DEAR BARON NEW ASIA FUND SHAREHOLDER:

PERFORMANCE

Baron New Asia Fund (the "Fund") declined 12.22% (Institutional Shares) during the third quarter of 2022, while its principal benchmark index, the MSCI AC Asia ex Japan Index, declined 13.83%. The MSCI AC Asia ex Japan IMI Growth Index retreated 14.09% for the quarter. The Fund outperformed both its principal benchmark index and the all-cap growth proxy during the quarter, which was characterized by global weakness in both equities and bonds due to elevated inflation readings, rising rate-hike expectations, and a deteriorating outlook for global economic growth. The return of isolated lockdown measures in China triggered a reversal of the second quarter rally, while, in our view, India surprised with solid absolute and relative performance in a period of global weakness. We reiterate that China's macroeconomic, liquidity, and policy cycle has decoupled from that of the U.S./developed world, and that China-related equities likely experienced a capitulation phase in the spring of 2022, while we believe India has entered a virtuous cycle of growth and productivity attributed to the implementation of major economic reforms over the past several years. We remain optimistic regarding the relative performance potential of Asian equities when taking a multi-year, forward-looking view, and we anticipate material absolute returns as the Fed pivots toward an easing posture in the intermediate term. As always, we are 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 September 30, 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 ex Japan IMI Growth Index[1]
Three Months[3]	(12.25)%	(12.22)%	(13.83)%	(14.09)%
Nine Months[3]	(31.66)%	(31.47)%	(27.86)%	(31.95)%
One Year	(32.98)%	(32.79)%	(28.75)%	(33.01)%
Since Inception (July 30, 2021)	(26.79)%	(26.61)%	(26.49)%	(30.37)%

For the third quarter of 2022, we outperformed our primary benchmark, while also comfortably outperforming our all-cap growth proxy. During the quarter, Chinese equities underperformed on an absolute and relative basis, as market sentiment soured due to near-term challenges with the country's "Zero COVID" policy. As suggested in our previous letter, we continue to believe that China's COVID-related uncertainties are likely transitionary with many of our investments trading well below their fundamental intrinsic values. Growing concerns of a global slowdown and the relentless strength of the U.S. dollar owing to the perception that the Fed remains behind the curve also weighed on Asian equities. India stood out during the quarter, delivering both absolute and relative gains, owing to improving corporate earnings power supported by a resilient domestic economy that has successfully emerged from COVID-related disruptions. From a sector or theme perspective, strong stock selection in the Consumer Discretionary and Financials sectors contributed the majority of relative outperformance this quarter. Within Consumer Discretionary, our investments across multiple themes, namely digitization (**Coupang, Inc.** and **Zomato Limited**), India formalization of economy (**Titan Company Limited** and **Jubilant FoodWorks Limited**), and supply-chain diversification (**Dixon Technologies Ltd.** and **Amber Enterprises India Ltd.**), were key contributors to relative

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, 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.

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 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 market 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 foreign withholding taxes, which positively impact the performance results. The indexes are unmanaged. Index performance is not Fund performance; one cannot invest directly into an index.

2 The performance data does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

3 Not annualized.

performance. Solid stock selection in the Financials sector was primarily driven by our India wealth management/consumer finance-related holdings (**Bajaj Finance Limited**, **ICICI Bank Limited**, **SBI Life Insurance Company Limited**, **HDFC Bank Limited**, and **Max Financial Services Limited**). Favorable stock selection in the Communication Services sector, led once again by our digitization-related investments (**Bharti Airtel Limited** and **Tata Communications Limited**) also bolstered relative results. Finally, our cash position in a weak market also contributed to relative performance during the quarter.

Partially offsetting the above was adverse stock selection effect in the Industrials sector, mainly due to positions in our sustainability/ESG (**Hyundai Heavy Industries Co., Ltd.** and **Korea Shipbuilding & Offshore Engineering Co., Ltd.**) and China value-added (**Estun Automation Co., Ltd.**, **Zhejiang Dingli Machinery Co., Ltd.**, **Han's Laser Technology Industry Group Co., Ltd**, and **Jiangsu Hengli Hydraulic Co., Ltd.**) themes. Poor stock selection effect in the Information Technology sector (**GDS Holdings Limited**, **Kingdee International Software Group Co. Ltd.**, and **Hua Hong Semiconductor Limited**) also weighed on performance.

From a country perspective, our overweight position combined with solid stock selection in India was the largest contributor to relative performance this quarter. Our modest active exposure to Japan also bolstered relative results.

Somewhat offsetting the above was adverse stock selection in China, Taiwan, and Hong Kong along with our lack of exposure to Singapore. As expressed in our previous letters, we remain excited about our investments in India and will continue to opportunistically add to our highest conviction ideas during periods of heightened market volatility. We also remain optimistic about a recovery in our China holdings, as in our view, current stock prices do not fully reflect fundamental intrinsic value for many of our investments, especially within our China value-added theme and mainland A-share holdings.

Table II.
Top contributors to performance for the quarter ended September 30, 2022

	Percent Impact
Bajaj Finance Limited	0.50%
ICICI Bank Limited	0.34
Titan Company Limited	0.26
Coupang, Inc.	0.24
Bharti Airtel Limited	0.21

Bajaj Finance Limited is a leading, data-driven, non-bank financial company in India. Shares recouped prior losses driven by improving earnings visibility and growth prospects as Bajaj continued to scale its digital services platform. With its best-in-class management team and conservative risk management frameworks, we believe Bajaj is well positioned to benefit from growing demand for consumer financial services such as mortgages and personal and credit card loans.

ICICI Bank Limited is one of India's premier private sector banking institutions. Shares appreciated due to strengthening fundamentals for the banking industry. Indian banks are enjoying cyclical tailwinds reflected via stronger loan demand, benign asset quality, and stable margins. ICICI also benefited from a more favorable outlook given its investments in expanding digital capabilities, which may lead to more efficient client acquisition and better pricing power. We remain confident ICICI will be a long-term winner in the Indian banking space.

Titan Company Limited contributed during the quarter due to improving growth visibility and continued market share gains as the worst of the COVID-related disruptions appear to be over in India. As India's largest organized jewelry retailer, Titan is benefiting from accelerated industry consolidation as consumer preferences gravitate toward branded players with higher quality standards and integrity. We retain conviction due to Titan's superior product offerings, best-in-class management, and ability to gain further market share from unorganized players.

Coupang, Inc., the largest e-commerce platform in South Korea, contributed after reporting a sizable beat on second quarter earnings and raising annual EBITDA guidance. Upside was concentrated in e-commerce, where Coupang is now driving sequential margin expansion while maintaining a growth rate that is triple that of the industry average, lending credence to the investment case that Coupang will consolidate the fragmented e-commerce industry in Korea across both general merchandise and grocery, with healthy long-term margins to follow.

Bharti Airtel Limited contributed during the quarter driven by steady earnings performance and Bharti's completion of 5G spectrum auctions that should lead to additional market share gains. As India's dominant mobile operator, the company is benefiting from ongoing industry consolidation. In particular, Vodafone Idea, a key player and competitor, is on the verge of bankruptcy amid severe pricing pressure and an unsustainable balance sheet. We retain conviction as Bharti transforms into a digital services company and benefits from rising mobile tariffs.

Table III.
Top detractors from performance for the quarter ended September 30, 2022

	Percent Impact
Alibaba Group Holding Limited	–0.98%
Tencent Holdings Limited	–0.86
Taiwan Semiconductor Manufacturing Company Ltd.	–0.81
Hong Kong Exchanges and Clearing Limited	–0.57
Hyundai Heavy Industries Co., Ltd.	–0.52

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Group, which operates Alipay, China's largest third-party online payment provider. Shares of Alibaba declined this quarter given macroeconomic weakness across the company's business units. Longer term, we retain conviction that Alibaba will benefit from an improving macroeconomic environment and the ongoing growth in online commerce in China.

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 this quarter given broader macroeconomic concerns as well as potential weakness in gaming. Despite the near-term 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 from performance due to the global macroeconomic slowdown and 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 strong revenue growth over the next several years.

Hong Kong Exchanges and Clearing Limited operates the only stock exchange, futures exchange, and related clearinghouses in Hong Kong. Share weakness in the quarter reflected turnover volumes and listing fees that missed consensus, consistent with softer equity markets in China. The company also posted increased talent retention and technology expenses. We believe the company will gain attractiveness versus U.S. peers as a primary listing destination for major U.S.-listed Chinese ADRs and primary offerings, bringing higher volumes and earnings potential in the mid-term.

Hyundai Heavy Industries Co., Ltd. is the largest shipbuilder in the world. Shares declined due to weak quarter results and rising expectations of a global recession that would potentially impact demand. We expect continued strength in orders for liquified natural gas (LNG) carrier shipbuilding, LNG dual-fueled containerships, and tankers, where Korean shipbuilders have an oligopoly. Tightening regulations on carbon emissions worldwide should drive higher demand for LNG dual-fueled ships as well as carbon-free ammonia fueled ships.

Portfolio Structure

Table IV.
Top 10 holdings as of September 30, 2022

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Ltd.	4.7%
Bajaj Finance Limited	3.5
Reliance Industries Limited	3.1
Samsung Electronics Co., Ltd.	3.0
Alibaba Group Holding Limited	2.9
ICICI Bank Limited	2.9
Tencent Holdings Limited	2.8
Yum China Holdings Inc.	2.6
Bharti Airtel Limited	2.5
Baidu, Inc.	2.4

Table V.
Percentage of securities by country as of September 30, 2022

	Percent of Net Assets
India	34.5%
China	32.8
Korea	7.5
Taiwan	6.2
Hong Kong	5.8
Japan	3.1
Indonesia	2.7
Thailand	1.1
United States	0.3

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 third quarter of 2022, the Fund's median market cap was $10.8 billion, and we were invested 55.3% in giant-cap companies, 26.2% in large-cap companies, 11.1% in mid-cap companies, and 1.3% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the third quarter, we prioritized capital allocation toward our highest conviction ideas within existing themes while also increasing exposure to a few positions that were established in earlier periods. We highlight below some of our investments that, in our view, have the highest likelihood of material value creation going forward.

We increased exposure to our India wealth management/consumer finance theme primarily by adding to **Bajaj Finance Limited**, which is one of our highest conviction ideas and is the second largest position in the Fund. As a leading data-driven, non-bank financial company in India, the company is well positioned to benefit from growing demand for consumer financial services such as mortgages, personal and credit card loans, vehicle financing, and other related products. Consumer credit penetration in India is currently under 15% of GDP, which creates a multi-year growth opportunity for well-managed financial institutions such as Bajaj. CEO Rajeev Jain is a best-in-class leader who is fast transforming the company to become India's largest fintech player by leveraging its proprietary technology platform to create an omnichannel "supermarket of financial services." In our view, Bajaj is well positioned to generate 25% to 30% compound earnings growth over the next five years as it continues to gain market share from capital-constrained public sector banks while also deploying conservative risk management frameworks to generate superior risk-adjusted returns for shareholders.

As part of our digitization theme, we initiated a position in **Baidu, Inc.** The company is a leading Chinese artificial intelligence enterprise, which, in our view, is trading well below intrinsic value due to short-term economic and geopolitical uncertainties. We expect significant long-term upside given Baidu's strong competitive position across several of China's key growth industries. 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 from established social media and e-commerce platforms resulting from recent regulatory reforms regarding data interoperability. Beyond its core search business, Baidu has invested heavily in cutting-edge technologies including cloud, autonomous driving, smart devices, and AI semiconductor 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 that it is commercializing through partnerships with top-tier Chinese auto manufacturers. We expect the company to sustain solid double-digit earnings growth over the next three to five years.

We are also excited about our investment in **Estun Automation Co., Ltd.**, which forms part of our China value-added theme. Estun is China's leading domestic manufacturer of industrial robots, and, in our view, is the most advanced robotics player with a blue-chip customer base. According to our estimates, the company has pricing power and can command premiums of up to 20% relative to domestic competitors owing to its superior product offering and R&D capabilities. We believe Estun is well positioned to consolidate the domestic robotics industry and triple its market share to 12% by 2025, in a market that we expect to grow at least 15% per year over the same period. As a result, we anticipate Estun can achieve robust double-digit earnings growth over the next three to five years. The company's recent business performance is also impressive as industrial robot volumes grew by 50% despite industry volumes contracting by low double digits owing to COVID-related economic disruptions in China. Estun should also improve operating margins, driving return on equity from current mid-single digits towards 20% over time as a result of economies of scale, increased vertical integration, and localization of supply chains.

Finally, we added to several other existing positions during the quarter, including **Godrej Consumer Products Limited**, **HDFC Bank Limited**, **Silergy Corp.**, **Jubilant FoodWorks Limited**, and **Alibaba Group Holding Limited**. During the quarter, we also exited positions in **Will Semiconductor Co., Ltd.**, **NAURA Technology Group Co., Ltd.**, and **Xiaomi Corporation**.

Outlook

In our previous letter, we highlighted a perceived transition in global market sentiment from fearing inflation to fearing recession. We believed we were likely passing through peak inflation expectations, but inflation fears returned with vigor late in the third quarter. Intermediate-term forward-looking inflation indicators, such as energy and commodity prices, two- and five-year breakeven inflation readings, goods inventories, and shipping rates imply that the recent panic over inflation may be misguided. In our view, the spike in bond yields and the reversal of equity prices during the quarter was less driven by the actual inflation data, than it was driven by the Fed's fixation on backward-looking data points and the concurrent and rising likelihood that they may commit another policy error. In other words, after failing to be data dependent during the post-COVID recovery and keeping rates too low for too long, the Fed has abruptly hiked rates and now appears to lack patience, focusing squarely on the rearview mirror as inflation reports are notoriously lagging indicators. As financial market participants increasingly perceive a rising likelihood of over tightening and the near certainty of a global recession, a lack of confidence in the Fed has exacerbated the recent retreat in equities as well as relentless U.S. dollar strength. In support of our view, we note that U.S. one-year breakeven inflation expectations entered the quarter at 4.28% and steadily declined to 1.72% at quarter end, hardly a level that should require the Fed to further escalate rate-hike expectations.

While rising interest rates can take time to impact the real economy and inflation readings via curtailing demand, consumption, and investment, tightening financial conditions often have a more immediate impact on the financial economy. In the last days of the quarter, we began to surmise that regardless of current intentions, Fed hawkishness is likely reaching a zone of practical constraint. The spectacular decline of the British pound, stress on the integrity of British pension funds and other long-duration investment pools, scrutiny around Credit Suisse Group AG, and an acceleration in U.S. dollar currency appreciation and real interest rates are all signals that we have entered an elevated financial risk scenario. Without a more flexible Fed, financial contagion is increasingly likely. In financial markets, bad news can be "good news," as we believe this elevated financial risk can now act as a constraint on the Fed and provoke the patience that seemed unlikely just several weeks ago. Just as it appeared to us that the Fed was locked on course to a policy error, the markets' discounting of this reality began to trigger financial instability, which suggests that we are now likely at or near peak hawkishness. We are carefully watching for a peak in the U.S. dollar, real interest rates, and sovereign bond yields for confirmation, which would also suggest a peak in equity risk premium and a likely trough in earnings multiples.

While the global rate-hike cycle will certainly impede economic growth and curtail corporate earnings, we reiterate that this tightening began much earlier in many Asian and emerging market (EM) jurisdictions, while COVID-related stimulus there was also much more measured. As such, we believe the adjustment to both interest rates and earnings expectations is more advanced for such economies, while the inflation impulse is generally more measured. China, the largest Asian economy, has already embarked on an easing campaign. If we are correct that we are experiencing peak hawkishness, then a coincident peak in the U.S. dollar would likely trigger improving relative performance of Asian and other EM equities. We are encouraged that after this month's Party Congress in China, authorities will likely begin to emphasize vaccination and perhaps lay the groundwork for the eventual emergence from its "Zero COVID" policy, which has impaired economic activity and earnings power while overwhelming China's easing measures over the past year. As we look to 2023, we believe China stands out as a jurisdiction with perhaps the most likely prospect for earnings stabilization and recovery, which would further support EM equities in a period of widespread global earnings weakness. The Indian economy, equities, and corporate profits have demonstrated unusual resiliency in a global context, which we attribute to the productivity reforms unleashed in recent years, and we anticipate even stronger growth when global liquidity and financial conditions normalize. In the longer term, we believe that Asia's relative performance is a story of relative earnings growth and valuation, and we believe both are at trough levels given fundamental developments within these economies as well as the global capital investment cycle that is necessary to fund the new priorities of global security, de-globalization, and sustainability. In short, we believe now is a time to take a contrarian view of Asian and EM equities.

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 the Funds' 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.

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