DEAR BARON NEW ASIA FUND SHAREHOLDER:

PERFORMANCE

Baron New Asia Fund (the "Fund") gained 6.60% (Institutional Shares) during the final quarter of 2022, while its principal benchmark index, the MSCI AC Asia ex Japan Index, returned 11.35%. The MSCI AC Asia ex Japan IMI Growth Index gained 11.30% for the quarter. In a year where growth stocks, in particular, suffered under rising interest rates and deteriorating liquidity conditions, the Fund declined 26.94%, while the MSCI AC Asia ex Japan Index retreated 19.67% and the MSCI AC Asia ex Japan IMI Growth Index lost 24.26%. The Fund underperformed both its principal benchmark index and the all-cap growth proxy during a strong fourth quarter for Asian equities, largely due to its significant overweight position in India, as stocks in this jurisdiction reversed a portion of their outperformance earlier in the year. In our previous letter, we surmised that we were likely passing through peak hawkishness; and as suggested, the fourth quarter featured a shift in sentiment regarding inflation expectations and anticipated central bank aggression, which was a primary catalyst for the global rally. Volatility remained elevated, as Asian equities, particularly those most sensitive to China, experienced a wave of selling early in the quarter over the country's unpopular adherence to the zero-COVID policy as well as unexpected changes to the Politburo standing committee, which abruptly reversed as the government's new leadership rolled out significant easing and stimulus measures and began to dismantle its zero-COVID measures. In our view, this vector change leaves China as the global jurisdiction with the highest likelihood of earnings expansion and outperformance relative to expectations as we enter 2023, while China's reopening would also marginally offset deteriorating global growth conditions. We believe that evolving macroeconomic conditions, relative valuations, and relative earnings prospects suggest that emerging market (EM) equities, a majority of which are domiciled in Asia, are likely positioned for a multi-year phase of outperformance. 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 December 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 ex Japan IMI Growth Index[1]
Three Months[3]	6.47%	6.60%	11.35%	11.30%
One Year	(27.24)%	(26.94)%	(19.67)%	(24.26)%
Since Inception (July 30, 2021)	(19.15)%	(18.92)%	(16.27)%	(19.95)%

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.

For 2022, we underperformed our primary benchmark, the MSCI AC Asia ex Japan Index, while also trailing our all-cap Asia ex Japan growth proxy. During the year, Asian equities were marked with increased volatility, in our view primarily due to near-term challenges related to China's zero-COVID policy, economic and geopolitical uncertainties arising from Russia's invasion of Ukraine, and stubbornly high inflation readings, which forced central bankers to tighten aggressively. India broadly outperformed its Asian peers owing to a recovery in corporate earnings power supported by a resilient domestic economy that has successfully emerged from COVID-related disruptions. From a sector or theme perspective, adverse stock selection effect in the Information Technology sector, most notably from investments in our China value-added (**Yonyou Network Technology Co., Ltd.**, **Will Semiconductor Co., Ltd.**, **Silergy Corp.**, and **ACM Research, Inc.**) and digitization (**GDS Holdings Limited**, **Tokyo Electron Limited**, and **Xiaomi Corporation**) themes was a key driver of underperformance during the year. Poor stock selection in the Industrials sector (**Han's Laser Technology Industry Group Co., Ltd.**, **China Conch Environment Protection Holdings Limited**, **Zhejiang Dingli Machinery Co., Ltd.**, and **China Conch Venture Holdings Ltd.**) was another drag on performance. Adverse allocation and stock selection effects in Financials (**Lufax Holding Ltd** and **Max Financial Services Limited**) and Health Care (**Divi's Laboratories Limited**, **Hoya Corporation**, and **Zai Lab Limited**) also stood out as detractors. Partially offsetting the above, our cash position in a weak market environment was a positive contributor to relative performance during the year.

From a country perspective, for calendar year 2022, poor stock selection in China and India drove the vast majority of relative underperformance, though we attribute a good portion of this underperformance to our growth bias in a very difficult year for growth equities worldwide. In our view, the weakness in China was primarily driven by near-term earnings disruption pertaining to the country's zero-COVID policy. As illuminated elsewhere in this letter, we expect our China investments to stage a solid recovery in the year ahead as the worst of COVID-related disruptions are now likely behind us and a new easing and stimulus cycle has taken shape. In our view, despite a late-year rally, current market prices remain well below fundamental intrinsic value for many of our investments. Within India, and among other markets, growth equities broadly underperformed economically sensitive and commodity-oriented stocks in a rising rate environment, which weighed on relative results during the year. Partly offsetting the above was positive allocation and stock selection effect in Korea.

For the fourth quarter, we underperformed our primary benchmark as well as our all-cap growth proxy. Our large overweight positioning together with adverse stock selection in India were the key detractors from relative performance. We are not surprised by a retracement of prior period relative gains in our India holdings and remain excited about long-term opportunities in the country as landmark economic reforms implemented by the Modi administration are now supporting higher sustainable GDP growth while also accelerating formalization and digitization of the economy. Weak stock selection and allocation effect in Korea coupled with cash exposure in a market rally also detracted from relative results during the quarter. From a sector or theme perspective, poor stock selection effect in Financials, primarily driven by investments in our India wealth management/consumer finance theme (**Bajaj Finance Limited**, **SBI Life Insurance Company Limited**, **Max Financial Services Limited**, and **ICICI Bank Limited**), was a key detractor from relative performance during the quarter. Adverse stock selection in the Consumer Discretionary sector (**Jubilant FoodWorks Limited**, **Titan Company Limited**, and **Amber Enterprises India Ltd.**) also weighed on relative results. Closing the year, we are cautiously optimistic about the increasingly attractive risk-reward return potential for Asian equities as we enter 2023.

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

	Percent Impact
Samsung Electronics Co., Ltd.	0.73%
Tencent Holdings Limited	0.59
Taiwan Semiconductor Manufacturing Company Limited	0.56
AIA Group Limited	0.54
Kingdee International Software Group Company Limited	0.45

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** increased during the quarter due to investor expectations of a stabilization in DRAM and NAND prices heading into 2023. We are confident Samsung will remain a global leader in memory, smartphones, and foundry services and a major beneficiary of long-term semiconductor demand growth.

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 up this quarter, given improving macroeconomic conditions, the end of China's zero-COVID policy, and slowing regulatory activity in China. 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 Limited** contributed in the fourth quarter due to easing geopolitical concerns and expectations for a demand recovery later in 2023. We retain conviction that Taiwan Semi's technological leadership, pricing power, and exposure to secular growth markets, including high-performance computing, automotive, 5G, and IoT, will allow the company to sustain strong earnings growth over the next several years.

AIA Group Limited is the largest pan-Asian life insurance company operating in over 18 Asian markets. Shares of AIA rose during the quarter as the Chinese government started relaxing zero-COVID restrictions, improving the outlook for new policy sales and growth in new business value. AIA also benefited from rising global interest rates, which boost expectations for investment income. We believe AIA is best placed to capture the significant growth opportunity in life insurance products in Asia, given its large agency distribution network, brand name, and strong balance sheet.

Kingdee International Software Group Company Limited, a leading Chinese enterprise resource planning (ERP) software company, contributed in the fourth quarter on an improving macroeconomic growth outlook and expectations for increased enterprise software spending. We believe Kingdee will be a key beneficiary of Chinese enterprises' digital transformation and software localization. We expect Kingdee to take market share from foreign ERP providers while transitioning to a subscription, cloud-based model, leading to increased recurring revenue and earnings visibility.

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

	Percent Impact
Kweichow Moutai Co., Ltd.	–0.48%
Bajaj Finance Limited	–0.38
Baidu, Inc.	–0.28
GDS Holdings Limited	–0.24
Jubilant FoodWorks Limited	–0.23

Kweichow Moutai Co., Ltd., owner of China's most valuable domestic spirits brand, detracted on investor concerns that rolling COVID-related lockdowns and a slowdown in China's property sector may reduce high-end consumption. We exited our position.

Bajaj Finance Limited, a leading non-bank financial company in India, detracted from performance largely as a result of anticipated weakness in near-term earnings growth owing to a broad slowdown in consumer discretionary. We retain conviction in Bajaj due to its best-in-class management team, robust long-term growth outlook, and conservative risk management frameworks. We think the company is well positioned to benefit from the growing demand for consumer financial services such as mortgages, personal and credit card loans, among other related products.

Shares of **Baidu, Inc.**, a leading Chinese artificial intelligence company, fell in the fourth quarter due to geopolitical uncertainties and COVID-related lockdowns. We retain conviction that Baidu will deliver strong earnings growth over the next several years, driven by the secular growth in digital advertising, market share gains in cloud computing, continued progress in autonomous vehicle development, and improving operational efficiency.

GDS Holdings Limited is a leading Chinese data center operator within Tier 1 cities. Shares fell due to a customer churn event and continued COVID-related lockdowns impacting the pace of customer move-ins. We exited our position during the quarter.

Jubilant FoodWorks Limited, the master franchisee for Domino's Pizza in India, detracted from performance due to near-term earnings weakness owing to escalating raw material costs and a general slowdown in discretionary consumption in India. We retain conviction in Jubilant given its dominant positioning in the pizza category (70% market share) along with upside optionality from recently launched categories such as fried chicken (Popeye's brand) and biryani (Hong's Kitchen).

Portfolio Structure

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

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	5.3%
Samsung Electronics Co., Ltd.	3.7
Tencent Holdings Limited	3.4
Alibaba Group Holding Limited	3.0
Reliance Industries Limited	3.0
Bajaj Finance Limited	2.8
ICICI Bank Limited	2.7
HDFC Bank Limited	2.4
Bharti Airtel Limited	2.2
Yum China Holdings Inc.	2.1

Exposure by Country

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

	Percent of Net Assets
China	33.5%
India	30.5
Taiwan	8.2
Korea	7.7
Hong Kong	5.6
Japan	3.4
Indonesia	3.3
Thailand	1.4
United States	0.1

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 companies of all sizes in Asia can exhibit attractive growth potential. At the end of the fourth quarter of 2022, the Fund's median market cap was $11.1 billion, and we were invested 56.2% in giant-cap companies, 31.1% in large-cap companies, 5.7% in mid-cap companies, and 1.0% in small- and micro-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the fourth quarter, we added a few new investments toward existing 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 adding to our EM consumer theme, most notably by initiating a position in **China Mengniu Dairy Co. Ltd.**, a leading player in China's dairy industry with an approximate 30% share in the liquid milk market. The company is vertically integrated and owns a significant portion of China's scaled dairy farms, which creates high barriers to entry and limits competition from smaller players. Given its core focus on product safety and its leading brand recognition, Mengniu is a beneficiary of industry consolidation driven by the Chinese government in the aftermath of the 2008 Melamine crisis. The company's ongoing product mix shift and premiumization strategy should also aid margin improvement and market share gains. Mengniu is led by CEO Lu Minfang who has a proven track record of value creation at several multi-national companies, including Danone, Johnson & Johnson, and General Electric. We believe Mengniu's largest shareholder, China's state-owned food processing company (COFCO), safeguards corporate governance. We expect Mengniu to sustain mid-teens earnings growth over the next three to five years while maintaining its best-in-class industry position.

During the quarter, we also increased exposure to our global security theme by initiating an investment in **Delta Electronics, Inc.** Based in Taiwan, Delta is a leading global supplier of power storage components, automation equipment, and electric vehicle (EV) components. Over the past three years, Delta has been proactive in diversifying its supply chain by relocating its manufacturing locations away from China and into Thailand and India. Against the backdrop of escalating U.S.-China trade tensions and geopolitical risk, we view Delta as a prime beneficiary of supply-chain diversification. The company also benefits from several ongoing secular growth opportunities, including global deployment of 5G networks, industrial automation, and robotics. In addition, Delta holds a leading 10% share in the global EV charging and power electronics market. In our view, exposure to this high-growth category provides increased earnings visibility as Delta's EV business scales up over the medium to long term. In our view, Delta is well positioned to generate mid-teens earnings growth over the next three to five years.

As part of our China value-added theme, we initiated a position in **Glodon Company Limited**, the leading Chinese construction software provider. In our view, the company is uniquely positioned to benefit from increasing software penetration in the construction industry, which is the least digitized in China. Glodon's cost estimation solution has a dominant competitive position, with over 70% market share, and is undergoing a successful transition to a subscription, cloud-based model, which enhances earnings visibility. The company is also rapidly expanding in the construction management market, which is at an early growth stage in China. We expect that Glodon's differentiated solutions, which are driving significant productivity gains in China's huge construction and infrastructure markets, and its expanding operating margins, driven by increased scale and operational efficiency improvements, will allow the company to generate strong double-digit earnings growth over the next several years.

During the quarter, we also added to our sustainability/ESG theme by initiating an investment in **PT Merdeka Copper Gold Tbk**, an Indonesian metals & mining company. Merdeka's primary asset, the Tujuh Bukit Porphyry project, has the second largest copper deposits in Indonesia. We are bullish on the long-term growth outlook for copper and expect a multi-year supply deficit driven by a structural increase in demand from EVs, among other industries. EVs on average require four times the amount of copper compared to traditional ICE vehicles, while wind/solar power plants use five times the copper per megawatt compared to conventional power plants. We are also positive on the outlook for nickel, a critical element used in high-performance batteries. Merdeka recently announced the acquisition of the world's largest undeveloped nickel and cobalt deposits, potentially accounting for the third largest nickel resource in the world. Merdeka also announced a strategic partnership with China's CATL, the world's largest battery manufacturer, which adds further credibility to the story.

Finally, we added to several of our existing positions during the quarter, most notably **Jiangsu Hengli Hydraulic Co., Ltd.**, **Taiwan Semiconductor Manufacturing Company Limited**, **Samsung Electronics Co., Ltd.**, **Shenzhen Mindray Bio-Medical Electronics Co., Ltd.**, **China Tourism Group Duty Free Corporation Limited**, **Midea Group Co., Ltd.**, and **JD.com, Inc**.

During the quarter, we also exited several positions, including **Kweichow Moutai Co., Ltd.**, **Edelweiss Financial Services Limited**, **China Conch Environment Protection Holdings Limited**, **ICICI Lombard General Insurance Company Limited**, and **GDS Holdings Limited**.

Outlook

In our third quarter letter, we suggested that Fed hawkishness was likely reaching a zone of practical constraint, as, in our view, investors believed that the Fed's impatience with backward-looking and elevated inflation readings would manifest as a policy error and/or trigger financial instability. We suggested that a peak in the U.S. dollar, real interest rates, and sovereign bond yields would likely signal the passing of peak hawkishness and result in moderating equity risk premia and a trough in earnings multiples. We believe the fourth quarter of 2022 has likely confirmed the prediction above, and as we stated in our last letter, these conditions suggest to us that we are entering a sustainable period of EM/emerging Asian equity outperformance. While a global earnings contraction remains a possibility, we believe the combination of macroeconomic conditions, relative valuations, and relative earnings prospects warrant that forward-looking investors should begin to rebalance portfolios. In our view, now is the time to take a contrarian view of ex-U.S. investments.

While the fourth quarter concluded with solid global equity returns, the quarter was nonetheless characterized by high volatility, particularly in EM. Early in the quarter, disappointment with China's adherence to its zero-COVID policy, as well as unexpected changes to the Politburo standing committee, triggered a second capitulation in equities, only to be fully reversed when authorities abruptly unveiled aggressive easing and stimulus measures and signaled the dismantling of zero-COVID. We believe this market capitulation represents a bottom in China equities, and, in our view, further confirms the likelihood that emerging Asian equities are positioned for an improvement in relative performance. From the end of October to year end, the MSCI AC Asia ex Japan Index outperformed the S&P 500 Index by approximately 19%, and this outperformance has continued into the new year. In the near term, we believe China is the global jurisdiction with the greatest likelihood of earnings recovery and outperformance, triggered by the previously mentioned post-COVID economic reopening and coincident large-scale easing and stimulus measures. In contrast, while the U.S./global economy is likely moving past peak hawkishness, we expect an extended period of slowing economic growth and earnings vulnerability while awaiting the next Fed easing cycle. In other words, while the global markets are likely reaching a trough in earnings *multiples,* we are now entering an undefined period of uncertainty for U.S./global earnings power, and the unresolved question will shift to whether the Fed will wait too long to pivot to an easing bias.

Notwithstanding the recent outperformance noted above, we enter 2023 with U.S. equities trading at a near record high relative to EM equities and facing an elevated risk of earnings disappointment, while EM equities in aggregate are trading near a 25-year low relative to U.S. equities and, in our view, stand poised for an improving relative economic and earnings outlook. Over the intermediate and longer term, while a mean reversion in relative valuation is enough to suggest material outperformance, it is a marked improvement in relative earnings expectations that will trigger sustained and unexpected outperformance. As we have outlined in previous communications, we believe the principal catalysts for improving EM and international relative earnings expectations will be the global capital investment cycle that is required to fund deglobalization, supply-chain diversification, sustainability, and energy, commodity, and agricultural security; India's productivity initiatives reaching escape velocity and driving a virtuous investment cycle; and China's pivot to value-added economic activity. We believe we are at or near a final top in the 14-year, extended U.S. dollar bull market and expect that a subsequent period of stronger EM and international currencies and stable or moderating bond yields will prove stimulative to consumption and investment in these jurisdictions. In short, we reiterate that we believe now is a time to take a contrarian view of the EM/emerging Asia equity asset class.

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.

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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