Baron Emerging Markets Strategy

March 31, 2022

Dear Investor:

Performance

Baron Emerging Markets Strategy declined 14.07% during the first quarter of 2022, while its principal benchmark index, the MSCI EM Index, declined 6.97%. The MSCI EM IMI Growth Index retreated 9.86% for the quarter. The Strategy underperformed its principal benchmark index, as well as the all-cap growth proxy, during the quarter, particularly following Russia's large-scale invasion of Ukraine and its associated atrocities. In our view, the invasion and Western response of unprecedented sanctions–akin to firing financial weapons of mass destruction–caused significant short-term uncertainty and put stress on global financial markets, while also triggering a write-down of Russian equity investments to near zero, and a short-lived equity market capitulation in China. Growth stocks worldwide markedly underperformed during the quarter, as the war in Ukraine exacerbated supply disruptions and inflation concerns, particularly in energy, commodity, and agricultural markets. While disappointed with our relative performance during the quarter, we believe the historic scale of underperformance of growth stocks that began last year is reaching extremes, while fixed income markets have already likely discounted more tightening than global authorities will ultimately administer. We believe many of our underlying investments are now trading below intrinsic value given our assessment of long-term fundamentals, and we remain optimistic regarding the longer-term relative outlook for emerging market ("EM") economies and equities. Notwithstanding the emergence of Omicron BA.2 and its rapid spread through mainland China, which triggered lockdowns, we believe the associated short-term earnings interruption will prove temporary, and we view the related weakness across several of our portfolio holdings as offering long-term opportunity to investors. We remain confident that we have invested in many well-positioned and well-managed companies on a bottom-up basis that are poised to benefit from long-term and attractive investment themes.

Table I.
Performance
Annualized for periods ended March 31, 2022 (Figures in USD)

	Baron Emerging Markets Strategy (net)[1]	Baron Emerging Markets Strategy (gross)[1]	MSCI EM Index[1]	MSCI EM IMI Growth Index[1]
Three Months[2]	(14.07)%	(13.87)%	(6.97)%	(9.86)%
One Year	(19.05)%	(18.28)%	(11.37)%	(15.90)%
Three Years	3.64%	4.61%	4.94%	7.28%
Five Years	4.86%	5.85%	5.98%	7.62%
Ten Years	5.65%	6.54%	3.36%	5.00%
Since Inception[3] (January 31, 2011)	4.86%	5.65%	2.59%	3.91%

For the first quarter of 2022, we underperformed our primary benchmark, while also trailing our all-cap EM growth proxy. Within the EM landscape, the equity market correction was largely dominated by Russia's full-scale invasion of Ukraine. While Russian equities were written down to near zero and will be excluded from major indexes going forward, our China holdings were also adversely impacted as investors ascribed a higher risk premium to what we believe is a misplaced concern that China might play a more direct role in supporting Russia in the war. China's current challenge with the spread of COVID cases given its "zero COVID" tolerance has also adversely impacted our holdings, particularly our A-share, China value-added investments. We believe this weakness will prove transitory. During the period, investors continued to favor more economically sensitive stocks, particularly energy and commodity producers, which represents a substantial headwind to performance for growth investors globally. From a sector or theme perspective, our relative underperformance was mainly due to adverse stock selection and allocation effect in the Financials sector, most notably our Russian fintech holdings (**Sberbank of Russia PJSC** and **TCS Group Holding PLC**), which were written down to near zero during the

For strategy reporting purposes, the Firm is defined as all accounts managed by Baron Capital Management, Inc. ("BCM") and BAMCO, Inc. ("BAMCO"), registered investment advisers wholly owned by Baron Capital Group, Inc. As of March 31, 2022, total Firm assets under management are approximately $48.6 billion. Gross performance figures do not reflect the deduction of investment advisory fees and any other expenses incurred in the management of the investment advisory account. Actual client returns will be reduced by the advisory fees and any other expenses incurred in the management of the investment advisory account. A full description of investment advisory fees is supplied in the Firm's Form ADV Part 2A. Valuations and returns are computed and stated in U.S. dollars. Performance figures reflect the reinvestment of dividends and other earnings. The Strategy is currently composed of one mutual fund, a Collective Investment Trust, a multipartner SICAV fund, and a subadvised account managed by BAMCO; and a separately managed account and a private offshore fund managed by BCM. The Strategy invests mainly in non-U.S. companies of all sizes. The majority of investments are in companies domiciled in developing countries. The Strategy may invest up to 20% in companies in developed and frontier countries. BAMCO and BCM claim compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of the Firm's strategies or a GIPS-compliant presentation please contact us at 1-800-99BARON.

Performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted. Past performance is no guarantee of future results. Returns could be reduced, or losses incurred, due to currency fluctuations.

1 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** 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. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The indexes and the Strategy include reinvestment of dividends, net of foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. The index performance is not Strategy performance; one cannot invest directly into an index.

2 Not annualized.

3 The Strategy has a different inception date than its underlying portfolio, which is December 31, 2010.

quarter. A decline in stock prices of our India consumer finance/wealth management investments (**Max Financial Services Limited** and **Edelweiss Financial Services Limited**) also stood out as detractors within the sector. Weak stock selection in the Industrials sector, related to positions in our China value-added/automation themes (**Zhejiang Dingli Machinery Co., Ltd.**, **Han's Laser Technology Industry Group Co., Ltd.**, and **Estun Automation Co., Ltd.**) and digitization theme (**InPost S.A.** and **Full Truck Alliance Co. Ltd.**), also adversely impacted relative performance. Partially offsetting the above, Materials and Consumer Staples were positive contributors to relative performance, given solid gains from several investments in our sustainability/ESG theme (**Glencore PLC**, **Grupo México, S.A.B. de C.V.**, and **Suzano S.A.**), along with select holdings in our EM consumer theme (**Wal-Mart de México, S.A.B. de C.V.** and **Budweiser Brewing Company APAC Limited**). In addition, our cash position in a weak market environment was also a positive contributor to relative performance during the quarter.

From a country perspective, disappointing stock selection in China and Russia drove the majority of relative underperformance this quarter. Our lack of exposure to Saudi Arabia also detracted from relative performance. In our view, while material impairment to Russian equities will likely be permanent, we remain cautiously optimistic about a recovery in our China holdings, as we believe growing signs of policy easing and support, as well as a lack of evidence that China will directly support Russia's war in Ukraine, will eventually overcome current skepticism. We are encouraged by recent investor-friendly announcements made by China's State Council, calling for supportive measures to stabilize the property sector and bring closure to the ongoing regulatory tightening of the technology industry, and by a major concession in addressing the uncertainty of ADR listings. Partly offsetting the above was positive allocation and stock selection effect in Mexico and Korea. Favorable allocation effect in the U.K., driven by our single investment in **Glencore PLC**, as part of our sustainability/ESG theme, was also a key positive contributor to relative performance.

Table II.
Top contributors to performance for the quarter ended March 31, 2022

	Percent Impact
Glencore PLC	0.57%
Grupo México, S.A.B. de C.V.	0.34
Gold Fields Limited	0.32
Localiza Rent a Car S.A.	0.29
Credicorp Ltd.	0.26

Glencore PLC is a diversified natural resources company operating in metals, mining, and commodities trading. It is a large producer of copper, cobalt, and other key metals for batteries used in electric vehicles and energy storage. Shares increased due to the rise in copper prices. We expect a multi-year supply deficit for copper driven by a structural demand increase. Electric vehicles and wind/solar power plants require four to five times more copper than their conventional counterparts.

Grupo México, S.A.B de C.V. is a conglomerate that owns copper mines, railroads, and infrastructure projects in Mexico and South America. Shares increased on a rally in copper prices. We remain shareholders, as we believe Grupo México is a well-managed company trading at a meaningful discount to the sum of its parts. The copper segment includes some of the world's largest, lowest-cost copper mines in safe jurisdictions. Copper production should grow significantly over the next several years from brownfield expansions and construction of a new mine, in our view.

South Africa-based **Gold Fields Limited** is one of the world's largest gold mining companies. Shares increased during the period held due to a rally in gold prices driven by increased inflation and downward pressure on real yields. We remain shareholders as we expect more than 20% production growth over the next two years as the company ramps up volumes from its high-quality Salares Norte project in Peru, which should drive a re-rating for the company. We are positive on gold prices and expect improvements in the company's cash costs.

Localiza Rent a Car S.A. is the largest car rental and fleet rental company in Brazil. Shares rallied due to an increase in car rental prices driven by strong post-pandemic demand and the improved Brazil macro environment. We remain investors. Localiza has been a beneficiary of a consolidating car rental industry in Brazil. The company enjoys competitive advantages in purchasing vehicles due to its size, operational efficiencies, and the ability to sell its vehicles with high residual value.

Credicorp, Ltd. is Peru's largest financial holding company. Shares advanced on a guidance beat for 2022, driven by expanding net interest margins, accelerating loan demand, and lower provision costs. The stock was further bolstered by better economic prospects and an appreciating currency resulting from higher prices in the commodities that the country exports. Lastly, Credicorp provided more details about its fintech initiatives, which we believe improve the company's competitive advantage and can bring upside to its long-term valuation.

Table III.
Top detractors from performance for the quarter ended March 31, 2022

	Percent Impact
Novatek PJSC	–1.19%
Sberbank of Russia PJSC	–0.90
Tencent Holdings Limited	–0.79
Taiwan Semiconductor Manufacturing Company Ltd.	–0.67
PJSC Polyus	–0.64

Russia-based **Novatek PJSC** is one of the largest and lowest-cost liquified natural gas producers in the world. The company's shares collapsed following Russia's invasion of Ukraine and subsequent package of economic sanctions including those on the Central Bank of Russia. London-listed depository receipts of Novatek are suspended from trading, and we have marked the shares at a price that is close to zero.

Sberbank of Russia PJSC is Russia's largest lender. Shares of Sberbank plummeted following Russia's invasion of Ukraine and the subsequent economic sanctions imposed by Western governments. London-listed depository receipts of Sberbank are currently suspended from trading, and we have marked the shares at a price that is close to zero.

Tencent Holdings Limited operates the leading social network and messaging platforms (QQ, WeChat), the largest online entertainment and media business, and the largest online gaming business in China. Shares of Tencent were down given crackdowns by Chinese regulators on aspects of digital technology and consumerism in an attempt to re-focus investment in China on the community. Despite the near-term regulatory uncertainty, we retain conviction that Tencent can sustain durable growth given its track record of execution, scale, and unique and diversified online assets.

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Ltd.** detracted in the first quarter due to rising geopolitical tensions, macroeconomic uncertainties, and concerns over softening demand for consumer electronics. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, and IoT, will allow the company to deliver above its 15% to 20% revenue growth target over the next several years.

PJSC Polyus is a Russian metals and mining company focused on the exploration and production of gold. Shares of Polyus collapsed following Russia's invasion of Ukraine and subsequent package of economic sanctions including those on the Central Bank of Russia. London-listed depository receipts of Polyus are suspended from trading, and shares are now marked close to zero.

Portfolio Structure[1]

Table IV.
Top 10 holdings as of March 31, 2022

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	5.2%
Samsung Electronics Co., Ltd.	3.7
Tencent Holdings Limited	3.5
Glencore PLC	3.1
Alibaba Group Holding Limited	2.7
Reliance Industries Limited	2.5
Bajaj Finance Limited	2.2
Suzano S.A.	1.9
Wal-Mart de México, S.A.B. de C.V.	1.8
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.8

Exposure by Country

Table V.
Percentage of securities by country as of March 31, 2022

	Percent of Net Assets
China	32.3%
India	23.1
Brazil	7.7
Korea	7.1
Taiwan	6.3
Mexico	3.3
United Kingdom	3.1
Hong Kong	2.8
Philippines	1.8
Indonesia	1.8
South Africa	1.3
Italy	1.3
Peru	1.1
Japan	1.0
Poland	0.7
United States	0.3
United Arab Emirates	0.3
Spain	0.1
Russia	0.0*

* Represents less than 0.1%

Exposure by Market Cap: The Strategy may invest in companies of any market capitalization, and we have generally been broadly diversified across large-, mid-, and small-cap companies, as we believe developing world companies of all sizes can exhibit attractive growth potential. At the end of the first quarter of 2022, the Strategy's median market cap was $10.1 billion, and we were invested 46.3% in giant-cap companies, 38.1% in large-cap companies, 8.7% in mid-cap companies, and 2.3% in small- and micro-cap companies as defined by Morningstar, with the remainder in cash.

Recent Activity

During the first quarter, we added several new investments to existing and new themes, while also increasing exposure to several positions that were established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We were active in conceptualizing and populating our newly minted *Global Security* theme by initiating positions in **Korea Aerospace Industries, LTD.** (KAI) and **Tenaris S.A.** In our view, Russia's unprecedented invasion of Ukraine has triggered a paradigm shift in capital allocations worldwide, toward energy, commodity and food/agricultural security and infrastructure, as well as an increase in defense spending. The discrediting of Russia as a reliable trade partner and ongoing de-globalization require redundancy and localization of key commodities and investments in commercial and industrial supply chains. Accordingly, we seek to identify and invest in businesses that we believe will be key beneficiaries of such investments. KAI is South Korea's leading aviation technology company. KAI assembles world-class aircraft for defense and satellite systems and provides life-cycle support for its products within three core businesses: domestic aircraft defense, defense exports, and commercial aircraft parts. In our view, the company is well positioned to benefit from two major global trends: a recovery in civilian aircraft demand and an increase in international defense budgets following the Russian invasion of Ukraine. Leading global aircraft manufacturers are expecting a sharp increase in deliveries as economies reopen and travel rebounds, following two years of anemic demand amid the COVID-19 pandemic. On the defense side, we expect increased demand for combat aircraft and service contracts as countries boost defense budgets and look to modernize their equipment. Tenaris manufactures seamless steel pipe products with primary operations in the U.S., Latin America, and the Middle East. Most of its products are specialized oil country tubular goods (OCTG) supplied to the energy industry. The war in Ukraine highlights the need to reorient supply chains away from reliance on Russia, while greater energy security in the near term requires increased domestic supply of hydrocarbons, particularly U.S. shale gas. In our view, Tenaris is one of the lowest-cost OCTG producers and will be a key beneficiary of increased drilling capex, which is required to reduce global reliance on Russian oil and gas.

During the quarter, we also increased exposure to our digitization theme, by investing in **Baidu, Inc.** and **Bundl Technologies Private Limited**. Baidu is a leading Chinese artificial intelligence ("AI") company. The company's mobile ecosystem, which includes China's dominant search engine, has over 620 million monthly active users. In our view, this ecosystem will benefit from the secular growth of China's digital advertising industry, as well as the expansion of searchable content as established social media and e-commerce platforms are forced to share content as a result of regulatory

[1] Top 10 holdings, exposures by country and market cap, portfolio characteristics, and recent activity are based on a representative account. Such data may vary for each client in the Strategy due to asset size, market conditions, client guidelines, and diversify of portfolio holdings. The representative account is the account in the Strategy that we believe most closely reflects the current portfolio management style for the Strategy. Representative account data is supplemental information.

reforms. Beyond its core search business, Baidu has invested heavily in cutting-edge technologies including cloud, autonomous driving, smart devices, and AI chips. The company's cloud business is one of the largest and fastest growing in China and is differentiated by its AI solutions and higher-value PaaS/SaaS offerings. Baidu has also developed leading autonomous driving technologies, which it is commercializing through partnerships with top-tier Chinese auto manufacturers. We see significant upside for Baidu, given its strong competitive position across several of China's key growth industries.

We also participated in a late-stage private funding round of Bundl Technologies, which is the parent entity of Swiggy, India's leading food delivery platform with nearly a 50% market share. Bundl Technologies is our third private investment, and we are excited to partner with founder Harsha Majety and his entrepreneurial team as the company continues to grow its user base and diversify into new business verticals such as hyper-delivery (Instamart). Harsha's vision to transform Swiggy into a consumer-centric technology platform, offering multiple convenience and delivery services, resonates with our investment philosophy of investing behind value creating private sector entrepreneurs that are creating and/or disrupting large market opportunities. In our view, India's food and hyper-delivery industry is still in its infancy and is expected to scale significantly over the next several years, driven by a growing middle class, rising disposable income, higher smartphone/4G penetration, and a structural shift in consumer preferences by a tech savvy younger population. We expect online food delivery to grow from $5 billion to $6 billion GMV to more than $15 billion over the next three to five years.

During the quarter, we increased exposure to our EM consumer theme by building a position in **AIA Group Limited**. AIA is the largest pan-Asian life insurance company with over 55 million customers and over $330 billion of assets. The company operates in 18 Asian markets including China, Hong Kong, Thailand, Philippines, and Taiwan, among others. In our view, AIA is uniquely positioned to benefit from long-term structural growth opportunities in Asia's insurance sector. Penetration of life and protection insurance remains low throughout the region. An aging population and low fertility rates create a higher need for protection and savings insurance products. At the same time, a growing middle class and rising levels of income per capita across the region suggest there will be higher demand and affordability for such products. AIA has a well-recognized brand and has the largest agency distribution network, which provides a competitive advantage and supports new business growth. In addition, the company is one of the only foreign-owned entities with licenses to operate in select regions of mainland China, allowing it to compete in this large addressable market. With a conservative balance sheet and a history of delivering consistent growth, we believe AIA will yield long-term and high-quality compound returns. The resurgence of COVID cases and new mobility restrictions in China and Hong Kong have negatively impacted near-term growth expectations, which, in our view, creates an attractive opportunity to build a position given our primary focus on the long-term growth opportunity at hand.

Finally, we added to several of our existing positions during the quarter, including **Estun Automation Co., Ltd.**, **Alibaba Group Holding Limited**, **Full Truck Alliance Co. Ltd.**, **Samsung Electronics Co., Ltd.**, **PT Bank Rakyat Indonesia (Persero) Tbk**, **Hangzhou Tigermed Consulting Co., Ltd.**, **JD.com, Inc.**, **NARI Technology Co. Ltd.**, **Credicorp, Ltd.**, and **Yum China Holdings Inc.**

During the quarter, we also exited several positions, the largest of which were **OTP Bank Plc**, **Hindustan Unilever Limited**, **Dr. Reddy's Laboratories Ltd.**, and **S. F. Holding Co., Ltd.** In our endeavor to increase concentration in holdings where we have the highest conviction in their quality and return potential and eliminating lower conviction or smaller holdings over time, we also exited positions in **Winning Health Technology Group Co., Ltd.**, **New Frontier Health Corporation**, **Kanzhun Limited**, **Zomato Limited**, **Hemisphere Properties India Limited**, and **PB Fintech Ltd.**

Outlook

"There are decades where **nothing happens**; and there are weeks where decades **happen**." Vladimir Ilyich Lenin

The last week of February 2022 was one of such weeks. Prior to February 24, 2022, we would have argued that equity investing is principally about fundamentals; choosing great entrepreneurs, management teams, and companies that are positioned to prosper from years of growth potential while leveraging sustained competitive advantage or barriers to entry. While we largely still believe this to be true, we also recognize that something changed in the first quarter of 2022, and going forward we must be prepared to embrace greater uncertainty and volatility in the capital markets. In our view, we have likely exited 30-plus years of post-Iron Curtain prosperity and peace, and the curtailment of globalization is likely to accelerate. If we are correct that February 24, 2022 marks the beginning of a bull market in geopolitics and security concerns, geopolitical priorities will, from time to time and without warning, subjugate economic and financial interests, a line we seem to have crossed in the aftermath of Russia's invasion of Ukraine. There will be opportunity in this new paradigm, though we believe forward-looking and thematic investors such as ourselves will be advantaged.

As portfolio managers of international and EM investment strategies, we have had a ground level view of the war and humanitarian crisis in Ukraine as well as the sea change taking place. Vladimir Putin seeks a total victory in Ukraine, though he appears to have grossly miscalculated his hand. China, a recently self-described partner of Russia, likely spoke too soon and would like to be seen as a neutral "Switzerland," but there is no "Switzerland" on the issue of human atrocities and tragedy. As such, we conclude that China prefers de-escalation and Russia's withdrawal, which relieves the pressure to publicly choose a side. NATO would prefer to see regime change in Russia, which is an outcome Putin would seek to avoid at all costs. Regardless of how the war evolves in the coming weeks and months, we believe there are some lasting conclusions:

1. Putin has overplayed his position and leaves himself and Russia more vulnerable than before February 24, 2022. Russia has quickly achieved the international pariah status of North Korea, its role outside of the energy and commodity spectrum has been severely diminished, and unfortunately, the Russian people will bear the brunt of the domestic economic pain resulting from Putin's actions.

2. The European Union, NATO, and the U.S./EU alliance have been greatly fortified–the opposite of Putin's intention to split Europe and divide NATO over Russia's invasion of Ukraine. NATO, and in particular, German/EU defense and security spending will rise materially and indefinitely going forward. The financial and economic mutualization of Europe, which is a theme we have invested in, will advance to a new level given shared security concerns.

3. A new global theme has emerged, which we have dubbed *Global Security*. The new paradigm requires a shift in capital allocations worldwide, toward energy, commodity and food/agricultural security and infrastructure, as well as an increase in defense spending, perhaps at the expense of industries that prospered most from the fall of the Iron Curtain. The discrediting of Russia as a reliable commercial partner and ongoing de-globalization requires redundancy and localization of key commodities and investments in commercial and industrial supply chains.

4. NATO responded to Putin's conventional "hardware" war by wielding financial weapons of mass destruction, the likes of which had never been seen. In our view, this is likely to accelerate the decline in global demand for dollars that we often reference, while encouraging the longer-term emergence of alternative reserve currencies. We reiterate that we are nearing the end of a multi-year dollar bull market, which ultimately encourages capital flows out of the dollar and favors international and EM equities on a relative basis.

5. India, to us the most attractive of EM jurisdictions for long-term investment, is a likely geopolitical winner in this new paradigm, as its strategic value is on the rise as the largest developing world democracy and ally of the U.S. and other NATO members, while it also is the greatest likely beneficiary of multi-national manufacturers' intent to diversify production and supply chains.

The past quarter was a challenging one for investors–and despite a solid start to the year prior to February 24, 2022, particularly challenging for EM investors. Russian equities were written down to near zero, and Russia will be excluded from the major indexes going forward. While the collateral financial and market impact of Russia's invasion of Ukraine resonated far and wide, perhaps the more pressing question for EM investors going forward relates to whether China remains an attractive and viable investment jurisdiction. During the quarter, shortly after experiencing a wholesale loss of capital on Russian exposures, some investors began to fear that investments in China may also present Russia-related geopolitical risk, given China's previous statements regarding its sturdy partnership with Russia. Would China provide military or financial support to directly aid Russia's aggression, and in effect, would China suffer from retaliatory sanctions such as those levied against Russia? While there were several leaks suggesting China might consider such assistance, we consider such reports dangerous and provocative, and discount the likelihood of such events for several reasons, but in sum, *it simply is not in China's interest or demeanor to do so*. While Russia has always been about chaos and disruption, China's mantra is about stability and peace. Russia is a country of minor economic significance with little to lose, while China is a rising superpower with everything to lose. Direct support for Putin's war would surely trigger a strong reaction and substantial isolation, reverse decades of economic progress and compromise China's strong desire to become the Asian hegemony with a competitive reserve currency. In our view, market speculation regarding China's intentions became wildly exaggerated, but also triggered direct messaging that China desires Russia de-escalate and seeks peace, while economic and regulatory policymakers strongly signaled that they remain sensitive to the concerns of the investor class. We remain encouraged by pervasive evidence of impending regulatory relief, financial easing, and economic stimulus in China. While the recent escalation of COVID-related challenges defers China's economic and equity-market recovery somewhat, in our view, the mid-March equity market capitulation likely represents a bottom for this asset class, and perhaps by extension, for EM equities in general. We remain optimistic regarding the longer-term outlook for EM equities and of course, we remain confident that we have invested in a portfolio of well-positioned and well-managed companies with substantial opportunity ahead.

Sincerely,

Michael Kass
Portfolio Manager

The performance of accounts in the Strategy may be materially different at any given time. Differences that may affect investment performance include cash flows, inception dates, and historical prices. Positions may not be the same or may be traded at different times. In addition, accounts in the Strategy may be pursuing similar investment strategies, but may have different investment restrictions.

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 Strategy 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 Strategy may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.