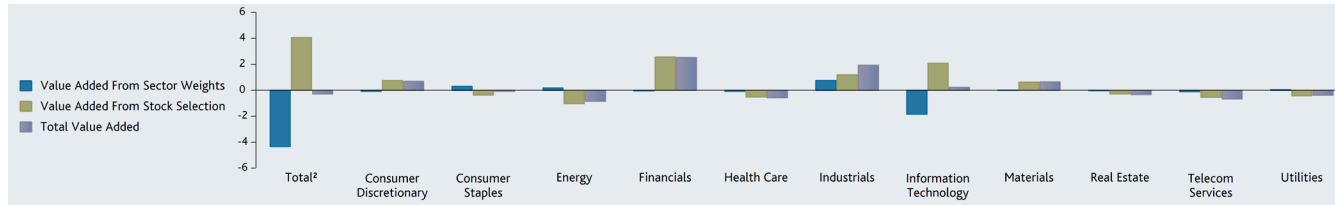


Quarterly Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate ³	Telecom Services	Utilities
Baron Emerging Markets Fund	23.26	9.01	3.62	15.08	7.10	3.41	17.74	3.80	1.86	5.36	0.98
MSCI EM (Emerging Markets) IMI Growth Index	14.23	12.56	1.93	11.19	6.36	6.85	31.86	5.76	3.40	3.33	2.54
Over/Underweight	9.03	-3.55	1.69	3.90	0.74	-3.44	-14.11	-1.96	-1.54	2.02	-1.56
Total Return(%)											
Baron Emerging Markets Fund	9.15	-1.40	2.52	4.32	5.64	36.97	19.33	-2.54	1.14	1.34	10.85
MSCI EM (Emerging Markets) IMI Growth Index	9.72	1.48	2.05	7.07	3.02	5.80	17.93	8.11	4.84	3.60	2.97
Relative Return	-0.57	-2.88	0.47	-2.75	2.62	31.17	1.40	-10.65	-3.70	-2.26	7.88

One-Year Performance Attribution¹



Sector Average Weights(%)	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate ³	Telecom Services	Utilities
Baron Emerging Markets Fund	23.09	8.81	4.12	13.97	8.61	3.64	15.44	3.01	1.94	6.03	1.29
MSCI EM (Emerging Markets) IMI Growth Index	13.12	12.82	2.23	13.63	6.48	8.27	28.55	5.49	3.53	3.42	2.47
Over/Underweight	9.97	-4.01	1.89	0.34	2.13	-4.63	-13.11	-2.48	-1.59	2.61	-1.18
Total Return(%)											
Baron Emerging Markets Fund	20.35	5.08	-2.10	30.34	4.86	43.38	54.47	34.93	4.21	4.32	-7.31
MSCI EM (Emerging Markets) IMI Growth Index	16.07	8.29	20.94	10.32	5.48	1.98	34.94	15.57	19.11	11.88	14.38
Relative Return	4.28	-3.21	-23.04	20.02	-0.61	41.40	19.53	19.36	-14.89	-7.57	-21.69

Return calculations for the Portfolio are transaction based and are calculated from the underlying security-level data; they may not correspond with published performance information based on NAV per share.

1 - Attribution analysis for other periods or versus another index will be provided upon request. Source: FactSet PA.

2 - Fund total returns include cash, fees and unassigned securities.

3 - As of 9/1/2016 GICS added Real Estate as a new sector. The performance attribution figures above assume that the Real Estate sector existed during the entire time period presented.

When reviewing performance attribution on our portfolio, please be aware that we construct the portfolio from the bottom up, one stock at a time. Each stock is included in the portfolio if it meets our rigorous investment criteria. To help manage risk, we are aware of our sector and security weights, but we do not include a holding to achieve a target sector allocation or to approximate an index. Our exposure to any given sector is purely a result of our stock selection process.

Quarterly Analysis

Baron Emerging Markets Fund gained 7.33% in the third quarter, yet trailed the MSCI EM IMI Growth Index by 203 basis points due to a combination of stock selection, relative sector weights, and average cash exposure of 8.8% in an up market.

On a country basis, outperformance of investments in India, Panama, and Korea and lack of exposure to poor performing Malaysian and Turkish equities added the most value. These positive effects were overshadowed by underperformance of investments in South Africa, Taiwan, China, Hong Kong, and Indonesia. Lower exposure to outperforming Chinese equities, which rose 17.4% as a group within the index, and larger exposure to lagging equities in Mexico also hampered relative results.

On a sector level, Industrials investments added the most value, mainly due to the outperformance of Panamanian airline Copa Holdings, S.A. and South African conglomerate Bidvest Group Ltd. Copa was the second largest contributor to absolute results, while shares of Bidvest rose after the company successfully spun off its food services division. In addition, Bidvest continued to grow earnings despite a challenging macro environment in South Africa.

Significantly lower exposure to the top performing Information Technology (IT) sector, which rose nearly 18% in the index, and underperformance of investments in Financials and Materials detracted the most from relative results. Within IT, lower exposure to sizeable positions in the index that were up sharply in the quarter, including Tencent Holdings Ltd., Alibaba Group Holding Ltd., and Samsung Electronics Co., Ltd., weighed the most on relative performance. Weakness in Financials was mostly attributable to the underperformance of diversified banks, led by Grupo Financiero Banorte, S.A.B. de C.V. of Mexico and BDO Unibank, Inc. of the Philippines. Shares of Grupo Financiero Banorte declined after the company reported a slight increase in delinquencies within certain consumer portfolios, suggesting potentially higher credit costs ahead, while BDO's shares underperformed after the company announced an impending equity rights issuance to fund future growth. Brazilian financial exchange operators BM&FBOVESPA SA and Cetip SA also hampered relative performance after performing well early in the year following their announced merger. Uncertainty around the timing of regulatory approval of the deal and a recently launched antitrust investigation by a competitor weighed on these stocks. Within Materials, larger exposure to poor performing gold stocks through investments in AngloGold Ashanti Limited of South Africa and Zhaojin Mining Industry Company Limited of China detracted the most from relative results.



Top 10 Holdings as of September 30, 2016

Company

Investment Premise

Alibaba Group Holding Limited (BABA) is the largest e-commerce company in the world. Alibaba owns and operates the two largest online shopping platforms in China, Taobao and Tmall. It also participates in the profits of Ant Financial, which owns Alipay, the largest third party online payment provider in China.

With over 400 million active buyers and over 10 million merchants, we believe Alibaba is poised to benefit disproportionately from the increased penetration of internet, mobile, and e-commerce in China. It enjoys more than 50% market share of all e-commerce transactions in China, and we expect it to continue growing 20%+ for years to come. We also see significant positive optionality in Alibaba's cloud computing, data management, and electronic payments platforms.

Samsung Electronics Co, Ltd (005930.KS) is a leading consumer electronics manufacturer and the largest handset maker in the world. It is also a key player in the semiconductor and display industries, providing consumer electronics in-house as well as to third parties.

Samsung benefits from tremendous scale, which gives it a cost advantage and allows it to outspend competitors in R&D. Its investment in innovation has accelerated new product introductions and improved Samsung's global brand positioning. We think Samsung's in-house capabilities with display, memory, and semiconductors are also a key differentiator, as vertical integration lowers Samsung's product costs and gives it a time-to-market advantage. We believe the sustainability of these advantages is underestimated, and Samsung is undervalued relative to its earnings prospects.

Tencent Holdings Ltd. (700.HK) is a leading internet service company, and the top game developer, in China. Its primary platforms include QQ for instant messaging (815 million media access units (MAUs)), WeChat for mobile messaging (500 million MAUs), and Qzone for social networking (654 million MAUs).

We are bullish on Tencent's ability to grow EPS at 25%+ over the long-term. Tencent benefits from virtuous network effects, and we think it has a long runway to monetize its large user base by pushing value-added services and advertising through its various platforms. Gaming comprises 57% of Tencent's revenue, but advertising is its next major growth driver, with in-feed ads on WeChat launched in 2015. Tencent is also investing in online-to-offline services by leveraging its payment solutions across a number of industries including restaurants, ticketing, and travel.

Taiwan Semiconductor Manufacturing Company Ltd. (TSM) is the world's largest independent semiconductor foundry, manufacturing chips on behalf of other companies.

Given its size, the company benefits from economies of scale and a superior cost structure. It also deploys new technology faster than the competition, allowing it to enjoy higher average sales prices and gross margins. We believe Taiwan Semiconductor is poised to gain market share, driven by increased dominance in advanced nodes (20 nanometers and 16 nanometers), while also maintaining superior profitability.

Bharat Financial Inclusion Ltd. (BFIL) is India's leading micro-finance lending institution. The company has a pan-India network with a customer base of over five million borrowers. Assets under management (AUM) is roughly \$1.3 billion.

We expect AUM to double within two to three years, with the potential to produce strong earnings growth and book value accretion. Longer-term, we think Bharat is a potential acquisition target as larger banks look to gain scale in the microfinance industry.

Company

Investment Premise

NAVER Corporation (035420.KS) operates Naver.com, the largest web search portal in Korea. The company also operates Hangame.com, a leading web game portal in Korea. Most importantly, the company owns Line, the leading messaging and social network platform in Japan.

NAVER built its dominant position by creating web content such as blogs, cafes and wikis that generate search requests. NAVER continues to benefit from its ownership of Line, a company it owns in its entirety, and that has become the leading social network and messaging platform in Japan.

Copa Holdings, S.A. (CPA) is a leading Latin American airline. With Panama City's Tocumen Airport as its base, Copa is able to reach every major destination within the Americas. Copa was established in 1944 and is a member of the Star Alliance.

We believe Copa enjoys competitive advantages that have allowed it to achieve margins and returns well above the industry average. It can fly to destinations faster and at lower cost and provide easier, smoother, faster connections than its competitors. It is also able to reach destinations that its competitors cannot. While macroeconomic pressures in Latin America have challenged recent financial performance, we believe that Copa is well positioned to enjoy the recovery.

Divi's Laboratories Ltd. (DIVI.IN) is a leading player in pharmaceutical contract manufacturing and production of Active Pharmaceutical Ingredients (APIs) for the generics industry. Divi's focuses on high value-add projects, earning high margins and returns on capital.

Divi's is a beneficiary of increased API outsourcing by global pharmaceutical companies. The company has a dominant position in key APIs such as Naproxen (70% global share) and Dextromethorphan (80% share), given its high quality standards and lower cost structure. We expect the company to generate 17-18% earnings growth for the next five years driven by continued robust demand.

Ctrip.com International, Ltd. (CTRP) is the leading mainland China-focused online travel agency. The company is incorporated in the Cayman Islands with operational headquarters in Shanghai.

We expect the company to be the primary beneficiary of Chinese online travel growth due to its dominant market share, and we estimate that market could grow by more than four times its current size in the next five years. We think Ctrip shares will also benefit from margin expansion, as competitive pricing pressures ease as a result of the company's acquisition of controlling stakes in its two next largest online competitors.

China Mobile Ltd. (941.hk) provides cellular telecommunications and related services in China and Hong Kong. China Mobile has more than 50% share of the mobile service market in the country.

China Mobile is a joint venture by Chinese mobile companies seeking to operate a shared pool of assets instead of each building its own infrastructure. We think tenant colocation on existing tower assets, as opposed to the construction of new towers for 4G service, will drastically improve returns on capital for China's wireless industry. We believe this multi-year event will help boost equity returns for the company, leading to significant value creation. Its 4G buildout strategy and slower growth depreciation will also lead to strong earnings growth, in our view.



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