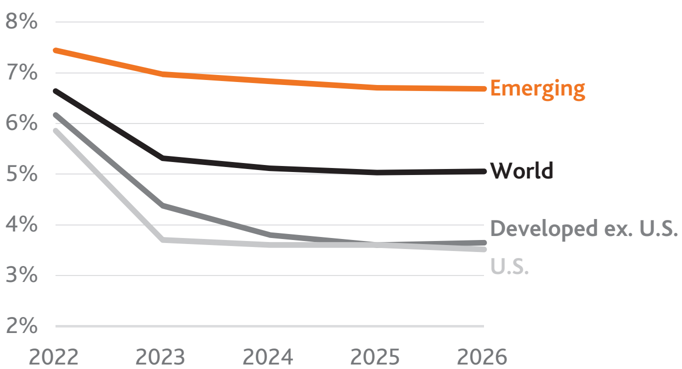
Every day for the past 18 months has been overly charged with uncertainty. The social and economic aftermath of the pandemic has been extraordinary, but the response and adaptability demonstrated by people and businesses around the world have been remarkable. The pandemic is not yet in the rear-view mirror, and we continue to face major challenges, including health care overloads, disruptions for employers and employees, and widespread supply chain issues. Nonetheless, we have become better at coping with the volatility and changes caused by COVID. No one knows what lies ahead, yet the efforts and recovery progress we see every day – in meetings and conversations with the companies we invest in and through general economic and business data – makes us feel optimistic about the future.

We recognize that many things are different after such massive global shock, and we anticipate some changes may be lasting. Yet, our main long-term investment premise remains unchanged – we expect, with no guarantees, that economies around the world will continue to grow at a solid pace over the coming decades, and equity markets will continue to present attractive investment opportunities. The latest data from the International Monetary Fund supports our premise. As shown in the charts below, developed and developing economies are expected to grow at a moderate to strong pace, and emerging economies are expected to increase their share of global GDP over the next five years, continuing the trend of the past 30 years.

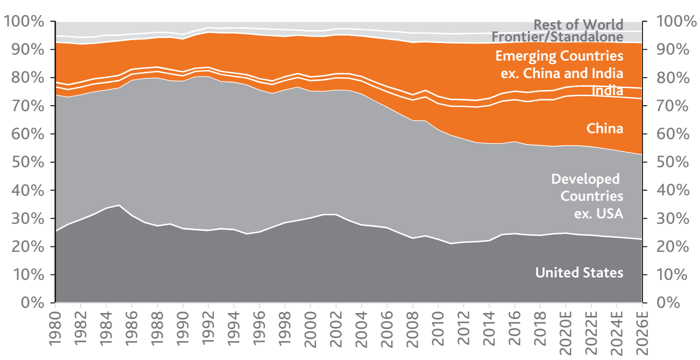
World GDP Is Expected to Grow at A Solid Pace…

Expected GDP Growth



…Driven By Developing Economies

Share of World GDP



Sources: GDP data from the International Monetary Fund, World Economic Outlook Database, April 2021. Country classifications from MSCI.

LINDA MARTINSON
CHAIRMAN, PRESIDENT AND COO

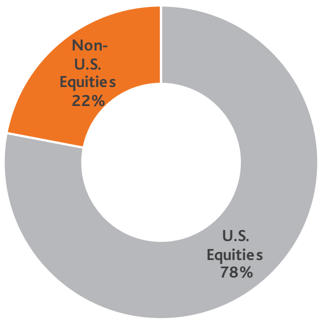
For over a decade, Baron has applied our long-term investment approach to non-U.S. equities. Until recently, we had three mutual funds dedicated to non-U.S./global equity investing. In July, we launched our fourth product, Baron New Asia Fund, a diversified portfolio which invests primarily in companies with significant growth potential in Asia.

Our commitment to our non-U.S. products is driven by our strong belief that there are attractive investments outside the U.S. While many U.S. companies are operating in non-U.S. markets, we believe that U.S. equities are not fully capturing the dynamics and secular growth trends in other economies.

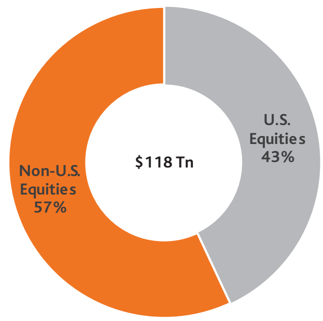
Investors tend to fall prey to home bias, a tendency to overinvest in their home country equities, which may result in missing out on the best investment opportunities across the world. U.S. investors are not an exception. According to research by J.P. Morgan, the average U.S. investor has about 78% of his or her equity allocation invested in U.S. stocks. At the same time, U.S. stocks represent less than half of the total value of all global public equities, and the U.S. represents less than 25% of global GDP, as shown on the next page.

U.S. Equity Investors Have a Home Bias

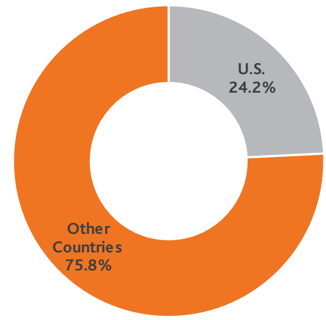
U.S. Investors
Average Equity Allocation
by Geography



Global Equity Market
Market Cap Distribution
as of 9/30/2021



World GDP Estimates
GDP Percent Share



Sources: U.S. investors average equity allocation data from J.P. Morgan (published 9/30/2021); market capitalization data from FactSet as of 9/30/2021; 2021 GDP estimates data from the International Monetary Fund, World Economic Outlook Database, April 2021.

In the past, higher transaction costs and inaccessibility made non-U.S. equity investing difficult and inefficient. Nowadays, these hurdles have been minimized, and investors have plenty of options to gain direct exposure to non-U.S. markets.

One of the key advantages of investing globally is diversification. Companies in different countries are positively or negatively affected by local changes and trends, independently of other developments around the world.

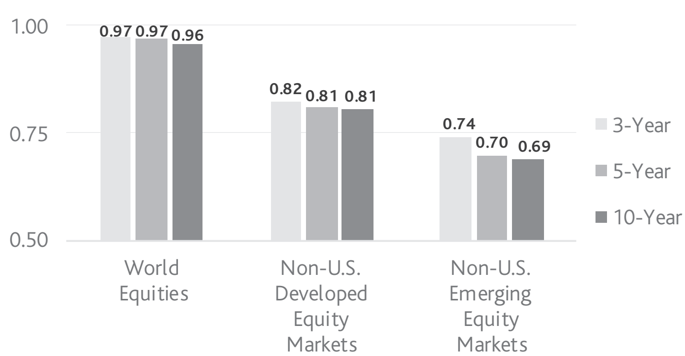
When stock prices are declining in the U.S., non-U.S. equities may move in a different direction or by a different magnitude, serving as potential offset against the impact of the U.S. market.

Diversification helps investors mitigate the volatility of the returns of their portfolios. Lower levels of correlations across markets provide a good indicator of diversification opportunities. The chart below shows the correlation of returns of U.S. and non-U.S. equities over the past three, five, and 10 years. According to the data, the correlation between U.S. and emerging markets equities has been about 0.70 – 0.75, indicating a moderate tendency of the two to move similarly, which can provide diversification benefits. The correlation with developed equity markets has been slightly larger but still suggests diversification potential*.

Non-U.S. Equities Have Historically Offered Diversification

Historical 3-, 5-, and 10-Year Correlations of U.S. Equities vs. Non-U.S. Equities

as of 9/30/2021



Sources: FactSet, Baron Capital.

World Equities are represented by the MSCI ACWI Index, Non-U.S. Developed Equity Markets are represented by the MSCI EAFE Index; Non-U.S. Emerging Equity Markets are represented by the MSCI Emerging Markets Index.

Note: A correlation of zero implies no relationship, while correlations close to 1 or -1 imply a strong positive or negative relationship, respectively. Correlations between 0.50 and 0.70 are generally considered moderate. Correlation does not imply there is a causal relationship.

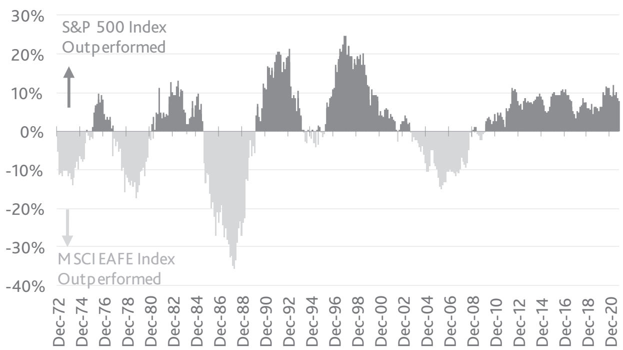
* *Please note that diversification cannot guarantee a profit or protect against loss.*

Historically, the relationship between the performance of U.S. and non-U.S. equities has moved in cycles. As shown on the charts below, periods of better performance of U.S. stocks have been followed by periods of better performance of non-U.S. stocks. Over the past 10 years, the S&P 500 Index has outperformed both developed and emerging market equities. Although this period of outperformance is longer than typical, it is not unprecedented (e.g., emerging markets outperformed U.S. stocks for about a decade, from 2001 to 2012), and we believe that this cyclical pattern will remain.

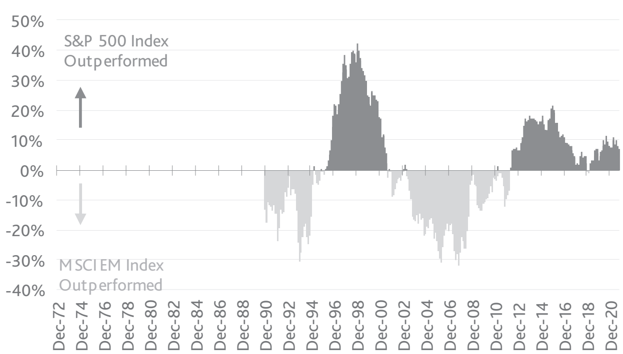
The Performance of U.S. and Non-U.S. Equities Has Been Cyclical

Rolling 3-Year Differences in Annualized Returns

S&P 500 Index vs. (Developed MSCI EAFE Index)



S&P 500 Index vs. (Emerging MSCI EM Index)



Sources: FactSet, Baron Capital.

The performance data quoted represents past performance. Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.

We cannot predict if or when the outperformance cycle may reverse. It could take a week, a year, or longer until it changes. As we have discussed many times in the past, we believe market timing is not a good and durable investment strategy. We do believe, however, that having a balanced investment in global equities allows investors to capture opportunities as they arise.

One reason to think the relative performance cycle may turn sooner than later is current relative valuations. As the charts below show, both developed and emerging market equities are valued significantly below U.S. equities. It is hard to imagine that these discounts could become larger before some reversion to the historical average occurs.

Non-U.S. Equity Valuations Are Attractive

Forward P/E Ratio of Developed Foreign Equities as Percent of U.S. Equities

Forward P/E Ratio of Emerging Foreign Equities

as Percent of U.S. Equities

Sources: FactSet, Baron Capital.

Note: Forward P/E Ratio is the next 12-month price-to-earnings ratio, based on FactSet estimates.

U.S. Equities are represented by the S&P 500 Index; Developed Foreign Equities are represented by the MSCI EAFE Index; Emerging Foreign Equities are represented by the MSCI EM Index.

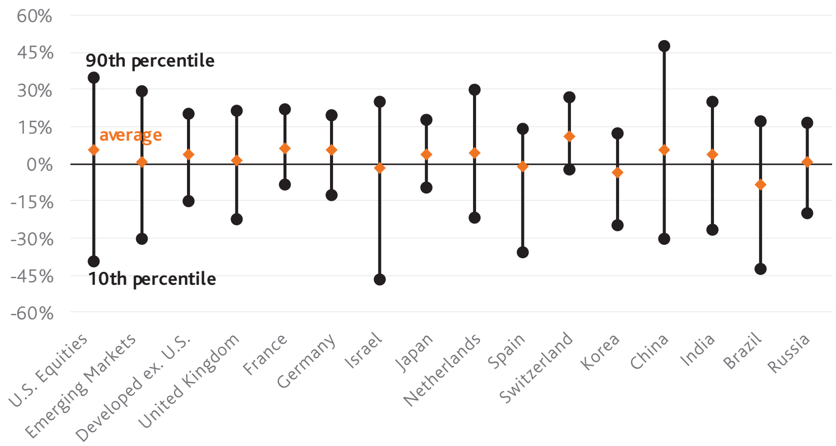
The lasting underperformance of non-U.S. developed and emerging market equity indexes does not mean that there haven't been lucrative opportunities in those markets. The performance of the popular indexes is a market-cap weighted average outcome and does not provide information about the dispersion of the returns of the underlying index constituents.

The chart below illustrates the range of returns, or dispersion, of the stocks in the U.S. and non-U.S. equity markets over the past 10 years, as well as the average stock returns in those markets. For example, in the U.S., the stock(s) that ranked in the 10th percentile by performance returned around 35% annualized, while the stock(s) that ranked in the 90th percentile lost around 40% of their value on an annualized basis. (Our analysis is based on the 10th and 90th percentiles to mitigate the effects of outliers.) The average stock return in the U.S. was approximately 5.8% per year. Similarly, in China, stock performance ranged between 47% and -31%, with an average of 5.3% per year. This information suggests at least two things: (i) judging by the average returns, both the U.S. and China were good places to invest, and (ii) the performance of the companies in both countries varied significantly.

Stocks In Different Markets Have Generated Attractive Spreads of Returns

Dispersion of Returns by Markets

9/30/2011 – 9/30/2021, annualized



Source: FactSet, Baron Capital.

U.S. Equities are represented by the Russell 3000 Index; Emerging Markets – by the MSCI EM Index; Developed ex. U.S. – by the MSCI EAFE Index; individual countries are represented by the stocks in the MSCI ACWI ex USA Index classified in the respective country. Dispersion is measured as the difference between the returns at the 10th and 90th percentiles. The performance data quoted represents past performance. Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.

The average returns of U.S. and Chinese stocks were moderately good but certainly not great. Since both markets experienced large dispersion, a skilled active manager who is picking specific stocks could have produced significantly better results.

This conclusion is supported by an additional analysis, which also shows that not only were there great stocks in non-U.S. markets over the past decade, but also that there were plenty of them. According to the data shown below, around 30% of the companies in the MSCI EAFE Index (developed markets equities) and the MSCI EM Index (emerging markets equities) outperformed the U.S. stock market in a typical calendar year. This result is despite the lasting poor relative performance of both indexes versus U.S. equities. This result has been consistent in the first nine months of 2021 – a substantial number of non-U.S. stocks have delivered higher returns than the S&P 500 Index despite the underperformance of both the MSCI EAFE Index and the MSCI EM Index.

There are Always Good Opportunities in Non-U.S. Equity Markets

Index Returns and Outperformance Rates of Non-U.S. Stocks by Calendar Year*

	YTD 9/30/21	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013	CY 2012	CY 2011
S&P 500 Index – Return	15.92%	18.40%	31.49%	–4.38%	21.83%	11.96%	1.38%	13.69%	32.39%	16.00%	2.11%
MSCI EAFE Index – Return	8.35%	7.82%	22.01%	–13.79%	25.03%	1.00%	–0.81%	–4.90%	22.78%	17.32%	–12.14%
MSCI EM Index – Return	–1.25%	18.31%	18.42%	–14.58%	37.28%	11.19%	–14.92%	–2.19%	–2.60%	18.22%	–18.42%
% of Stocks in MSCI EAFE Index Outperforming the S&P 500 Index	32%	31%	32%	30%	57%	29%	51%	21%	35%	52%	25%
% of Stocks in MSCI EM Index Outperforming the S&P 500 Index	30%	37%	28%	35%	55%	38%	23%	32%	11%	56%	19%

Source: FactSet, Baron Capital.

* *Except for YTD 9/30/21, which is the period from 12/31/20 to 9/30/21. The performance data quoted represents past performance, including dividends. Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.*

Performing the same analysis over rolling three-year periods shows similar results: typically, 20%-30% of non-U.S. stocks outperformed the S&P 500 Index.

Index Returns and Outperformance Rates of Non-U.S. Stocks by Rolling Three-Year Periods

	For the 3 Years Ended:								
	9/30/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
S&P 500 Index – Return	56.07%	48.85%	53.17%	30.42%	38.29%	29.05%	52.59%	74.60%	56.82%
MSCI EAFE Index – Return	24.66%	13.41%	31.52%	8.87%	25.26%	–4.73%	15.81%	36.98%	26.55%
MSCI EM Index – Return	28.03%	19.69%	38.89%	30.40%	29.87%	–7.47%	–18.94%	12.63%	–6.07%
% of Stocks in MSCI EAFE Index Outperforming the S&P 500 Index	12%	20%	27%	29%	42%	22%	27%	24%	24%
% of Stocks in MSCI EM Index Outperforming the S&P 500 Index	20%	19%	26%	41%	30%	16%	9%	18%	11%

Source: FactSet, Baron Capital. The performance data quoted represents past performance, including dividends.
Past performance is no guarantee of future results. The index performance is not fund performance; one cannot invest directly into an index.

There are two significant takeaways from the above data:

(i) Non-U.S. developed and emerging markets equities have continuously offered attractive investment opportunities; and

(ii) The MSCI EAFE Index and the MSCI EM Index have underperformed the S&P 500 Index most of the time over the past decade, which indicates their construction has not enabled them to capture the attractive investment opportunities in an optimal way.

While the popular non-U.S. equity indexes can serve as a rough proxy for the potential benefits of non-U.S. investing, in our view indexes have many design flaws to serve as models for actual investments.

One of the biggest drawbacks of such indexes is overdiversification due to the inclusion of many stocks. As of 9/30/2021, the MSCI EAFE Index had 845 constituents, and the MSCI EM Index had 1,418 constituents. After a hundred or so investments, the marginal diversification benefits of each additional holding become close to zero and turn mostly into redundancies.

In addition, many popular indexes are constructed to give more weight to stocks that have done best in the past, rather than the ones with higher future growth opportunities. This exposes investors in passive products that track these indexes to unmanaged momentum risk, among other risks.

Furthermore, indexes cannot account for a variety of risks and developments that are important but hard to quantify or evaluate. These include political risks, corruption, structural reforms, secular growth trends, demographic changes, and many more. The nature and variety of these risks makes being flexible and forward looking an essential prerequisite, particularly when investing in less efficient markets.

In our view, skilled active non-U.S. equity managers can build and manage well-balanced portfolios without the deficiencies of an index and, as a result, potentially deliver significantly better returns. The scorecard below shows that active non-U.S. equity managers tend to outperform their Morningstar category benchmark a significant percentage of the time, delivering strong excess returns, particularly over longer investment periods. Their outperformance rates tend to be stronger than those of active U.S. equity managers. The results from our high-level analysis include all active managers, good and bad.

A Significant Portion of Active Non-U.S. Equity Managers Have Outperformed

Historical Track Record of Active Managers in Select Equity Categories

as of 9/30/2021

		Foreign Large Blend	Foreign Large Growth	Foreign Large Value	Diversified Emerging Markets	World Stock*	All Foreign Funds	All U.S. Funds**
Based on 1-Yr Excess Returns	% Active Funds Outperforming	58%	77%	36%	60%	52%	59%	52%
	Average Excess Return – All Active Funds	0.58%	3.60%	–2.17%	3.06%	0.32%	1.98%	1.01%
	Average Excess Return – Outperforming Funds	4.38%	6.01%	6.40%	8.34%	6.50%	7.18%	7.32%
Based on 3-Yr Excess Returns	% Active Funds Outperforming	48%	63%	79%	62%	45%	58%	35%
	Average Excess Return – All Active Funds	–0.11%	1.46%	1.30%	2.43%	–0.10%	1.22%	–0.81%
	Average Excess Return – Outperforming Funds	2.26%	3.59%	1.92%	4.96%	3.74%	3.86%	3.51%
Based on 5-Yr Excess Returns	% Active Funds Outperforming	44%	68%	55%	44%	44%	51%	37%
	Average Excess Return – All Active Funds	–0.45%	1.25%	0.21%	0.38%	–0.33%	0.37%	–0.72%
	Average Excess Return – Outperforming Funds	1.32%	2.64%	1.21%	2.89%	2.67%	2.61%	2.57%
Based on 10-Yr Excess Returns	% Active Funds Outperforming	77%	76%	87%	57%	49%	68%	26%
	Average Excess Return – All Active Funds	0.83%	1.35%	1.21%	0.68%	–0.17%	0.82%	–1.10%
	Average Excess Return – Outperforming Funds	1.32%	1.98%	1.51%	1.95%	1.75%	1.88%	1.37%

*Source: Morningstar Direct, Baron Capital. Note: The calculations are based on excess returns of each fund's oldest share class vs. the category benchmark of the Morningstar category in which the fund was classified as of 9/30/2021. * Includes all funds classified in the following categories: US Fund World Large-Stock Blend, US Fund World Large-Stock Growth, US Fund World Large-Stock Value, US Fund World Small/Mid Stock. ** Includes all U.S. equity funds classified in Morningstar's nine traditional style boxes. The performance data quoted represents past performance. Past performance is no guarantee of future results.*

In our view, the meaningful outperformance rates and excess returns of active non-U.S. equity managers make a strong case for active over passive investing. Yet, flows in passive products continue to prevail, with those investors getting rewarded with only average market returns and missing a significant opportunity to outperform by a large margin.

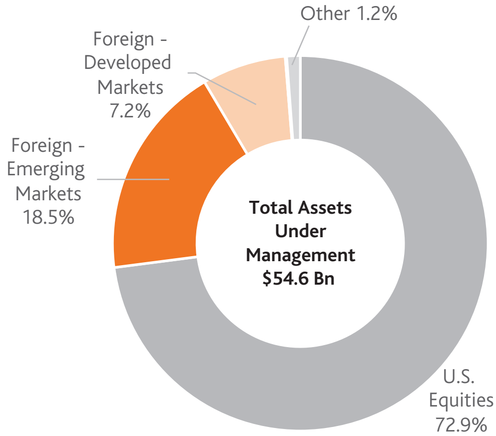
Baron's Approach to Non-U.S. Equity Investing

For over a decade, non-U.S. equity markets have been a significant source for investment ideas at Baron. Just as in the U.S., we are focused on innovation, durable, long-term growth opportunities, competitive advantages, and strong management teams. Currently, we have six investment professionals dedicated to non-U.S. equity research, and many of our other research team members often contribute their industry expertise and global perspectives.

As of September 30, 2021, Baron Capital had over $14 billion invested in non-U.S. equities across all portfolios we manage. This represented approximately 26% of our assets under management. Most of these assets were invested in our Global, International, and Emerging Markets Strategies.

Baron Has Significant Investments in Non-U.S. Equities

Baron Capital – Breakdown of Total Assets Under Management,
as of 9/30/2021



Source: Morningstar Direct, Baron Capital.

Our top 10 largest mutual fund investments in non-U.S. equities had a combined value of $2.8 billion as of 9/30/2021. As shown in the table below, Baron's cost for these investments was $1.6 billion, and over time they have generated $1.4 billion in realized and unrealized gains for our shareholders. For more information about these companies, please see the appendix to this letter for business descriptions and our investment premises.

Baron's Top Non-U.S. Holdings Have Generated Significant Returns

Baron Funds – Top 10 Largest Non-U.S. Positions (Currently Held)
as of 9/30/2021

							Security Cumulative Excess Return vs.		
Security Name	Aggregate Baron Funds Cost ($ millions)	Aggregate Baron Funds Gains ($ millions)	Aggregate Baron Funds Investment Value ($ millions)	Aggregate Baron Funds % of Net Assets	# of Years Held	Security Cumulative Total Return	Russell 3000 Growth Index	MSCI ACWI ex USA Index	MSCI EM Index
Bajaj Finance Ltd	$ 191	$ 162	$ 367.5	0.76%	2.9	229.0%	128.1%	188.8%	186.8%
Taiwan Semiconductor Manufacturing Company Ltd.	$ 182	$ 226	$ 345.7	0.72%	8.3	669.0%	364.4%	597.2%	604.4%
Endava plc	$ 77	$ 230	$ 299.0	0.62%	3.2	439.1%	351.5%	413.6%	414.3%
Alibaba Group Holding Ltd	$ 269	$ 46	$ 281.8	0.58%	7.0	57.7%	–157.1%	10.8%	14.6%
Tencent Holdings Ltd.	$ 181	$ 111	$ 280.5	0.58%	7.4	356.1%	116.5%	308.8%	307.3%
Samsung Electronics Co., Ltd.	$ 166	$ 134	$ 272.4	0.56%	7.9	169.3%	–89.6%	114.9%	118.0%
Adyen N.V.	$ 84	$ 172	$ 255.4	0.53%	3.3	422.5%	332.8%	398.1%	401.4%
Wix.com Ltd.	$ 128	$ 247	$ 240.5	0.50%	4.8	351.0%	183.9%	290.8%	283.3%
Reliance Industries Ltd.	$ 147	$ 83	$ 236.8	0.49%	2.6	78.9%	–7.3%	47.3%	50.8%
Spotify Technology S.A.	$ 217	–$ 5	$ 215.0	0.44%	1.7	46.0%	–3.1%	25.9%	25.4%
Total:	**$1,642**	**$ 1,407**	**$2,795**	**5.8%**					

Source: FactSet, Baron Capital.

The performance data quoted represents past performance. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

These 10 stocks are not only our largest non-U.S. investments; some of them are also among our longest-held investments. All 10 stocks have delivered significant absolute returns over time, and all 10 have outperformed the MSCI EM Index and MSCI ACWI ex USA Index. Furthermore, despite the decade-long outperformance of U.S. equities, six of these investments have significantly outperformed the Russell 3000 Index, and another two performed almost as well as the index.

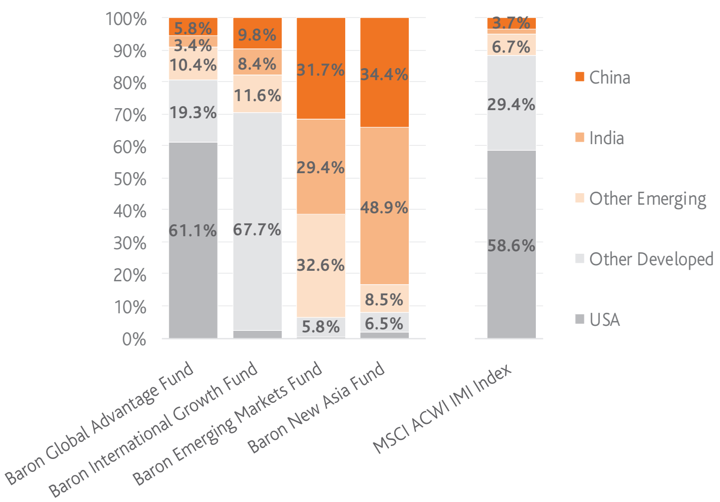
Currently, Baron has four mutual funds dedicated to non-U.S./global equity investing:

- **Baron Global Advantage Fund**, which invests in growth companies around the world; and
- **Baron International Growth Fund,** which invests mainly in non-U.S. growth companies in developed countries; and
- **Baron Emerging Markets Fund**, which invests mainly in emerging market growth companies; and
- **Baron New Asia Fund,** which invests primarily in growth companies located in Asia.

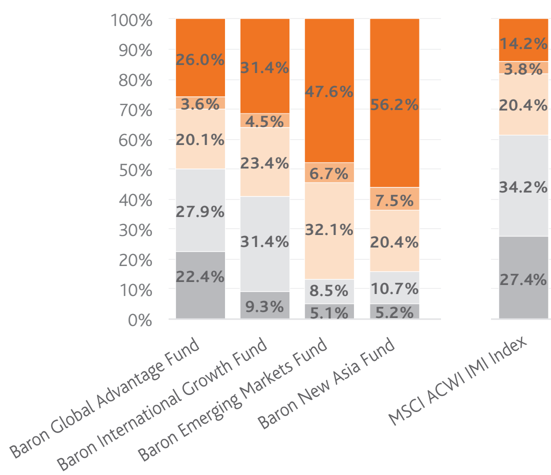
Like every Baron product, all four Funds invest with a long-term view, and their primary objective is to generate excess returns driven by positive stock selection. However, each Fund's strategy for achieving this objective is different. The chart on the left below shows each Fund's equity investments by country. There are distinct differences among the Funds and versus a popular global equity index. The chart on the right shows the end market exposures of the portfolio companies, as it reflects the geographic source of their revenues.

The Baron Non-U.S./Global Equity Funds Are Distinctly Different

Baron International Funds – Weights by Region/Country
as of 9/30/2021



Baron International Funds – Revenue Exposure by Region/Country,
as of 9/30/2021



Source: FactSet, Baron Capital.

Calculations exclude cash held in the portfolios. Revenue Exposure is estimated using FactSet's geographical revenue data as of 9/30/2021.

Baron Global Advantage Fund has been managed by Alex Umansky since its inception in April 2012. Typically, the Fund has around 45 – 55 investments, far fewer than its primary benchmark, the MSCI ACWI Index (~3,000 holdings). As of 9/30/2021, its top 10 holdings represented over 36% of the portfolio, reflecting the high conviction of the manager. Yet, the Fund is well diversified across market capitalization, industries, geographies, and end markets. The charts below show the Fund's absolute and relative exposures by sector and geography.

Alex focuses on businesses that are driving or benefitting from disruptive change. To find such companies, Alex looks for the agents and/or beneficiaries of disruptive change in areas such as digitization, big data, cloud computing, machine learning, and autonomous driving.

He finds platform companies to be particularly well positioned to potentially benefit from disruptive change, as they can capitalize on scalable network effects and large and diverse global addressable markets. Alex focuses on platform businesses with meaningful barriers to entry that have the ability to create an eco-system around their businesses that incentivizes partners to co-create value, benefit from network effects, which increases moats over time, and earn high marginal profits (as the platform increases in value). In addition to the above criteria, Alex favors companies that have secular organic growth, strong free cash flows, higher/rising returns on invested capital, and low capital intensity. Our latest Baron Investor piece on Baron Global Advantage Fund, available on our website[1], offers greater detail about the Fund and how Alex finds investment ideas.

1 https://www.baronfunds.com/investment-insights

Baron Global Advantage Fund is Different from its Benchmark

Baron Global Advantage Fund vs. MSCI ACWI Index

as of 9/30/2021

Sector	Portfolio Weight	Overweight/Underweight
Information Technology	38.8%	16.4%
Health Care	19.6%	7.9%
Communication Services	14.5%	5.2%
Consumer Discretionary	17.0%	4.6%
Real Estate	1.4%	-1.2%
Utilities	--	-2.6%
Energy	--	-3.5%
Materials	0.7%	-4.0%
Consumer Staples	--	-6.8%
Industrials	1.5%	-8.2%
Financials	4.1%	-10.2%

Countries	Portfolio Weight	Overweight/Underweight
Israel	5.0%	4.8%
Netherlands	5.3%	4.0%
Argentina	3.6%	3.5%
Canada	5.3%	2.4%
India	3.3%	1.9%
China	5.7%	1.7%
Uruguay	1.6%	1.6%
Indonesia	1.5%	1.3%
Brazil	1.7%	1.2%
United States	60.4%	0.9%
Poland	0.7%	0.6%
Mexico	0.4%	0.1%
United Kingdom	3.6%	-0.1%
Korea	0.7%	-0.9%
Other Emerging	--	-3.9%
Other Developed	--	-20.5%

Sources: FactSet, Baron Capital, MSCI.

Baron International Growth Fund has been managed by Michael Kass since its inception in December 2008. The Fund usually invests in fewer than 100 companies, far below the number of constituents in its primary benchmark, the MSCI ACWI ex USA Index (~2,300 holdings). As of 9/30/2021, its top 10 holdings represented over 20% of the portfolio. Michael takes significant active positions across individual companies, industries, and markets, which makes Baron International Growth Fund notably different from its benchmark. The charts below show the Fund's absolute and relative exposures by sector and geography.

Michael has been combining investment themes and fundamental bottom-up stock picking to manage Baron International Growth Fund. Themes may be driven by developments such as regulatory, political, or technological changes; vertical integration in an industry; or changes in the financial or economic environment. They may be industry-specific (e.g., industrial automation & robotics), country- and regional-specific (e.g., capital market and credit expansion), or global in scope (e.g., intellectual capital, best-in-class). In international markets, we emphasize entrepreneurial management, founders with significant ownership stakes, leaders with strategic vision and financial sophistication, and management that thinks and acts like an "owner." Our latest Baron Investor piece on Baron International Growth Fund, available on our website[1], offers greater detail about the Fund and describes how Michael combines secular growth themes and bottom-up investing to find attractive investments outside the U.S.

Baron International Growth Fund is Different from its Benchmark

Baron International Growth Fund vs. MSCI ACWI ex USA Index

as of 9/30/2021

Sector	Portfolio Weight	Overweight/Underweight
Communication Services	10.6%	4.3%
Health Care	11.6%	2.1%
Information Technology	15.1%	1.9%
Materials	8.8%	0.8%
Industrials	11.8%	-0.4%
Real Estate	1.2%	-1.4%
Energy	2.9%	-2.0%
Consumer Discretionary	10.3%	-2.4%
Utilities	--	-3.0%
Financials	14.5%	-4.8%
Consumer Staples	2.8%	-5.7%

Countries	Portfolio Weight	Overweight/Underweight
United Kingdom	17.5%	8.4%
India	7.5%	3.9%
Russia	3.9%	2.7%
Israel	2.7%	2.3%
United States	2.3%	2.3%
Netherlands	5.2%	2.1%
Brazil	3.0%	1.6%
Spain	3.1%	1.6%
Poland	0.8%	0.6%
Norway	0.6%	0.2%
Mexico	0.5%	-0.03%
Sweden	2.1%	-0.2%
France	6.7%	-0.4%
Italy	1.0%	-0.5%
Denmark	1.0%	-0.6%
Hong Kong	0.8%	-1.0%
China	8.8%	-1.3%
Switzerland	4.4%	-1.6%
Germany	4.0%	-1.8%
Korea	1.1%	-2.6%
Other Developed	--	-2.8%
Australia	0.7%	-3.7%
Canada	2.0%	-5.1%
Japan	9.2%	-6.2%
Other Emerging	--	-8.9%

Sources: FactSet, Baron Capital, MSCI.

Baron Emerging Markets Fund has also been managed by Michael Kass since its inception in December 2010. The Fund usually invests in fewer than 100 companies, significantly below the number of constituents in its primary benchmark, the MSCI EM Index (~1,400 holdings). As of 9/30/2021, its top 10 holdings represented over 25% of the portfolio. Michael takes significant active positions across individual companies, industries, and markets, which makes Baron Emerging Markets Fund notably different from its benchmark. The charts below show the Fund's absolute and relative exposures by sector and geography.

Similar to Baron International Growth Fund, Michael has been combining investment themes and fundamental bottom-up stock picking to manage Baron Emerging Markets Fund. He looks for global economic, financial, and political developments that will drive inflection points or trends. According to Michael, trends yield long-term value creation around which he constructs investable themes. Some examples of current themes include: digitization, where the

[1] https://www.baronfunds.com/investment-insights

primary beneficiaries include e-commerce platforms, data center operators, and mobile gaming & advertising companies; and India financialization, where the primary beneficiaries include asset/mutual fund managers, wealth managers, and life insurers. In addition, Michael emphasizes entrepreneurial management, capital efficiency, and shareholder-friendly governance. Our latest Baron Investor piece on Baron Emerging Markets Fund, available on our website[1], offers greater detail about the Fund and describes how Michael finds attractive investment opportunities in the complex world of emerging markets.

Baron Emerging Markets Fund is Different from its Benchmark

Baron Emerging Markets Fund vs. MSCI EM Index

as of 9/30/2021

Sector	Portfolio Weight	Overweight/Underweight
Industrials	10.4%	5.5%
Health Care	8.8%	3.8%
Real Estate	1.8%	-0.3%
Consumer Staples	5.3%	-0.7%
Energy	5.0%	-0.8%
Materials	7.4%	-1.3%
Financials	18.1%	-1.3%
Consumer Discretionary	12.5%	-2.2%
Utilities	--	-2.3%
Communication Services	6.4%	-3.9%
Information Technology	15.4%	-5.5%

Countries	Portfolio Weight	Overweight/Underweight
India	26.8%	14.6%
Russia	7.8%	3.9%
Hong Kong	2.2%	2.2%
Brazil	6.2%	1.7%
United Kingdom	1.7%	1.7%
Japan	1.1%	1.1%
Hungary	1.2%	1.0%
Philippines	1.2%	0.6%
Norway	0.4%	0.4%
United States	0.4%	0.4%
Peru	0.4%	0.2%
Poland	0.9%	0.2%
Mexico	1.9%	0.01%
United Arab Emirates	0.3%	-0.5%
China	28.9%	-5.1%
Korea	5.1%	-7.5%
Taiwan	4.6%	-10.1%
Other Emerging	--	-13.6%

Sources: FactSet, Baron Capital, MSCI.

Baron New Asia Fund was launched in July this year and is managed by Michael Kass and Anuj Aggarwal. The Fund is expected to invest in fewer than 100 companies, and its benchmark is the MSCI Asia ex Japan Index, which contains around 1,200 stocks. As of 9/30/2021, the top 10 holdings in the Fund represented nearly 23% of the portfolio. Like all Baron portfolios, Baron New Asia Fund is expected to be significantly different from its benchmark. The charts below show the Fund's absolute and relative exposures by sector and geography as of the end of the third quarter.

The Fund focuses on higher growth, strategic, and forward-looking investment opportunities consistent with Asia's pivot in economic development. Michael and Anuj emphasize future leaders – companies they believe will be future winners that are small today but could become much larger in the future. Baron New Asia Fund is intended to be largely a concentrated play on "best of quality growth" in India and China. In addition, there are also companies in the ASEAN markets, Taiwan, and Japan that are exciting "New Asia" growth opportunities or that are helping China develop its value-added industries.

Baron New Asia Fund is Different from its Benchmark

Baron New Asia Fund vs. MSCI AC Asia ex Japan Index

as of 9/30/2021

Sector	Portfolio Weight	Overweight/Underweight
Health Care	9.3%	4.2%
Industrials	8.6%	2.6%
Consumer Staples	6.0%	1.0%
Materials	6.4%	1.0%
Energy	2.8%	-0.2%
Real Estate	2.6%	-1.2%
Communication Services	8.2%	-2.0%
Utilities	--	-2.6%
Consumer Discretionary	12.4%	-3.4%
Financials	10.3%	-8.6%
Information Technology	13.8%	-10.0%

Countries	Portfolio Weight	Overweight/Underweight
India	39.3%	25.5%
Japan	4.1%	4.1%
United States	1.3%	1.3%
Indonesia	1.6%	-0.3%
Other Developed	--	-2.5%
Other Emerging	--	-4.1%
Hong Kong	1.2%	-5.9%
China	27.7%	-11.3%
Korea	1.6%	-12.8%
Taiwan	3.6%	-13.2%

Sources: FactSet, Baron Capital, MSCI.

1 https://www.baronfunds.com/investment-insights

Track Record of the Non-U.S. Baron Funds

The three seasoned Baron Funds presented above have delivered outstanding absolute and relative results since their inceptions and over shorter periods. The table below shows that as of 9/30/2021 all three Funds generated significant positive absolute performance over various standard periods, and all have outperformed their benchmarks over the past 3-, 5-, 10-years, and since inception. In addition, the data shows that the excess returns have been largely a result of superior stock selection.

The Baron Funds Have Delivered Outstanding Results Due to Stock Selection

Annualized Returns

as of 9/30/2021

			Baron International Growth Fund	Baron Emerging Markets Fund	Baron Global Advantage Fund
1-Year Monthly Rolling Excess Returns	Funds	% of Time Outperformance	82%	69%	81%
		Average Excess Return	4.90%	3.31%	12.41%
	Category Average	% of Time Outperformance	77%	41%	78%
		Average Excess Return	2.16%	–0.54%	2.94%
3-Year Monthly Rolling Excess Returns	Funds	% of Time Outperformance	100%	74%	95%
		Average Excess Return	3.74%	2.80%	10.03%
	Category Average	% of Time Outperformance	94%	28%	94%
		Average Excess Return	1.98%	–0.58%	2.41%
5-Year Monthly Rolling Excess Returns	Funds	% of Time Outperformance	100%	84%	100%
		Average Excess Return	3.68%	2.36%	9.77%
	Category Average	% of Time Outperformance	100%	20%	100%
		Average Excess Return	1.76%	–0.67%	2.26%

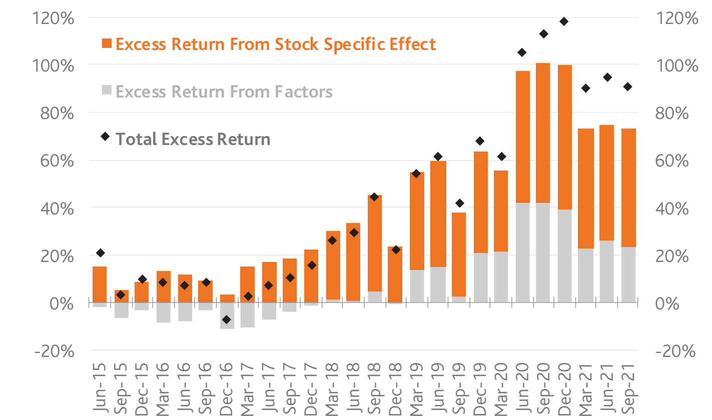
As fundamental stock pickers, we expect to add value over the long term, primarily through stock selection. The charts below show that stock selection has been a consistent driver of the excess return for each of the three Funds discussed above. The first chart, for example, shows that on a three-year rolling basis Baron Global Advantage Fund has generated positive stock specific effect 100% of the time since the Fund's inception. As a result, the Fund has outperformed its benchmark 95% of the time. Common market factors, such as style, industry, and country biases, have also been adding significantly to excess returns over the past few years.

The Baron Non-U.S. Funds Have Consistently Generated Positive Stock Selection

Baron Global Advantage Fund

Rolling Cumulative Three-Year Excess Return, Stock-Specific, and Factor Effects

as of 9/30/2021



Source: MSCI, Baron Capital.

Note: Excess return was attributed using MSCI Barra's GEMLT multi-factor model model.

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.

Source: MSCI, Baron Capital.

***Fund inception dates**: Baron International Growth Fund – 12/31/2008; Baron Emerging Markets Fund – 12/31/2010; and Baron Global Advantage Fund – 4/30/2012. Fund returns and excess returns vs. primary benchmark are based on each Fund's Institutional Share class performance. **Primary benchmarks:** Baron International Growth Fund's primary benchmark is the MSCI AC World ex USA Index; Baron Emerging Markets Fund's primary is the MSCI EM Index and Baron Global Advantage Fund's primary is the MSCI All Country World Index. **Annual expense ratios** for Inst. shares as of 12/31/2020: Baron International Growth Fund, 1.01%, but the net annual expense ratio was 0.95% (net of the Adviser's fee waivers), Baron Emerging Markets Fund, 1.09%, Baron Global Advantage Fund, 1.00%, but the net annual expense ratio was 0.90% (net of the Adviser's fee waivers).*

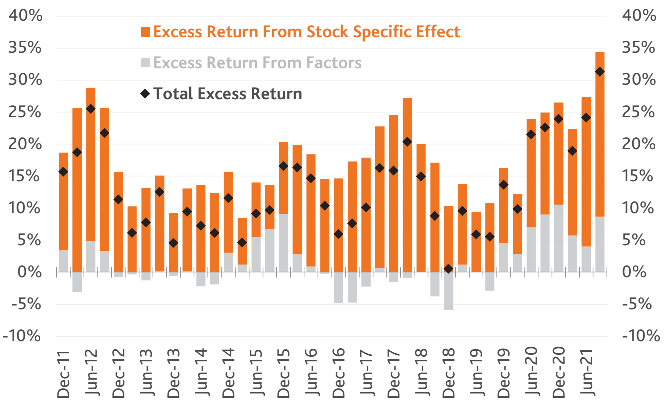
The calculations above are transaction-based and are produced from the underlying security-level data. Excess Return from Stock Specific Effect is not available since inception for Baron Emerging Markets Fund and Baron International Growth Fund due to FactSet reporting limitations when using MSCI Barra factor models for periods longer than 10 years.

***Stock specific effects** are the result of the Funds' factor-based performance attributions versus their respective benchmarks. **Factor-based performance attribution** is the process of attributing excess performance to different factors or groups of factors using a multi-factor model (in this case the MSCI Barra GEMLT model). It allows for the assessment of sources of returns based on several return components, including style return, country return, currency return, industry return, world return, and stock specific returns. The proportion of excess return that is not attributed to these components or common factors (countries, industries, currencies, world, and styles) is attributed to company-specific sources or events. In this letter, this is referred to as "Excess Return From Stock Specific Effect".*

Baron International Growth Fund, which has always outperformed its benchmark on a 3-year rolling basis since inception, has also generated consistently strong stock specific effect – 100% of the time.

Baron International Growth Fund
Rolling Cumulative Three-Year Excess Return, Stock-Specific, and Factor Effects

as of 9/30/2021



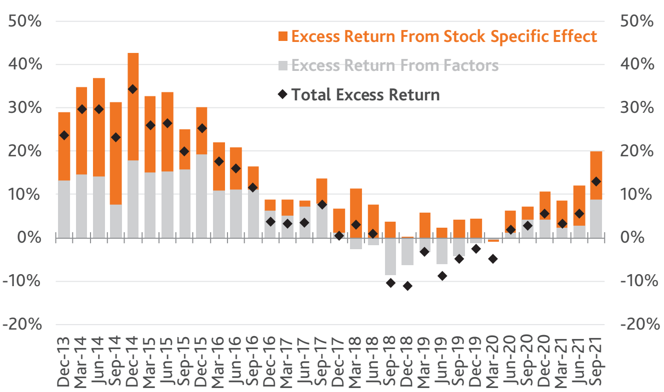
Source: MSCI, Baron Capital.

Note: Excess return was attributed using MSCI Barra's GEMLT multi-factor model model. 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.

Similarly, Baron Emerging Markets Fund delivered positive stock specific effect 97% of the time over 3-year rolling periods since the inception of the Fund. This outcome has helped significantly for the Fund's 74% outperformance rate.

Baron Emerging Markets Fund
Rolling Cumulative Three-Year Excess Return, Stock-Specific, and Factor Effects

as of 9/30/2021



Source: MSCI, Baron Capital.

Note: Excess return was attributed using MSCI Barra's GEMLT multi-factor model model. 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.

The strong relative results of the three Baron Funds have been highly persistent over time, particularly over the medium and long terms. In addition, their high batting averages and average excess returns have been better than the respective Morningstar category averages for each Fund, as shown in the table below.

The Baron Non-U.S. Funds Have Performed Better Than Peer Group Average

Historical Track Record and Batting Averages

as of 9/30/2021

			Baron Global Advantage Fund	Baron International Growth Fund	Baron Emerging Markets Fund
1-Year Monthly Rolling Excess Returns	Funds	% of Time Outperformance	81%	82%	69%
		Average Excess Return	12.41%	4.90%	3.31%
	Category Average	% of Time Outperformance	78%	77%	41%
		Average Excess Return	2.94%	2.16%	–0.54%
3-Year Monthly Rolling Excess Returns	Funds	% of Time Outperformance	95%	100%	74%
		Average Excess Return	10.03%	3.74%	2.80%
	Category Average	% of Time Outperformance	94%	94%	28%
		Average Excess Return	2.41%	1.98%	–0.58%
5-Year Monthly Rolling Excess Returns	Funds	% of Time Outperformance	100%	100%	84%
		Average Excess Return	9.77%	3.68%	2.36%
	Category Average	% of Time Outperformance	100%	100%	20%
		Average Excess Return	2.26%	1.76%	–0.67%

Source: Morningstar Direct.

The % of time outperformance rates for each Fund and the corresponding category average are calculated since each Fund's inception date until 9/30/2021. Baron International Growth Fund's Morningstar category is US Fund Foreign Large Growth; Baron Emerging Markets Fund's Morningstar category is US Fund Diversified Emerging Mkts; and Baron Global Advantage Fund Morningstar Category is US Fund World Large-Stock Growth. Fund returns and excess returns vs. primary benchmark are based on each Fund's Institutional Share class performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

The charts on the next page show that over the past 10 years[1] the Funds ranked in the top quartile of excess returns and risk-adjusted performance and achieved an attractive upside/downside capture balance. A separate analysis we performed with Morningstar data as of 9/30/2021 showed that Baron Emerging Markets Fund and Baron International Growth Fund's 10-year performance, rolling quarterly, has ranked in the top quartile 100% of the time. Since Baron Global Advantage Fund does not have a 10-year track record, we performed the same analysis on a five-year basis. The Fund ranked in the top quartile 100% of the time.

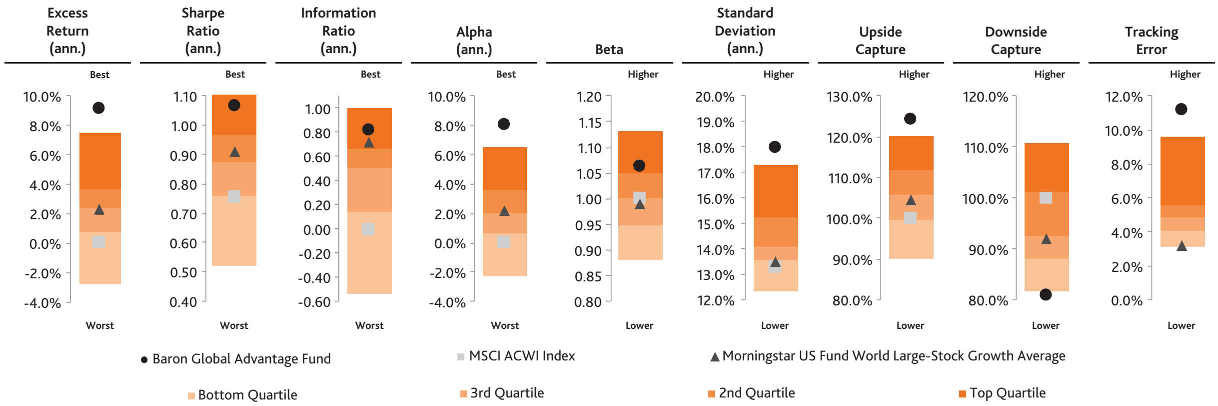
[1] The analysis for Baron Global Advantage Fund was performed since its inception, as it does not have a 10-year track record.

Letter from Linda

The Baron Non-U.S. Funds Have Delivered Outstanding Results Versus Peers

Baron Global Advantage Fund

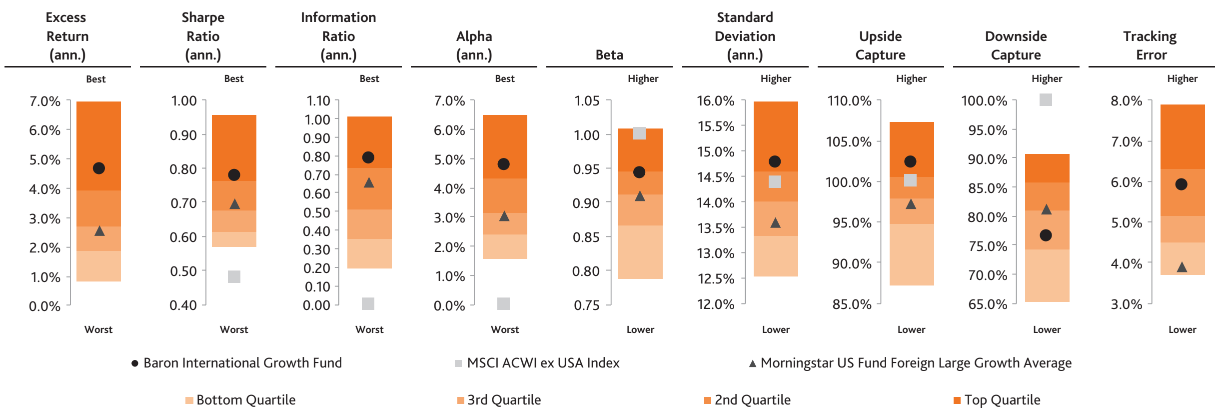
Performance-Based Statistics Since Inception, as of 9/30/2021



Source: Morningstar Direct.

Baron International Growth Fund

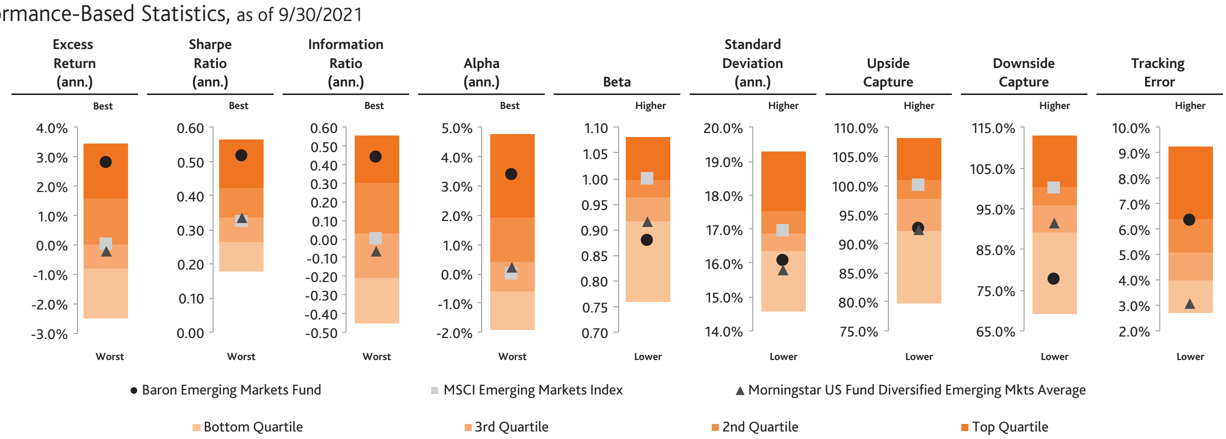
10-Year Performance-Based Statistics, as of 9/30/2021



Source: Morningstar Direct.

Baron Emerging Markets Fund

10-Year Performance-Based Statistics, as of 9/30/2021



Source: Morningstar Direct.

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.

Our long-term track record investing globally shows that significant value can be added for investors with predominantly U.S. equity exposure. In our view, investors are selling themselves short when they invest in passive products, particularly in non-U.S. equities. In today's uncertain times, balancing risks and opportunities is especially important. Active managers have the capability and flexibility to make decisions about country and region exposures, industry concentration, and specific stocks. At Baron, we believe that such decisions can result in above-average long-term returns for our shareholders. We are optimistic about global growth, and we remain committed to finding the best opportunities around the world by applying our time-tested approach and expertise.

Sincerely,

Linda S. Martinson
Chairman, President, and COO

Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus and summary prospectuses 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.

Baron International Growth Fund: Performance for the Institutional Shares prior to 5/29/2009 is based on the performance of the Retail Shares, which have a distribution fee. The Institutional Shares do not have a distribution fee. If the annual returns for the Institutional Shares prior to 5/29/2009 did not reflect this fee, the returns would be higher.

The **Baron Global Advantage Fund's** YTD, 3- and 5-year historical performance was impacted by gains from IPOs and there is no guarantee that these results can be repeated or that the Fund's level of participation in IPOs will be the same in the future.

Risks: Growth stocks can react differently to issuer, political, market and economic developments than the market as a whole. 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. Securities of small and medium-sized companies may be thinly traded and more difficult to sell. **Baron New Asia**: 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 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 document reflect those of the respective writer. 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.

Portfolio holdings as a percentage of net assets as of September 30, 2021 for securities mentioned are as follows: **Bajaj Finance Ltd.** – Baron International Growth Fund (1.9%), Baron Emerging Markets Fund (3.1%), Baron Global Advantage Fund (2.0%), Baron New Asia Fund (3.2%); **Taiwan Semiconductor Manufacturing Company Ltd.** – Baron Emerging Markets Fund (3.6%), Baron New Asia Fund (2.1%); **Endava plc** – Baron Small Cap Fund (1.9%), Baron Opportunity Fund (1.7%), Baron International Growth Fund (1.8%), Baron Global Advantage Fund (3.6%), Baron Discovery Fund (2.7%), Baron FinTech Fund (4.2%); **Alibaba Group Holding Ltd.** – Baron Opportunity Fund (0.3%), Baron International Growth Fund (1.0%), Baron Emerging Markets Fund (2.4%), Baron Global Advantage Fund (1.4%), Baron New Asia Fund (1.2%); **Tencent Holdings Ltd.** – Baron International Growth Fund (1.2%), Baron Emerging Markets Fund (3.0%), Baron New Asia Fund (1.6%); **Samsung Electronics Co. Ltd.** – Baron Emerging Markets Fund (2.9%); **Adyen N.V.** – Baron Opportunity Fund (0.5%), Baron Partners Fund (2.1%*), Baron Fifth Avenue Growth Fund (2.1%), Baron Focused Growth Fund (2.2%), Baron Global Advantage Fund (1.6%), Baron FinTech Fund (3.1%); **Wix.com Ltd.** – Baron Asset Fund (1.6%), Baron Small Cap Fund (1.1%), Baron Opportunity Fund (0.8%), Baron Fifth Avenue Growth Fund (1.7%), Baron International Growth Fund (0.7%), Baron Global Advantage Fund (1.9%), Baron FinTech Fund (3.1%); **Reliance Industries Ltd.** – Baron International Growth Fund (1.1%), Baron Emerging Markets Fund (2.5%), Baron New Asia Fund (2.8%); **Spotify Technology S.A.** – Baron Partners Fund (2.3%*), Baron Focused Growth Fund (3.9%), Baron International Growth Fund (0.6%).

* % of Long Positions.
Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

Baron Global Advantage Fund

Top 10 Holdings 9/30/2021

Holding	% Holding
Alphabet Inc.	6.1
Amazon.com, Inc.	4.6
Acceleron Pharma Inc.	4.0
Facebook, Inc.	3.9
Endava plc	3.6
EPAM Systems, Inc.	3.5
Shopify Inc.	2.8
MercadoLibre, Inc.	2.8
argenx SE	2.6
Twilio Inc.	2.5
Total	36.4

Baron International Growth Fund

Top 10 Holdings 9/30/2021

Holding	% Holding
Future plc	3.0
S4 Capital plc	2.7
BNP Paribas S.A.	2.3
Keyence Corporation	2.0
Bajaj Finance Limited	1.9
TCS Group Holding PLC	1.8
Endava plc	1.8
argenx SE	1.8
Eurofins Scientific SE	1.6
Linde plc	1.6
Total	20.5

Baron Emerging Markets Fund

Top 10 Holdings 9/30/2021

Holding	% Holding
Taiwan Semiconductor Manufacturing Company Ltd.	3.6
Bajaj Finance Limited	3.1
Tencent Holdings Limited	3.0
Samsung Electronics Co., Ltd.	2.9
Reliance Industries Limited	2.5
Alibaba Group Holding Limited	2.4
Novatek PJSC	2.1
Sberbank of Russia PJSC	2.1
Glencore PLC	1.7
Korea Shipbuilding & Offshore Engineering Co., Ltd.	1.7
Total	25.1

Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

As of 9/30/2021, the Morningstar Foreign Large-Growth Category consisted of 439, 383, 322, and 221 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar ranked Baron International Growth Fund Institutional Share Class in the 3rd, 15th, 14th, and 17th percentiles, respectively.

As of 9/30/2021, the Morningstar Diversified Emerging Markets Category consisted of 784, 708, 598, and 317 share classes for the 1-, 3-, 5-, and 10-year periods. Morningstar ranked Baron Emerging Markets Fund Institutional Share Class in the 63rd, 24th, 31st, and 9th percentiles, respectively.

As of 9/30/2021, the Morningstar US Fund World Large-Stock Growth Category consisted of 342, 298, and 254 share classes for the 1-, 3-, and 5-year periods. Morningstar ranked Baron Global Advantage Fund Institutional Share Class in the 73rd, 3rd, and 1st percentiles, respectively.

Morningstar calculates the Morningstar Foreign Large-Growth and the Diversified Emerging Markets Category Average performance and rankings using its Fractional Weighting methodology. Morningstar rankings are based on total returns and do not include sales charges. Total returns do account for management, administrative, and 12b-1 fees and other costs automatically deducted from fund assets.

The **MSCI ACWI Index** measures the equity market performance of large and midcap securities across developed and emerging markets, including the United States. The **MSCI Emerging Markets Index** is an unmanaged float-adjusted market capitalization index designed to measure equity market performance of large and mid-cap securities in the emerging markets. The **MSCI EAFE Index** covers non-U.S. and Canadian equity markets. It serves as a performance benchmark for the major international equity markets as represented by 21 major MSCI indices from Europe, Australasia, and the Middle East. The **MSCI ACWI ex USA Index** captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the US) and 26 Emerging Markets countries. The **MSCI AC 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 9 emerging markets countries in Asia. MSCI is the source and owner of the trademarks, service marks and copyrights related to the MSCI Indexes. The **Russell 3000® Index** measures the performance of the broad segment of the U.S. equity universe comprised of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. The **S&P 500 Index** measures the performance of 500 widely held large-cap U.S. companies. 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.

Sharpe Ratio is a risk-adjusted performance statistic that measures reward per unit of risk. The higher the Sharpe ratio, the better a fund's risk adjusted performance. **Information Ratio** (Info Ratio) is a ratio of portfolio returns above the returns of a benchmark — usually an index — to the volatility of those returns. **Alpha** measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta** measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. **Standard Deviation** (Std. Dev) measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** measures how well a fund performs in time periods where the benchmark's returns are less than zero. **Tracking Error** measures how closely a fund's return follows the benchmark index returns. It is calculated as the annualized standard deviation of the difference between the fund and the index returns.

BAMCO, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Baron Capital, Inc. is a limited purpose broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority, Inc. (FINRA).

Appendix 1 – Non U.S. Baron Funds Top Holdings & Investment Premises

as of 9/30/2021

Company	Market Capitalization (billions)	Company Description	Baron's Investment Premise	Country	GICS Sub-Industry
Bajaj Finance Limited	$ 62.35	**Bajaj Finance Limited (BAF.IN)** is a leading non-banking financial corporation (NBFC) in India. It offers various financial products and services including housing loans, consumer durables financing, small- and medium-sized enterprise credit, and rural loans.	We think Bajaj is well positioned to benefit from growing demand for consumer financial services in India. The company's data analytics platform is a key competitive advantage, which enables it to earn high risk adjusted returns (ROEs can sustain 20% to 22%, in our view). The company is quickly becoming India's largest FinTech player by creating an ecosystem of apps offering insurance, brokerages, and wealth management, among many other new products and services. We expect Bajaj to grow earnings by roughly 30% over the next five years.	India	Consumer Finance
Taiwan Semiconductor Manufacturing Company Ltd.	$579.03	**Taiwan Semiconductor Manufacturing Company Ltd. (TSMC)** is the world's largest independent semiconductor foundry, manufacturing chips on behalf of other companies.	Taiwan Semiconductor remains the dominant force in leading edge semiconductor foundry manufacturing, as it benefits from economies of scale and a superior cost structure. Its successful track record of deploying new technology faster than its competition enables it to maintain its market share and pricing power. We believe Taiwan Semiconductor's investments in advanced nodes (5, <3 nanometers) will solidify its superior market positioning and profitability over its competition in the long run.	Taiwan	Semiconductors
Endava plc	$ 7.57	**Endava plc (DAVA)** provides outsourced software development for business customers.	Endava benefits from growing demand for IT services and digital transformation from businesses worldwide. The company's competitive differentiation comes from its ability to hire and retain highly skilled, low-cost software engineers, primarily in Eastern Europe. Endava's strong technical capabilities and differentiated labor pool enable the company to work on higher-value client projects with better pricing power than peers. We believe Endava will continue gaining share in a large, growing market by adding new clients and increasing wallet share with existing clients.	United Kingdom	IT Consulting & Other Services
Alibaba Group Holding Limited	$402.43	**Alibaba Group Holding Limited (BABA)** is the largest e-commerce company in the world. Alibaba owns and operates the two largest online shopping platforms in China, Taobao and Tmall, as well as a 33% stake in Ant Financial, which is the country's dominant payments platform.	With over 779 million active buyers and over 10 million merchants, we believe Alibaba is poised to benefit disproportionately from the increased penetration of internet, mobile, and e-commerce in China. It enjoys more than 70% market share of all e-commerce transactions in China, and we expect it to continue growing revenue at a rate of more than 20% for years to come. We also see significant positive optionality in Alibaba's cloud computing, data management, and electronic payment platforms.	China	Internet & Direct Marketing Retail

Company	Market Capitalization (billions)	Company Description	Baron's Investment Premise	Country	GICS Sub-Industry
Tencent Holdings Limited	$573.57	**Tencent Holdings Limited (700 HK)** is a leading internet service company and the top game developer in China. Its primary platforms include QQ for instant messaging, WeChat for mobile messaging, and Qzone for social networking.	We are bullish on Tencent's ability to grow EPS at +DD% rates in the long term. Tencent benefits from virtuous network effects, and we think it has a long runway to monetize its large user base by pushing value-added services and advertising through its platforms. We believe online advertising will continue to drive growth as management focuses on capturing a greater share of China ad spend, with increasing contribution from the gaming and fintech segments.	China	Interactive Media & Services
Samsung Electronics Co., Ltd.	$372.61	**Samsung Electronics Co., Ltd. (005930 KS)** is a Korean technology conglomerate known for its leadership in consumer electronics and semiconductor manufacturing.	Samsung is the bellwether for global technology innovation and continues to deliver robust earnings across memory, logic, display, smartphones, and home appliances. We are confident that Samsung's technology leadership will be sustainable for decades to come, given its strong track record for R&D and the ability to meet the ever-changing global consumer demand.	Korea	Technology Hardware, Storage & Perispherals
Adyen N.V.	$ 85.39	**Adyen N.V. (ADYEN.NA)** provides technology solutions that enable merchants to accept electronic payments.	As a payment processor mostly for online merchants, Adyen benefits from the rapid growth of e-commerce. The company has a long runway for growth given its small share of a large and rapidly growing global market. Adyen is gaining share due to its global presence, advanced technology platform, and ability to achieve higher authorization rates for merchants. We believe margins should continue expanding due to operating leverage.	Netherlands	Data Processing & Outsourced Services
Wix.com Ltd.	$ 11.05	**Wix.com Ltd. (WIX)** provides software to help micro-businesses build and maintain websites and operate their businesses. Wix has over 200 million registered users and over 5.5 million premium users.	Wix is a leading do-it-yourself website-design software, targeting a large market, as most businesses use professional website development services. We think Wix has strong competitive advantages, driven by product innovation, data-driven distribution, and its leading brand. Wix's technological edge, supported by over 1,500 R&D personnel, results in fast iteration with first-to-market features and vertical offerings. Wix's recently introduced do-it-for-me solutions open a large new TAM for it to address.	Israel	Internet Services & Infrastructure
Reliance Industries Limited	$222.33	**Reliance Industries Limited (RIL IN)** is India's leading conglomerate, with business interests that include oil refining, petrochemicals, media, telecommunications, and retail.	We believe Reliance is well-positioned to leverage its telecommunications network to transform into a digital services company, offering products such as video streaming, broadband, and e-commerce services. The company is also laying the groundwork to create an online marketplace that will connect over 12 million mom & pop retailers to over 400 million mobile and internet subscribers. We believe earnings will sustain high double-digit growth over the next three to five years.	India	Oil & Gas, Refining & Marketing
Spotify Technology S.A.	$ 42.99	**Spotify Technology S.A. (SPOT)** is the leading music streaming service globally, with approximately 40% market share.	With over 155 million paying subscribers, Spotify has created a two-sided marketplace where creators can monetize their work and consumers can stream music. Longer term, we expect the company to grow to over 250 million subscribers and improve margins through negotiations with music labels and artists.	Sweden	Communication Services