



November 15, 2022

Baron Emerging Markets Fund – October 2022 Monthly Update

Baron Emerging Markets Fund (“the Fund”) declined 2.50% (Institutional Shares) in October, yet modestly outperformed the MSCI EM Index by 60 basis points.

Relative Performance

The Fund’s outperformance was driven by stock selection and, to a lesser extent, differences in country weights and cash exposure in a down market.

On a country level, favorable stock selection in China and Brazil accounted for a portion of the relative gains. Higher exposure to strong performing Indian, Peruvian, and Philippine equities, unique exposure to Italy, Japan, and the U.K., and lower exposure to lagging Chinese and Taiwanese stocks also added value. These positive effects were somewhat offset by weak stock selection in India, Korea, Taiwan, South Africa, and Mexico along with unique exposure to Hong Kong and lower exposure to better performing Korean and Saudi Arabian equities.

From a sector or theme perspective, investments in Real Estate, Communication Services, Materials, Consumer Discretionary, and Energy added the most value. Strength in Real Estate, Communication Services, and Energy was attributable to gains from a select number of holdings in a variety of themes, including China value-added, global security, digitization, best-in-class/high-quality growth, and EM consumer. Favorable stock selection in Materials was mostly due to a strong showing from the Fund’s sustainability/ESG theme, while a lack of exposure to Meituan, Inc., NIO Inc., Li Ning Company Limited, and Li Auto, Inc. proved beneficial in the Consumer Discretionary sector. Partially offsetting these gains was adverse stock selection in Health Care, Financials, and Consumer Staples.

Purchases & Sales Activity

Please note the activity in this section references only top 10 holdings as of October 31, 2022.

We trimmed most of our top positions to meet redemptions during the month, with the largest being **Tencent Holdings Limited**, **Alibaba Group Holding Limited**, **Reliance Industries Limited**, **Bharti Airtel Limited**, and **Wal-Mart de Mexico, S.A.B. de C.V.** We took advantage of share price weakness to add to our positions in **Taiwan Semiconductor Manufacturing Company Ltd.** and **Bajaj Finance Limited**.

Top Contributors

Security Name	Average % of Net Assets	Contribution to Return	Country
Suzano S.A.	2.1%	0.46%	Brazil
Samsung Electronics Co., Ltd.	3.4	0.42	Korea
Tenaris S.A.	1.3	0.24	Italy
Credicorp Ltd.	1.3	0.23	Peru
Localiza Rent a Car S.A.	1.0	0.19	Brazil

Top Detractors

Security Name	Average % of Net Assets	Contribution to Return	Country
Baidu, Inc.	1.5%	-0.57%	China
Tencent Holdings Limited	2.4	-0.56	China
Alibaba Group Holding Limited	2.6	-0.56	China
Taiwan Semiconductor Manufacturing Company Ltd.	4.3	-0.45	Taiwan
Full Truck Alliance Co. Ltd.	1.2	-0.36	China

Top 10 Holdings as of October 31, 2022

Security Name	% of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	4.6%
Samsung Electronics Co., Ltd.	3.8
Bajaj Finance Limited	3.0
Reliance Industries Limited	2.9
Suzano S.A.	2.4
Alibaba Group Holding Limited	2.1
Bharti Airtel Limited	2.0
Tencent Holdings Limited	1.9
Wal-Mart de Mexico, S.A.B. de C.V.	1.8
PT Bank Rakyat Indonesia (Persero) Tbk	1.7
Total	26.2%

Baron Emerging Markets Fund's annualized returns for the Institutional Shares as of September 30, 2022: 1-year, (34.46)%; 5-year, (3.13)%; and 10-year, 2.48%. Annual expense ratio for the Institutional Shares as of December 31, 2021 was 1.08%.

The **MSCI EM Index's** annualized returns as of September 30, 2022: 1-year, (28.11)%; 5-year, (1.81)%; and 10-year, 1.05%.

As of 10/31/2022, for the Institutional Share Class, Baron Emerging Markets Fund's 1-, 5-, and 10-year annualized returns are (35.96)%, (4.08)%, and 2.21%, respectively.

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.

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 Baron Fund expenses pursuant to a contract expiring on August 29, ~~2032~~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 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: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of: settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation. The Fund invests in companies of all sizes, including small and medium sized companies whose securities may be thinly traded and more difficult to sell during market downturns.

The discussion of market trends and companies are not intended as advice to any person regarding the advisability of investing in any particular security. Some of our comments are based on current 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 any time based on market and other conditions, and we have no obligation to update them.

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

The **MSCI EM (Emerging Markets) Index** is designed to measure equity market performance of large and mid-cap securities across 24 Emerging Markets countries. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The index and the Fund include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The index is unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

Baron Capital | November 15, 2022

Summary Update: Baron Emerging Markets Fund – October 2022

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