DEAR BARON NEW ASIA FUND SHAREHOLDER:

PERFORMANCE

Baron New Asia Fund (the "Fund") declined 15.24% (Institutional Shares) during the first quarter of 2022, while its principal benchmark index, the MSCI Asia ex Japan Index, declined 7.99%. The MSCI AC Asia ex Japan IMI Growth Index retreated 11.50% for the quarter. The Fund 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. On the other hand, we believe Russia's invasion of Ukraine likely enhances the attraction of India from a strategic/geopolitical perspective, and as a candidate for supply-chain diversification/security and foreign direct investment in general. 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 an extreme, 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 Asian economies and equities. Notwithstanding the emergence of Omicron BA.2 and its rapid spread through mainland China, which triggered lockdowns, we believe that 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.

MICHAEL KASS AND ANUJ AGGARWAL

PORTFOLIO MANAGERS

Retail Shares: BNAFX
Institutional Shares: BNAIX
R6 Shares: BNAUX

Table I.
Performance
Annualized for periods ended March 31, 2022

	Baron New Asia Fund Retail Shares[1,2]	Baron New Asia Fund Institutional Shares[1,2]	MSCI AC Asia ex Japan Index[1]	MSCI AC Asia Index[1]	MSCI AC Asia ex Japan IMI Growth Index[1]
Three Months[3]	(15.34)%	(15.24)%	(7.99)%	(7.50)%	(11.50)%
Since Inception (July 30, 2021)[3]	(13.90)%	(13.80)%	(10.93)%	(8.84)%	(14.75)%

Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2021 was 10.06% and 8.59%, respectively, but the net annual estimated expense ratio was 1.45% and 1.20% (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 Baron Fund expenses pursuant to a contract expiring on August 29, 2032, 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.

1 The **MSCI AC Asia ex Japan Index** measures the performance of large and mid cap equity securities representation across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. The **MSCI AC Asia Index** measures performance of large and midcap securities representation across developed and emerging markets countries in Asia, including Japan. The **MSCI AC Asia ex Japan IMI Growth Index** measures the performance of large, mid, and small cap securities exhibiting overall growth style characteristics across 2 of 3 developed markets countries (excluding Japan) and 8 emerging markets countries in Asia. 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 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 Not annualized.

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Baron New Asia Fund

For the first quarter of 2022, we underperformed our primary benchmark, while also trailing our all-cap Asia growth proxy. During the quarter, we believe our China holdings were adversely impacted by Russia's full-scale invasion of Ukraine, as investors ascribed a higher risk premium to what, in our view, 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 broad based, reflecting our growth bias, but was primarily driven by adverse stock selection in the Information Technology (IT) and Industrials sectors. Within IT, our China value-added positions, particularly our semiconductor-related holdings (**Will Semiconductor Co., Ltd.**, **Silergy Corp.**, and **Hua Hong Semiconductor Limited**), as well as our SaaS/software (**Yonyou Network Technology Co., Ltd.** and **Venustech Group Inc.**) and advanced manufacturing/robotics (**Keyence Corporation**) sub-themes were key detractors to relative performance. Weak stock selection effect in the Industrials sector was also related to our China-value added investments, particularly our advanced manufacturing/robotics sub-theme (**Zhejiang Dingli Machinery Co., Ltd.**, **Han's Laser Technology Industry Group Co., Ltd.**, and **Estun Automation Co., Ltd.**) in addition to a decline in the stock price of **Full Truck Alliance Co. Ltd.**, which is part of our digitization theme. Lastly, negative allocation effect and poor stock selection in the Financials sector (**Max Financial Services Limited** and **AIA Group Limited**) also adversely impacted relative performance during the quarter. Partially offsetting the above, our cash position in a weak market was a positive contributor to relative performance during the quarter.

From a country perspective, weak stock selection in China and India drove the vast majority of relative underperformance in the first quarter. Partly offsetting the above was positive allocation and stock selection effect in Korea. 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 aggression 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 a major concession in addressing the uncertainty of ADR listings. We are also excited about our investments in India driven by landmark economic reforms implemented by the Modi administration over the past few years that are accelerating formalization of the economy, yielding higher tax collections, attracting foreign direct investment, and driving financial inclusion, all of which collectively forms the bedrock of our multiple investment themes within the country. We also believe that India's digital economy, which, in our view, is 10 to 15 years behind that of China, is beginning to inflect and will create significant opportunities for growth investors like us.

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

	Percent Impact
Reliance Industries Limited	0.27%
Bharti Airtel Limited	0.24
Hyundai Heavy Industries Co., Ltd.	0.20
PT Bank Rakyat Indonesia (Persero) Tbk	0.20
Galaxy Entertainment Group Limited	0.08

Reliance Industries Limited is India's leading conglomerate, with business interests in telecommunications, retail, oil refining, and petrochemicals. Reliance is fast transforming into a digital services company, leveraging its telco network to offer online and e-commerce services. Shares increased due to improving earnings visibility as India's economy continues to recover post-COVID. In addition, the company is gaining telco market share and benefiting from rising oil prices. We believe earnings will sustain 18% to 20% growth over the next three to five years.

Bharti Airtel Limited contributed during the quarter. As India's dominant mobile operator, the company is benefiting from ongoing industry consolidation, as Vodafone Idea, a key player, is on the verge of bankruptcy amid severe pricing pressure and an unsustainable balance sheet. Performance was driven by market share gains and the company's targeted plan to expand into other digital services such as Enterprise and Cloud. We retain conviction in Bharti as it transforms into a digital services company and potentially benefits from rising mobile tariffs as well.

Hyundai Heavy Industries Co., Ltd. is the world's largest shipbuilder and global leader of eco-friendly LNG powered ships. Shares rallied on increased demand for LNG carriers given the rise in natural gas prices. We remain investors as we believe Hyundai Heavy will be the leading beneficiary of the trend in decarbonization of shipping given its technological leadership and dominant market position. We expect tightening carbon emission regulations to drive much higher demand for LNG fuel-propelled ships and carbon-free ammonia-fueled ships.

PT Bank Rakyat Indonesia (Persero) Tbk is a lender serving Indonesia's micro and small-to-medium enterprises. Shares rose as higher commodity prices provided tailwinds for economic growth expectations, which translates into a better loan growth, net interest income, and provision outlook for the bank. These macro tailwinds complement our thesis of improving profitability driven by normalized loan provisions, cost efficiencies from technology investments, increasing proportion of higher yielding loans in the portfolio, and cost fund synergies at two recently acquired lending firms.

Macau casino operator **Galaxy Entertainment Group Limited** contributed to performance. Galaxy's stock lagged in the second half of 2021 on concerns around potential adverse changes in gaming regulation. During the first quarter of 2022, it became clearer that regulatory changes would be relatively benign and some of the low-margin junket revenues would be retained as VIP direct volume at much higher margins. We believe Galaxy owns the best assets in Macau, the most attractive intermediate-term development pipeline on the island, and the cleanest balance sheet among its peers.

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

	Percent Impact
Tencent Holdings Limited	–0.81%
Taiwan Semiconductor Manufacturing Company Ltd.	–0.75
Zhejiang Dingli Machinery Co., Ltd.	–0.69
Han's Laser Technology Industry Group Co., Ltd	–0.62
Sea Limited	–0.59

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.

Zhejiang Dingli Machinery Co., Ltd. is China's largest manufacturer of Aerial Work Platforms (AWPs). Shares fell due to stiff U.S. tariffs and an economic slowdown in China. We remain investors. Dingli is the largest player in the AWP industry, with premium products and 40% market share. The AWP market is significantly underpenetrated in China, and, in our view, there is a long-term structural growth opportunity for rising adoption due to the increasing relative affordability of AWP rentals and a growing focus on worker safety and productivity.

Han's Laser Technology Industry Group Co., Ltd. is the largest Chinese and second largest global laser equipment manufacturer. Shares fell as a result of pandemic-related supply disruptions that impacted orders from large clients. We remain investors. Han's Laser is benefiting from secular trends in industrial automation, a product mix upgrade, and growth in battery equipment sales. The company has an attractive valuation among automation peers, and, in our view, shares do not reflect rapid growth potential in battery equipment sales.

Sea Limited, a global digital gaming and e-commerce company, detracted from performance for the period held. Similar to other online consumer businesses, Sea faced significant multiple compression in the quarter, exacerbated by a slowdown in user growth at its key Free Fire digital game and mounting investments in its e-commerce operation, particularly in new markets like Brazil. We exited our position as we lost confidence in the long-term unit economics in some of Sea's new markets and were concerned by the simultaneous slowdown in revenue growth and increase in underlying cash burn.

Portfolio Structure

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

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	5.9%
Tencent Holdings Limited	3.8
Samsung Electronics Co., Ltd.	3.5
Reliance Industries Limited	3.2
Alibaba Group Holding Limited	2.9
Bharti Airtel Limited	2.9
HDFC Bank Limited	2.7
Bajaj Finance Limited	2.5
ICICI Bank Limited	2.4
Yum China Holdings Inc.	2.1

Exposure by Country

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

	Percent of Net Assets
China	34.7%
India	34.4
Taiwan	7.4
Korea	6.8
Hong Kong	4.0
Japan	3.8
Indonesia	1.7
Thailand	1.0

Exposure by Market Cap: The Fund 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 Fund's median market cap was $15.1 billion, and we were invested 54.3% in giant-cap companies, 31.6% in large-cap companies, 7.0% in mid-cap companies, and 0.9% in small-cap companies as defined by Morningstar, with the remainder in cash.

Recent Activity

As this is our introductory Baron New Asia Fund letter, we will utilize this section to detail our investment philosophy and portfolio positioning across multiple themes and sub-themes that, in our view, differentiate the Fund from other Asia ex-Japan dedicated strategies. We seek to emphasize higher-growth, strategic and forward-looking investment opportunities that are consistent with Asia's pivot in economic development, growing embrace of innovation and intellectual capital, and shift toward greater reliance on domestic consumption. As part of our differentiated strategy, we will typically remain underweight traditional index heavyweights such as **Alibaba Group Holding Limited**, **Taiwan Semiconductor Manufacturing Company Ltd.**, **Samsung Electronics Co., Ltd.**, and **Tencent Holdings Limited**, which together account for over 20% of the MSCI AC Asia ex Japan Index. In our view, these are maturing businesses with longer-term growth and profitability potentially compromised due to regulatory concerns or the evolving relationship between the U.S. and China. The focus of the Fund is to identify and invest in the next generation of local industry leaders that are positioned to emerge as national champions. We believe many such companies are currently under the radar, and generally are smaller in size and market capitalization than typical companies populating the Index and/or peer portfolios. Many of our investments will typically be domiciled in mainland China and trade in the local A share market or are other growth-oriented businesses domiciled in India that are emerging as dominant players in their respective industry verticals. The Fund will also emphasize higher-growth and reform-oriented countries, with China and India comprising the majority of invested capital.

Accordingly, we anticipate that our China value-added theme will comprise a large percentage (12% to 15% as of 3/31/2022) of the portfolio, spanning across multiple investments in strategically important industries that align with China's policy agenda. China is pivoting from lower-value, capital intensive and export-oriented economic activity towards innovation and intellectual capital-based industries and development, particularly targeting advanced manufacturing and technology self-sufficiency. We have identified several sector verticals, which we categorize as sub-themes, that will be key beneficiaries and have populated the portfolio with entrepreneurial, best-in-class businesses with strong competitive moats that are emerging leaders and/or gaining market share. Our China value-added investments are categorized as follows:

- Semiconductors and their related ecosystem
- Advanced manufacturing/industrial
- Artificial Intelligence (AI)/automation/robotics
- SaaS/software/cloud
- Biotechnology/health care
- Sustainability/decarbonization/clean environment

As part of our China semiconductor sub-theme, we have made a few investments, most notably **NAURA Technology Group Co., Ltd.** and **Hua Hong Semiconductor Limited**. According to third-party estimates, China consumes over 25% of the world's semiconductor content (35% including exports), but accounts for only 6% of supply. The significant mismatch creates a structural, long-term opportunity for leading domestic semiconductor foundry and equipment players in China. NAURA is a leading Chinese supplier of semiconductor equipment, including etching, deposition, oxidation/diffusion, and cleaning. We expect that China's continued foundry capacity expansion will boost demand for NAURA's products. Furthermore, we estimate that China's semiconductor equipment localization rate is below 10%, providing NAURA with a long-term opportunity to continue capturing share from foreign suppliers. Hua Hong is China's second-largest foundry and is differentiated by its focus on specialty technology, particularly embedded memory and power discretes. The company's scale, track record of execution, unique process technology, flexible product solutions, and global customer base have allowed it to achieve faster revenue growth with less margin volatility than its local foundry peers. We believe Hua Hong will be a key beneficiary of China's semiconductor localization push over the next decade.

We have also initiated several positions in our China SaaS/software vertical, including **Yonyou Network Technology Co., Ltd.** and **Kingsoft Corporation Ltd.** China's software industry is at an early growth stage. In our view, slowing macroeconomic growth and rising labor costs will continue to drive Chinese companies toward technology adoption to increase operating efficiency. Furthermore, we expect the industry to benefit from government policy support, as IT and software will play a pivotal role in upgrading China's economy from labor-intensive to value-added industries. Yonyou is China's largest Enterprise Resource Planning (ERP) provider. The ERP market is significantly underpenetrated in China, and we believe that Yonyou will be a major beneficiary of Chinese enterprises' digital transformation and software localization. In our view, Yonyou will continue to gain market share from foreign ERP providers, while successfully transitioning to a subscription, cloud-based model, leading to increased recurring revenue and earnings visibility. Kingsoft is a leading Chinese office software, interactive entertainment, and cloud computing company. China's office software market is a duopoly between Kingsoft and Microsoft, with high barriers to entry. We believe this market will grow rapidly over the next decade, driven by increasing productivity software adoption by individuals and businesses, as well as steadily declining software piracy levels. In our view, Kingsoft will capture an outsized portion of this growth, given its strong product offering, cloud collaboration capabilities, and the shift towards domestic software providers.

We were also active in populating our China health care/biotechnology investments by building positions in **WuXi Biologics Cayman Inc.** and **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, among others. WuXi is China's largest outsourced manufacturer of biologics drug development with over 75% market share. The company is a key beneficiary of China's booming biotechnology industry as local biotechnology/pharmaceutical players are increasingly outsourcing development and manufacturing to trusted partners such as WuXi. The company has four key innovative technical platforms: 1) WuXiBody Bispecific platform; 2) WuXia (cell line development); 3) WuXiUP (continuous perfusion cell culture); and 4) WuXi Bio ADC, each of which provides a superior service offering to clients. We expect WuXi to deliver over 40% EBITDA growth per annum over the next three to five years. Mindray is China's leading medical devices manufacturer and distributor. The company is benefiting from growing demand for health care services and equipment in China and is gaining market share from multi-national players as various government policies encourage import substitution with high-quality local products and services. Mindray has a strong execution track record and invests meaningfully in R&D, which creates a sustainable competitive moat relative to peers. In our view, the company should generate 20% earnings growth over the next three to five years.

We are also excited about India as an investment destination driven by the implementation of several productivity enhancing economic reforms (GST, PLI, RERA, corporate tax cuts) by the Modi government over the past several years, which are now beginning to yield meaningful results. Such policy initiatives are accelerating formalization of the economy, yielding higher tax collections, attracting foreign direct investment, and driving financialization of household savings, all contributing to the foundation of our investment themes within India. In our view, India is entering a virtuous investment cycle that is further supported by growing domestic consumption owing to attractive demographics, a rising middle class, and growing disposable income. As a result, we believe India is well positioned to be the fastest growing major economy this decade. We are also enthusiastic about India's fast-growing digital ecosystem, which, in our view, is 10 to 15 years behind that of China and is powered by over 600 million (and growing) people who now have access to the internet/mobile broadband. We expect significant investment opportunities to evolve over time as the country's digital economy continues to flourish and scale. As of March 31, India comprised roughly 34% of the portfolio. Our principal investment themes within the country are as follows:

- Digitization
- India consumer finance
- Financialization of savings
- Supply-chain diversification
- Formalization of the economy

As part of our broad digitization theme, which includes e-commerce, logistics, AI, and cloud-related businesses across various countries and industry verticals, we initiated several investments in India, most notably **Reliance Industries Limited** and **Tata Communications Limited**. Reliance is India's leading conglomerate, with business interests in telecommunications, retail, oil refining, and petrochemicals. The company is fast transforming into a digital services platform, leveraging its broadband telco network to offer various internet and e-commerce services to its 400 million-plus mobile subscribers. In addition, Reliance is India's largest organized retailer with growing ambitions to become a dominant omnichannel player as it further scales its online and logistics/delivery capabilities. We believe earnings will sustain 20% growth over the next several years. Tata Communications is a leading enterprise solutions provider in India that also operates one of the largest sub-sea fiber networks across the globe. Over the past few years, the company has transformed from a voice service provider to a customized data enterprise solutions player, offering cloud connectivity, firewall security, VPN, among other high-growth digital services, with a primary focus on small and mid-sized clients.

We were also active in initiating positions in our India consumer finance theme, most notably **Bajaj Finance Limited** and **ICICI Bank Limited**. In our view, consumer credit in India remains underpenetrated, creating secular growth opportunities for best-in-class privately owned banks and financial institutions. Bajaj offers various financial services including consumer durables financing and housing loans, among other products. The company's data analytics platform is a key competitive advantage, which enables it to earn high risk-adjusted returns (ROEs can sustain at over 20%, in our view). Bajaj is fast transforming into India's largest fintech player by creating an ecosystem of apps offering credit, insurance, brokerage services, and wealth management, among many other new products and services. We expect Bajaj to grow earnings by roughly 25% to 30% over the next five years. ICICI is India's second largest private sector bank with a strong capital base and an attractive liability franchise. The company's profitability is improving due to favorable trends in consumer credit and asset quality. We are encouraged by management's focus on improving their customers' experience, partnering with fintech operators via an open architecture, and leveraging data analytics to better tailor product offerings and modernize its mobile banking app to serve customer needs better. We believe these initiatives will allow ICICI to gain share, improve efficiency, and narrow the valuation gap versus other high-quality, private-sector banks in India.

Beyond our China value-added and India-related holdings, we also seek to identify and invest in attractive growth businesses across Asia, particularly in Korea, Taiwan, Indonesia, and Thailand, several of which also stand to benefit from China's drive to achieve technology self-sufficiency. In addition, we are also enthusiastic regarding our sustainability theme, which, in our view, will be a multi-decade growth opportunity as world economies transition from fossil fuels to alternative forms of energy. While regulatory momentum varies across countries, corporate and industry leaders, institutional investors, and consumers are increasingly pivoting toward a lower carbon global footprint, often outrunning regulatory guidance or mandates. A notable investment in our sustainability theme is held through **Hyundai Heavy Industries Co., Ltd.** and **Korea Shipbuilding & Offshore Engineering Co., Ltd.** Hyundai Heavy is a subsidiary of Korea Shipbuilding and both trade publicly. Together they form the world's largest and most technologically advanced marine engine and shipbuilder, which is leading the transition away from diesel towards lower carbon emitting/lower cost LNG powered ships. In our view, the company, headquartered in South Korea, will be a key beneficiary of the "decarbonization of shipping," an industry with much progress to be made. Hyundai Heavy has technology leadership and a dominant market position in eco-friendly LNG dual fueled ships as well as first-mover advantage in next generation ammonia, methanol, and hydrogen shipbuilding. Due to this technological lead and intellectual property, we believe the company is poised to extract substantially greater pricing power and profitability than it has historically, which should also drive multiple expansion for investors. We expect tightening international maritime emission regulations to drive much higher demand for LNG-propelled, and ultimately, carbon-free ships for many years as much of the existing fleet must be replaced.

In addition to the themes highlighted above, we have also made several investments in our Asia consumer theme and actively seek to identify and populate new themes as opportunities arise.

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 exited the 30-plus years of post-Iron Curtain prosperity and peace dividend, 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, and we believe that forward-looking and thematic investors such as ourselves will have an advantage over others.

As portfolio managers of international and emerging market investment strategies, we have had a ground level view of the war in Ukraine as well as the sea change taking place. Vladimir Putin seeks a total victory in Ukraine, though 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 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.

3. A new global theme has emerged, which we have dubbed *Global Security*. The new paradigm requires a shift in capital allocation 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 highly 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 emerging market/Asian equities on a relative basis.

5. India, to us the most attractive of emerging market 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 international and emerging market 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 investors in Asia 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 that Russia de-escalate and seek 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 defer China's economic and equity-market recovery somewhat, in our view, the mid-March equity market capitulation represents a bottom for this asset class. We remain optimistic regarding the longer-term outlook for Asian 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.

Thank you for investing in the Baron New Asia Fund.

Sincerely,

Michael Kass and Anuj Aggarwal
Portfolio Managers

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

Risks: Non-U.S. investments may involve additional risks to those inherent in U.S. investments, including exchange-rate fluctuations, political or economic instability, the imposition of exchange controls, expropriation, limited disclosure and illiquid markets. In addition, 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. Government actions, bureaucratic obstacles and inconsistent economic reform within the Indian government have had a significant effect on the Indian economy and could adversely affect market conditions, economic growth and the profitability of private enterprises in India. The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

The discussions of the companies herein are not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this report reflect those of the respective portfolio manager only through the end of the period stated in this report. The portfolio manager's views are not intended as recommendations or investment advice to any person reading this report and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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The portfolio manager defines "**Best-in-class**" as well-managed, competitively advantaged, faster growing companies with higher margins and returns on invested capital and lower leverage that are leaders in their respective markets. Note that this statement represents the manager's opinion and is not based on a third-party ranking.

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