



Emerging Markets and International Equities Update Call

Hosted by Michael Kass

Thursday, February 6th at 4:15pm EST

Dial-in 1-866-966-5335 Participant passcode Baron123

Please join us for a call with Michael Kass, Portfolio Manager of Baron Emerging Markets Fund ([BEXIX](#)) and Baron International Growth Fund ([BINIX](#)). Michael will be discussing his current thinking on emerging markets and international equities, including the macro environment, his outlook, and where he is finding investment opportunities. Click [here](#) to add the call to your calendar.

To submit a question

We invite you to submit questions at any time prior to or during the call by emailing us at questions@baronfunds.com. Questions selected for the Q&A will be at our discretion. We will attempt to answer as many questions as possible.

To listen to replay

If you are unable to join the call, you may dial 1-866-595-5357, Passcode 2489104# to listen to a replay.

If you would like to learn more about Baron Funds and the funds Michael manages, please visit www.baronfunds.com or reply to this email to schedule a meeting or call with your Baron Funds Regional Director.



Michael Kass

Michael joined Baron in 2007 as a portfolio manager and has 31 years of research experience. From 2003 to 2007, Michael was a managing principal of Artemis Advisors, which he formed to acquire the Artemis Funds, a long-short equity strategy he co-founded in 1998. From 1993 to 2003, Michael worked at ING as a director of proprietary trading and was named senior managing director and portfolio manager in 1996. From 1989 to 1993, he worked at Lazard Frères as an associate in investment banking. From 1987 to 1989, Michael worked at Bear Stearns as

a corporate finance analyst. Michael graduated summa cum laude from Tulane University with a B.A. in Economics in 1987.

Investors should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus and summary prospectus contain this and other information about the Fund and can be obtained from the Fund's distributor, Baron Capital, Inc., by calling 1-800-99BARON or visiting www.BaronFunds.com. Please read them carefully before investing.

The discussion of market trends is not intended as advice to any person regarding the advisability of investing in any particular security. The views expressed in this presentation reflect those of the respective speaker. Some of our comments are based on management expectations and are considered "forward-looking statements." Actual future results, however, may prove to be different from our expectations. Our views are a reflection of our best judgment at the time and are subject to change at any time based on market and other conditions and Baron has no obligation to update them.

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

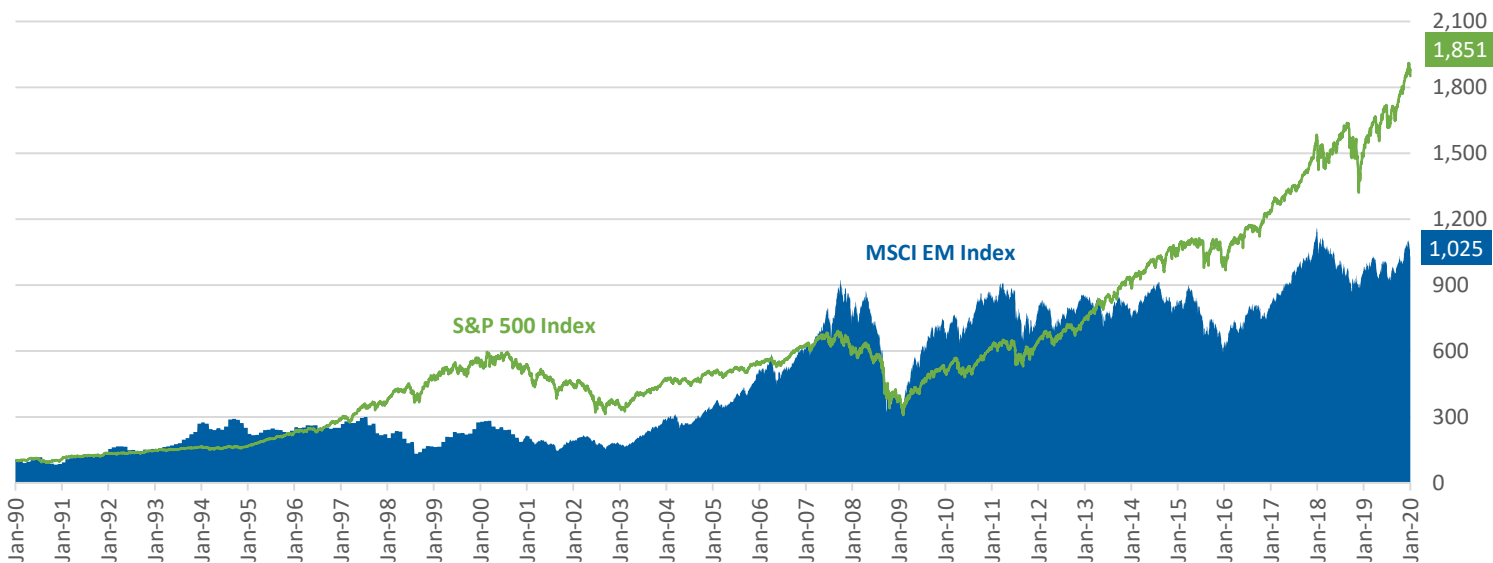
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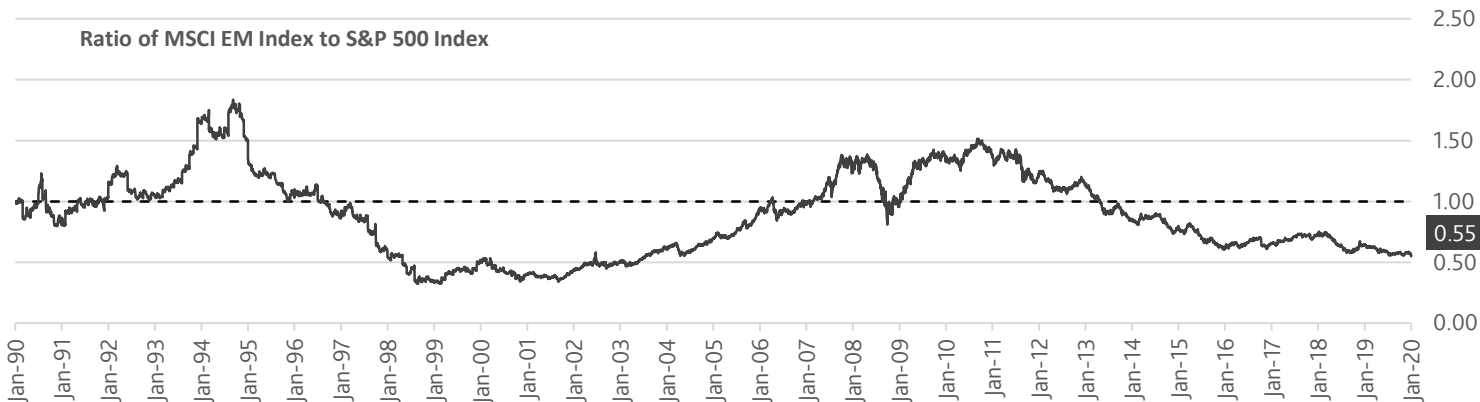
Are EM Equities Poised to Outperform?

January 31, 2020

EM Equities Have Lagged U.S. Equities in Recent Years



Ratio of MSCI EM Index to S&P 500 Index



We believe now may be an ideal time to invest in emerging markets equities

- Relative performance of EM equities vs. U.S. equities has historically been cyclical

EM equities have lagged U.S. equities over the last few years

The performance cycle may be due for a reversal in favor of EM equities

Source: FactSet, Baron Capital

Note: Index performance includes dividends. The performance of the MSCI EM Index is gross, in USD

RISKS: In addition to the general stock market risk that securities may fluctuate in value, investments in developing countries may have increased risks due to a greater possibility of settlement delays; currency and capital controls; interest rate sensitivity; corruption and crime; exchange rate volatility; and inflation or deflation.

The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

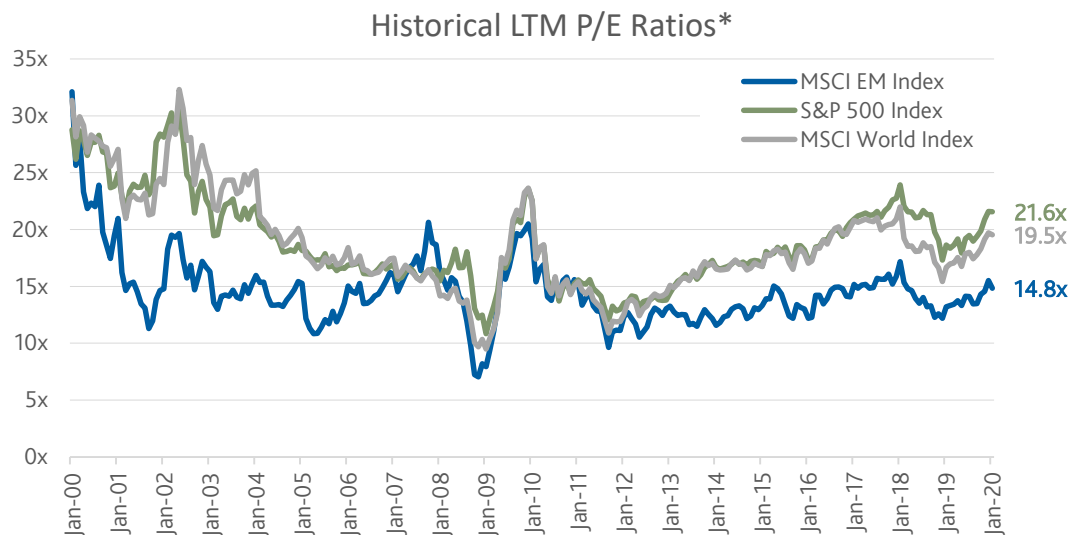
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Are EM Equities Poised to Outperform?

January 31, 2020

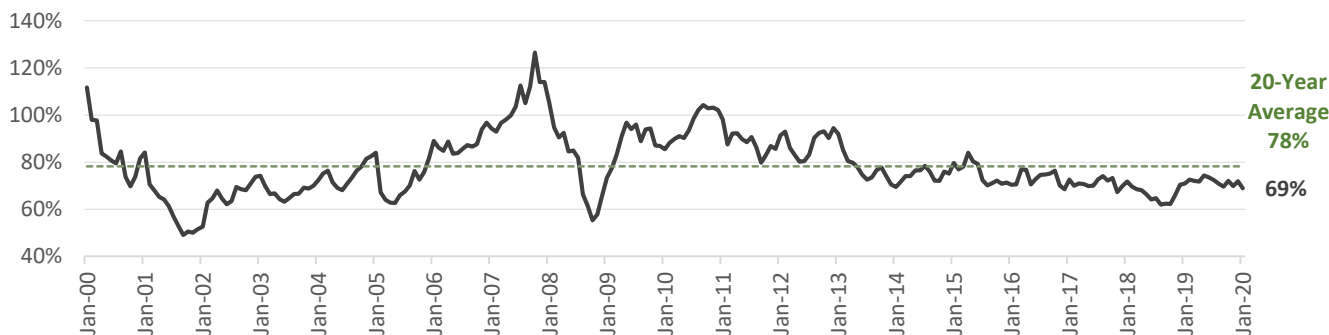


Sources: FactSet Market Aggregates, Baron Capital
*Last 12 months

We believe now may be an ideal time to invest in emerging markets equities

- Current P/E ratio for EM equities is 14.8x vs. 19.5x for developed markets equities and 21.6x for U.S. equities
- Current P/E ratio for EM equities is 69% of U.S. equities vs. historical average of 78%

P/E Ratio for EM Equities as Percent of U.S. Equities*



Source: FactSet, Baron Capital
** Last 12 months P/E of MSCI EM Index as % of last 12 months P/E of S&P 500 Index

Price/Earnings Ratio (trailing 12-months): is a valuation ratio of a company's current share price compared to its actual earnings per share over the last twelve months. If a company's actual EPS is negative, it is excluded from the portfolio-level calculation.

MSCI Emerging Markets Index is an unmanaged float-adjusted market capitalization index designed to measure equity market performance of large and mid cap securities in the emerging markets. The **MSCI World Index** is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets.

S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. The index performance is not fund performance; one cannot invest directly into an index.

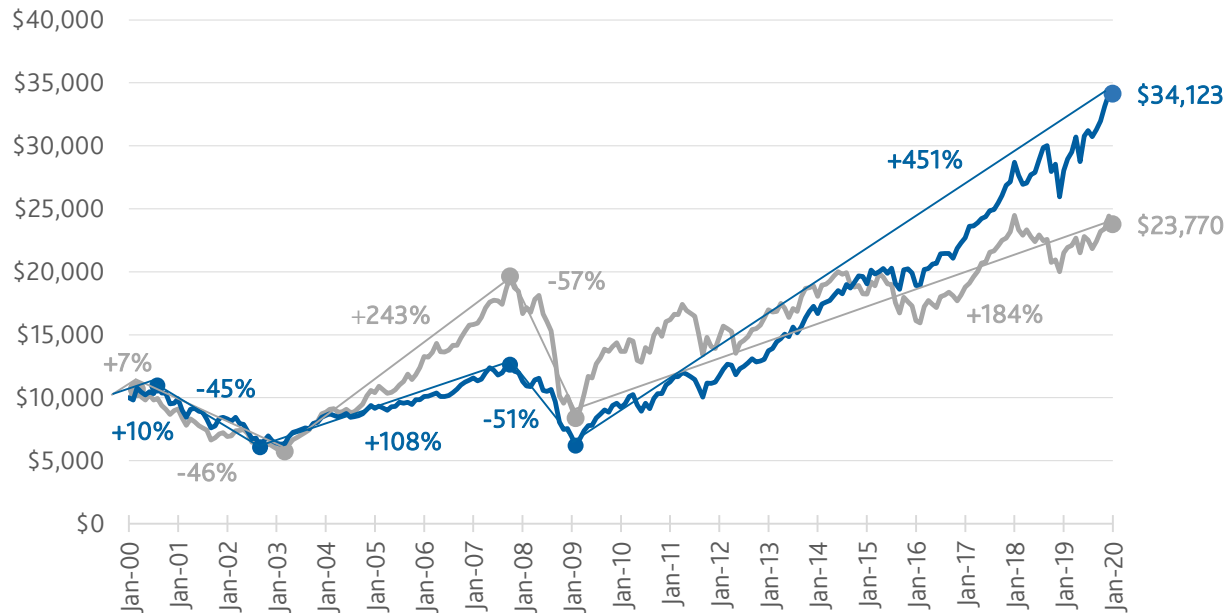


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Are International Stocks Poised to Outperform?

January 31, 2020

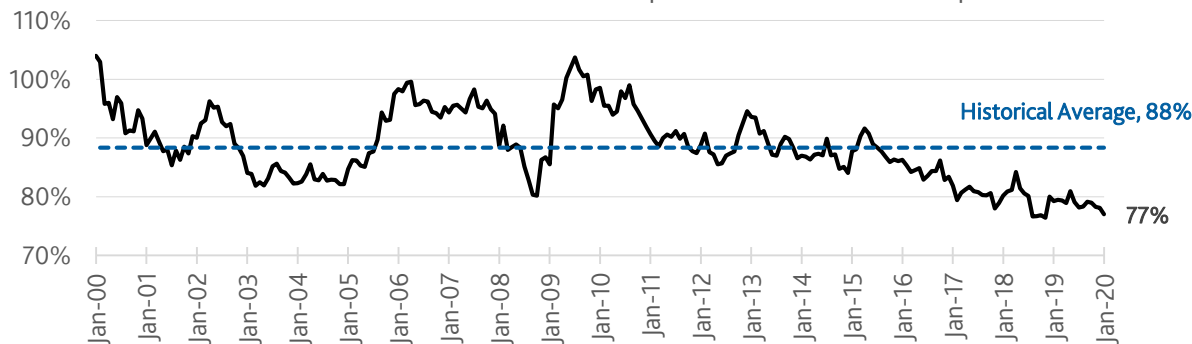
U.S. Equity vs. International Equity Growth of \$10,000



Source: FactSet, Baron Capital.

Note: Index performance includes dividends. The performance of the MSCI ACWI ex USA Index is gross, in USD

P/E Ratio for International Equities as Percent of U.S. Equities*



Sources: FactSet Market Aggregates, Baron Capital.

*Next 12 months of MSCI ACWI ex USA Index as % of next 12 months P/E of S&P 500 Index.

Price/Earnings Ratio is a valuation ratio of a company's current share price compared to its estimated earnings per share over the next twelve months.

We believe now may be an ideal time to invest in international equities.

- The performance cycle may be due for a reversal in favor of international equities and valuations are attractive
- Current P/E ratio for international equities is 77% of U.S. equities vs. its historical average of 88%
- Current P/E ratio for international equities is 13.9x vs. 18.0x for U.S. equities

	Current P/E	20-Yr Average
S&P 500 Index	18.0x	15.5x
MSCI ACWI ex USA Index	13.9x	13.7x
As % of U.S. P/E	77%	88%



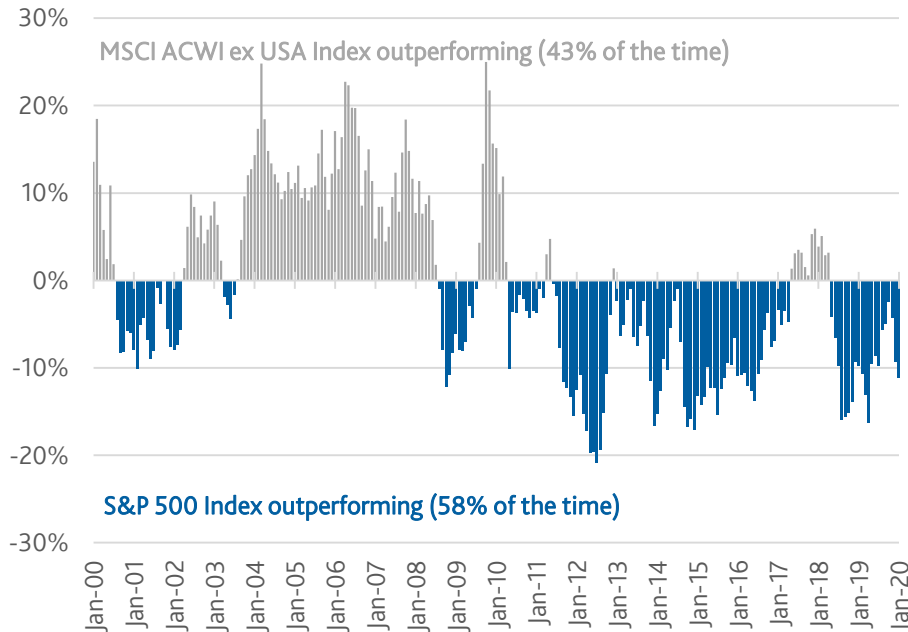
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Are International Stocks Poised to Outperform? (cont'd)

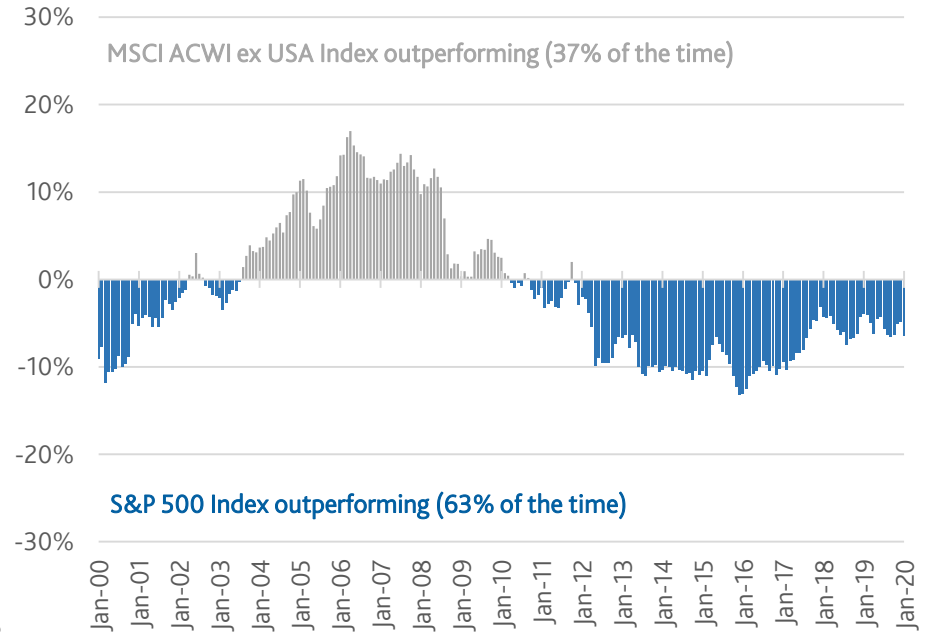
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Cyclical underperformance of international stocks may be due for reversal

1-Yr Rolling Annualized Excess Returns
S&P 500 Index vs. MSCI ACWI ex USA Index



3-Yr Rolling Annualized Excess Returns
S&P 500 Index vs. MSCI ACWI ex USA Index



Sources: FactSet, Baron Capital.

Note: Index performance includes dividends. The performance of the MSCI ACWI ex USA Index is gross, in USD.

The performance data quoted represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

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. This may result in greater share price volatility. 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.

MSCI ACWI ex USA Index measures the equity market performance of large- and mid-cap securities across developed and emerging markets, excluding the U.S. S&P 500 Index measures the performance of 500 widely held large-cap U.S. companies. The index performance is not fund performance; one cannot invest directly into an index.

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