Dear Baron New Asia Fund Shareholder:

Performance

Baron New Asia Fund® (the Fund) gained 6.07% (Institutional Shares) during the final quarter of 2023, while its primary benchmark index, the MSCI AC Asia ex Japan Index (the Benchmark), appreciated 6.43%. The MSCI AC Asia ex Japan IMI Growth Index (the Proxy Benchmark) gained 6.28% for the quarter. For the full-year 2023, the Fund appreciated 5.79% while the Benchmark rallied 5.98% and the all-cap growth Proxy Benchmark gained 4.37%. The Fund modestly underperformed the Benchmark and the Proxy Benchmark during a quarter of strong returns, while for the full year, the Fund slightly trailed the Benchmark while outperforming the Proxy Benchmark. In recent quarters, we have highlighted that we were likely passing through *peak hawkishness*, with better days ahead for the relative performance of non-U.S. equities. Early in the fourth quarter, an increasingly restrictive rise in real yields, and slowing U.S. employment and inflation momentum, triggered a re-evaluation of likely U.S. Federal Reserve (the Fed) policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets by communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of global recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also likely foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market volatility follow, we believe the time has come for investors to rebalance portfolios in favor of emerging markets (EM)/Asia and international equities. Of course, we remain confident that our diversified portfolio of well-positioned and well-managed companies will capitalize on their attractive growth potential over the coming years regardless of the macro environment.

MICHAEL KASS
PORTFOLIO MANAGER

ANUJ AGGARWAL
PORTFOLIO MANAGER

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

Table I.
Performance
Annualized for periods ended December 31, 2023

	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]	5.97%	6.07%	6.43%	6.28%
One Year	5.54%	5.79%	5.98%	4.37%
Since Inception (July 30, 2021)	(9.72)%	(9.48)%	(7.69)%	(10.66)%

Performance listed in the above table is net of annual operating expenses. The gross annual expense ratio for the Retail Shares and Institutional Shares as of December 31, 2022 was 8.96% and 7.22%, respectively, but the net annual expense ratio was 1.45% and 1.20% (net of the Adviser's fee waivers and expense reimbursements), 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 Fund expenses pursuant to a contract expiring on August 29, 2034, 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 baronfunds.com or call 1-800-99-BARON.

1 The **MSCI AC Asia ex Japan Index Net (USD)** 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 Net (USD)** 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 2023, we performed broadly in line with our Benchmark while outperforming our Proxy Benchmark. Given our quality growth bias, we are encouraged by our performance as value-oriented equities, within the EM/Asia landscape, outperformed growth peers by a wide margin during the year. From a sector or theme perspective, slight relative underperformance against the Benchmark was largely a result of adverse stock selection in the Information Technology (IT) sector, primarily driven by a material correction in some of our software-related holdings (**Glodon Company Limited** and **Kingdee International Software Group Company Limited**) within the China value-added theme. Poor stock selection effect due to a decline in a few of our China consumer investments (**Budweiser Brewing Company APAC Limited**, **China Mengniu Dairy Co. Ltd.**, and **Wuliangye Yibin Co., Ltd.**) weighed on relative results. Our overweight positioning in the underperforming Consumer Staples sector also detracted from relative results. Broadly offsetting the above was strong stock selection effect in the Consumer Discretionary sector driven by select positions in our Asia consumer (**Trent Limited** and **Titan Company Limited**), digitization (**Zomato Limited**), and global security/supply-chain diversification (**Amber Enterprises India Ltd.** and **Dixon Technologies Ltd.**) themes. Our underweight positioning combined with favorable stock selection in the Real Estate sector, through our single investment in **Godrej Properties Limited**, also bolstered relative performance during the year.

From a country perspective, for calendar year 2023, adverse stock selection in China drove the majority of our slight relative underperformance. Our underweight positioning in Taiwan was also a material detractor during the period. In our view, the weakness in China was primarily driven by the general lack of material earnings recovery after China terminated its zero-COVID policy in late 2022. Investors anticipated such a recovery and partially priced it into markets in late 2022, which presented a difficult setup for China-related equities when earnings failed to deliver. The ongoing liquidity strain in China's property sector and geopolitical friction also weighed on broad economic growth and investor sentiment. While we are disappointed with developments in China, we continue to believe that current market values are well below fundamental intrinsic value for many of our investments. We remain significantly underweight China but are closely monitoring ongoing developments related to government stimulus as well as monetary and regulatory policy that could potentially serve as a positive catalyst to reevaluate our investments there. Mostly offsetting the above was our large overweight positioning and solid stock selection in India. As discussed in previous letters, we remain excited about the long-term investment opportunities within India driven by several productivity enhancing economic reforms implemented by the Modi administration that are kickstarting a virtuous investment cycle and positioning the country to become the fastest growing large economy in the world. Finally, our active exposure to Japan through select positions in our digitization (**Tokyo Electron Limited** and **Hoya Corporation**) and automation (**Keyence Corporation**) themes also stood out as a contributor to relative results during the year.

For the fourth quarter, we modestly underperformed our principal Benchmark, while performing essentially in line with our Proxy Benchmark. Our underweight positioning and adverse stock selection in both Taiwan and Korea were the key detractors to relative performance during the quarter. Our cash position in a market rally also adversely impacted results, while our underweight position in China and meaningful overweight in India both contributed positively to relative results during the period. From a sector or theme perspective, poor stock selection and adverse allocation effect in IT was the largest drag on relative performance. Contributing positively during the quarter were positions across various themes in Consumer Discretionary, Real Estate, and Health Care. We are ending the year cautiously optimistic and are enthusiastic about portfolio positioning as we enter 2024, which we believe may mark the beginning of a multi-year upcycle for EM/Asian equities.

Table II.
Top contributors to performance for the quarter ended December 31, 2023

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	1.28%
Trent Limited	1.06
Samsung Electronics Co., Ltd.	1.05
Zomato Limited	0.70
Bharti Airtel Limited	0.48

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the fourth quarter due to investor expectations for a cyclical recovery in semiconductors heading into 2024 and significant incremental demand for artificial intelligence (AI) chips. 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 double-digit earnings growth over the next several years.

Shares of **Trent Limited** contributed to performance during the quarter. Trent is a leading retailer in India that sells direct-to-consumer private label apparel through its proprietary retail network. Share price appreciation was driven by strong quarterly sales performance as well as continued footprint expansion of its Zudio value fashion franchise. We believe the company will generate over 25% revenue growth in the near to medium term, driven by same-store-sales growth and outlet expansion. In addition, we believe operating leverage and a growing franchisee mix will lead to better profitability and return on capital, driving more than 30% EBITDA CAGR over the next three to five years.

Shares of South Korean conglomerate **Samsung Electronics Co., Ltd.** increased during the quarter due to an improving outlook for memory semiconductors in 2024, driven by supply discipline, DRAM and NAND inventory normalization, and an increase in AI-related demand. We are confident Samsung will remain a global leader in semiconductors and 5G smartphones.

Table III.
Top detractors from performance for the quarter ended December 31, 2023

	Percent Impact
Yum China Holdings Inc.	–0.54%
Alibaba Group Holding Limited	–0.41
Bajaj Finance Limited	–0.26
China Mengniu Dairy Co. Ltd.	–0.23
Tata Communications Limited	–0.21

Yum China Holdings Inc. is the master franchisee for the YUM brands in China and operator of the KFC and Pizza Hut restaurant networks in that market. Shares detracted after the company reported a negative surprise on margins for the third quarter and hinted that increased competition and cost-consciousness among Chinese consumers could cause margin pressure to continue through the first quarter of 2024. Although in-year margins are volatile at Yum China, its pristine balance sheet, cumulative investments in technology, unmatched scale, and successful pivot to higher-ROI, smaller footprint stores in recent years should drive continued 8% to 10% store growth at attractive returns and capital returns to shareholders in excess of earnings over the next several years. We remain shareholders.

Alibaba Group Holding Limited is the largest retailer and e-commerce company in China. Alibaba operates shopping platforms Taobao and Tmall and owns 33% of Ant Group, which operates Alipay, China's largest third-party online payment provider. Shares of Alibaba were down in the fourth quarter due largely to the delay of the previously announced spin-off of its cloud division. Quarterly results were roughly in line with Street expectations, with strength in profitability. We retain conviction that Alibaba is well positioned to benefit from the ongoing growth in online commerce and cloud in China, though competitive market concerns remain.

Shares of **Bajaj Finance Limited**, a leading non-bank financial company in India, detracted from performance largely due to regulatory restrictions imposed on certain lending products during the quarter, which negatively impacted investor sentiment. 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 growing demand for consumer financial services such as mortgages and personal and credit card loans, among other related products.

Portfolio Structure

Table IV.
Top 10 holdings as of December 31, 2023

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	7.4%
Samsung Electronics Co., Ltd.	5.7
Bharti Airtel Limited	4.4
Tencent Holdings Limited	4.0
Zomato Limited	3.8
Bajaj Finance Limited	3.3
Trent Limited	3.0
Alibaba Group Holding Limited	2.3
Jio Financial Services Limited	2.3
Godrej Consumer Products Limited	2.2

Exposure by Country

Table V.
Percentage of securities by country as of December 31, 2023

	Percent of Net Assets
India	42.7%
China	23.4
Korea	10.5
Taiwan	8.9
Hong Kong	3.3
Japan	3.3
Indonesia	1.9
France	0.7

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 2023, the Fund's median market cap was $14.7 billion, and we were invested 53.4% in giant-cap companies, 35.4% in large-cap companies, 4.7% in mid-cap companies, and 1.4% in small-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

During the fourth quarter, we added two new investments to existing themes while also increasing exposure to several positions that we established in earlier periods. We continue our endeavor to add to our highest conviction ideas.

We added to our digitization theme by building a position in **PDD Holdings Inc.**, a leading Chinese e-commerce platform. Founded in 2015, the company has emerged as China's second largest e-commerce player, capturing approximately 20% market share. In our view, PDD's competitive moat lies in its *team purchase* model that facilitates bulk buying through direct partnerships with manufacturers, thereby eliminating intermediaries (e.g., distributors and middlemen) and lowering costs. Key factors driving the company's meteoric growth include rising consumer demand for affordable products in China amid an economic slowdown, small-scale merchants seeking alternatives to Alibaba, and superior management execution. PDD's revenue growth outpaces gross merchandize value growth owing to rising take rates as merchants aggressively compete for consumer traffic on the platform. In our view, PDD should continue to gain market share given its dominance in the value-for-money segment, growing affordable branded product offerings, and high operational efficiency. We believe the company's growth will be further supported by the recent launch of its international e-commerce platform, Temu, which has become one of the fastest growing apps globally. Leveraging China's excess manufacturing capacity, Temu has strong negotiating power with domestic suppliers and attracts global consumers with competitively priced products. Temu's recent initiatives to improve unit economics, coupled with achieving variable breakeven in the sizable U.S. market, showcase management's skill and commitment to sustained growth. We expect PDD to at least double its earnings and free cash flow in the next three years, with the potential for continued compounding thereafter.

During the quarter, we also increased exposure to our global security/supply-chain diversification theme by initiating a position in **Kaynes Technology India Limited**, a leading electronics manufacturing service (EMS) player in India. We expect to further build our position in coming quarters. Kaynes provides OEM and ODM services for a variety of end industries, including automotive, industrial, railway, medical, and aerospace & defense. The company strategically focuses on low-volume and high-value sub-spaces, which contribute to its industry-leading EBITDA margin of approximately 15% compared to the average of mid-to-high single digits among other EMS players. In our view, the company is well positioned to benefit from the Indian government's "Make in India" initiative, which encourages domestic manufacturing of electronic products and components by providing attractive tax subsidies and manufacturing infrastructure. We are excited about Kaynes' recent announcement about setting up an Outsourced Semiconductor Assembly and Test facility, which we believe represents a significant incremental growth opportunity in the medium to long term. We expect the company to deliver 40% to 45% compounded EBITDA growth over the next three to five years.

Finally, we added to several of our existing positions during the quarter, most notably **Jio Financial Services Limited**, **Zomato Limited**, **Max Healthcare Institute Limited**, **Kweichow Moutai Co., Ltd.**, **JM Financial Limited**, **Baidu, Inc.**, **Budweiser Brewing Company APAC Limited**, and **SK hynix Inc**. During the quarter, we also exited positions in **Wuliangye Yibin Co., Ltd.**, **PI Industries Limited**, and **JD.com, Inc.** due to uncertainties over durability of earnings growth and/or competitive positioning going forward.

Outlook

In our third quarter letter, we suggested that signs of deteriorating U.S. economic and earnings visibility and a peak in bond yields were a likely prerequisite to the inflection point in relative performance in favor of EM/Asia and international equities that we believe will ultimately occur. Early in the fourth quarter, an increasingly restrictive rise in real yields and slowing employment and inflation momentum triggered a re-evaluation of likely Fed policy, which the Fed soon confirmed by suggesting its hiking cycle was complete. The Fed also surprised markets in communicating that rate cuts would likely occur sooner and in greater magnitude than investors expected. While we previously believed that the Fed would be too backward-looking and too patient to meaningfully pivot, thereby raising the likelihood of recession, we were impressed with its more flexible and forward-looking reaction. In short, bond yields and financial conditions reacted swiftly, pricing in rate cuts and easing liquidity conditions. Thus, in early November the Fed meaningfully increased the likelihood of a soft landing, in effect declaring that it is shifting its attention from pure inflation fighting to a dual-mandate and a desire to balance growth and inflation. While markets cheered the pivot, evidenced by the largest quarterly gain in global equities in the past 3 years, we believe this event also likely foreshadows the end of the 14-year U.S. dollar bull market, and will usher in a cycle of relative outperformance by non-U.S. equities. While we suspect financial markets may have moved a bit too far, too fast, and some consolidation of gains and market volatility will follow, we believe the time has come for investors to rebalance portfolios in favor of EM/Asia and international equities.

As we have remarked in recent letters, we believe that EM in general, and particularly those economies and companies geared toward the improvement in domestic growth, consumption, and investment that we expect to result from declining interest rates and appreciating currencies, will benefit the most from this inflection point in financial conditions and capital flows. We anticipate an extended period of enhanced relative earnings growth potential in EM/Asia jurisdictions–essentially a mean reversion or mirror image of the past several years. While we do not view this inflection point as negative per se for absolute earnings growth in the U.S., we do expect outperformance by non-U.S. equities, as current valuations reflect conservative earnings expectations, in our view. Historically, the interest rate and bond yield sensitive markets such as India and Southeast Asia are disproportionate beneficiaries, and we believe our portfolio is well positioned to benefit, given our large overweight position in India and our structural and thematic bias towards domestic consumer, financial, and industrial leaders.

Specific to the Asian markets, we note that recent performance and sentiment has been masked by ongoing skepticism regarding China, particularly given its relatively large weight in the Benchmark. Consistent with our view that global markets have reached an important inflection point, we note that the MSCI EM Asia ex-China Index actually outperformed the mighty S&P 500 Index from the recent Fed-driven market low on October 27, 2023 through year end. Further, this Index outperformed the *equal-weighted* S&P 500 Index (which helps neutralize the overwhelming impact of the *Magnificent Seven* on the market cap weighted S&P 500 Index) by over 700 basis points for the full-year 2023, which we believe lends credibility to our mean reversion thesis for this asset class. Of course, the obvious conclusion given the above is that China remains the elephant in the developing Asia room. While inconsistent policy signals and geopolitical developments have been frustrating for investors and have triggered ongoing capitulation (and is also a key reason for our significant underweight exposure in China), we believe that China's policymakers have the tools and capacity to engineer a recovery, and we are carefully monitoring developments for leading indicators of improved earnings momentum.

As mentioned above, we view India as particularly well positioned for the environment we see developing and note that several of our India holdings, in particular our consumer, wealth management/consumer finance, and real estate-related holdings (**Trent Limited**, **Tata Consumer Products Limited**, **Godrej Consumer Products Limited**, **Zomato Limited**, **360 ONE WAM Limited**, and **Godrej Properties Limited**) have posted stellar recent returns, though they are still only scratching the surface of their long-term potential, in our opinion. We reiterate our view that India, our largest overweight exposure by a margin, has reached escape velocity after years of implementing a series of productivity-enhancing reforms and stands out as a material beneficiary in the evolving global geopolitical environment. While we expect some consolidation of 2023's strong performance, we remain enthusiastic regarding the growth and return opportunity of our many investments in this exciting market.

We continue to believe that developing Asia equities are likely emerging from a long cycle of relative underperformance, and we look forward to our next communication.

Thank you for investing in the Baron New Asia Fund.

Sincerely,

Michael Kass
Portfolio Manager

Anuj Aggarwal
Portfolio Manager

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 1-800-99-BARON or visiting 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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Free cash flow (FCF) represents the cash that a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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