Dear Baron New Asia Fund Shareholder:

Performance

Baron New Asia Fund® (the Fund) gained 6.36% (Institutional Shares) during the first quarter of 2024, while its primary benchmark index, the MSCI AC Asia ex Japan Index (the Benchmark), was up 2.38%. The MSCI AC Asia ex Japan IMI Growth Index (the Proxy Benchmark) gained 2.75% for the quarter. The Fund notably outperformed the Benchmark and the Proxy Benchmark during the quarter, largely as a result of our significant exposure to and strong stock selection in India.

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in emerging markets (EM)/Asia equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's U.S. Federal Reserve (the Fed) pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of the easing of liquidity/credit conditions and economic expectations, year to date, we have witnessed a notable uptick in U.S. growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

We believe the recent strength in equities can be attributed to the Fed's indication that while it may delay or moderate, it principally remains on course for multiple rate cuts during the current year. To us, the Fed is suggesting an equity friendly posture given its apparent willingness to look through the uptick in growth and inflation *in an election year*. We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of Asia/EM equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while developing Asia, EM, and small-cap equities lagged as global central bank easing expectations moderated. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our

MICHAEL KASS
PORTFOLIO MANAGER

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PORTFOLIO MANAGER

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

view. We continue to believe we are at or near an inflection point in relative performance that will favor developing world 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.

Table I.
Performance
Annualized for periods ended March 31, 2024

	Baron New Asia Fund Retail Shares[1,2]	Baron New Asia Fund Institutional Shares[1,2]	MSCI AC Asia ex Japan Index[1]	MSCI AC Asia ex Japan IMI Growth Index[1]
Three Months[3]	6.40%	6.36%	2.38%	2.75%
One Year	9.20%	9.42%	3.99%	2.34%
Since Inception (July 30, 2021)	(6.71)%	(6.50)%	(6.17)%	(8.79)%

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, 2023 was 7.37% and 6.93%, 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 waives and/or 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 the first quarter of 2024, we comfortably outperformed our Benchmark, as well as our all-cap growth Proxy Benchmark. From a sector or theme perspective, strong stock selection in the Consumer Discretionary sector, owing to select Indian investments in our digitization theme (**Zomato Limited**) and Asia consumer theme (**Trent Limited**), contributed the most to relative performance this quarter. In addition, solid stock selection effect in the Communication Services sector, primarily attributable to our digitization-related investments in India (**Bharti Airtel Limited**, **Indus Towers Limited**, and **Tata Communications Limited**) also bolstered relative results. Lastly, positive allocation effect and good stock selection in the Financials sector, largely driven by our investment in **Jio Financial Services Limited**, part of our India wealth management/consumer finance theme, also stood out as a contributor. Partially offsetting the above was our underweight positioning in the Energy sector, which delivered double-digit absolute returns, making it the best performing sector in the Benchmark this quarter. Adverse allocation effect in the Health Care sector also modestly detracted from relative results.

From a country perspective, solid stock selection combined with our large overweight positioning in India drove the vast majority of outperformance this quarter. Our active exposure to Japan, through investments in our digitization theme (**Tokyo Electron Limited** and **Hoya Corporation**) and automation/robotics/AI theme (**Keyence Corporation**), also bolstered relative results. Lastly, our underweight positioning in Hong Kong also stood out as a contributor. Partly offsetting the above was adverse stock selection effect in China.

We are enthused by the solid performance in India, which aligns with our growing conviction that the country has hit escape velocity regarding the productivity enhancing economic reforms implemented by the Modi administration over the past several years and is now entering a multi-year, virtuous investment cycle. As over 950 million eligible Indians head into general elections (results to be announced in early June), we expect the ruling BJP, Modi's party, to be re-elected with a comfortable majority that will provide further momentum to ongoing economic reforms. In our view, India will be the fastest growing large economy in the world this decade and will leap ahead of Japan and Germany to become the third largest global economy by 2030. We expect India to sustain GDP growth at 6% to 8% in real terms and 10% to 12% in nominal terms over the next five to seven years, which, in our view, will present many exciting bottom-up investment opportunities.

China began the year on the back foot with private sector, growth-oriented equities continuing to lag due to a perceived general lack of an earnings recovery, weak property transactions, and ongoing geopolitical friction. That said, as the quarter progressed, we were encouraged to witness early signs of stabilization and recovery, driven by recent government stimulus measures along with easing monetary and regulatory policies. These developments supported a positive reversal of Chinese equity performance in the latter half of the quarter. We continue to believe that many of our China holdings trade well below fundamental intrinsic value, and that any ongoing signs of recovery could trigger material repricing. We continue to maintain our significant underweight in China but are closely monitoring conditions that could lead us to re-evaluate our exposure to the country.

Table II.
Top contributors to performance for the quarter ended March 31, 2024

	Percent Impact
Taiwan Semiconductor Manufacturing Company Limited	2.56%
Jio Financial Services Limited	1.41
Zomato Limited	1.23
Bharti Airtel Limited	1.22
Trent Limited	1.01

Semiconductor giant **Taiwan Semiconductor Manufacturing Company Limited** contributed in the first quarter due to investor expectations for a continued strong cyclical recovery in semiconductors and significant incremental demand for AI chips. We retain conviction that Taiwan Semiconductor'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 **Jio Financial Services Limited** contributed to performance during the quarter. Jio Financial Services is fast emerging as a leading digital-first non-banking financial company. It offers various financial products and services including loans, insurance, and payment solutions to individuals and small businesses. Shares were up this quarter as the market started to price in the company's aggressive growth plans. Jio Financial Services also owns about 6% of the outstanding shares of Reliance Industries and benefited from the appreciation of Reliance shares. The company's key competitive advantage is its parentage under Reliance Industries, which has the largest retail footprint in India. We view Jio Financial Services as a formidable market player in the non-banking financial companies industry, and we think it should be able to drive share gain over the next three to five years by leveraging Reliance's broad customer network.

Zomato Limited is India's leading food delivery platform, with roughly 55% market share. Shares of Zomato were up this quarter on improved profitability. We believe the company will continue to benefit from structural growth in online food delivery in India and potentially double its revenue in the next three to five years. We also retain conviction that Zomato can continue to increase profit margins and grow earnings over the next several years.

Table III.
Top detractors from performance for the quarter ended March 31, 2024

	Percent Impact
Zai Lab Limited	–0.35%
HDFC Bank Limited	–0.32
PDD Holdings Inc.	–0.30
Kingdee International Software Group Company Limited	–0.29
JM Financial Limited	–0.29

Zai Lab Limited is a Chinese biotechnology company dedicated to bringing Western medicines to greater China and to transitioning to a fully integrated company with internal drug development capabilities. While performance as a business has been excellent, shares fell on concerns related to the advance in the U.S. Congress of the BIOSECURE Act, which would prohibit federal agencies from contracting with certain biotechnology firms in China. As a purely domestic player with minimal U.S. export aspirations, we do not believe Zai Lab would be impacted by the legislation, however in the near term, investors have reacted by reducing exposure to essentially all biotechnology-related entities in China.

HDFC Bank Limited is India's largest and most prominent private sector bank. Shares declined after the company reported results that showed slowing deposit growth due to competition and overall tight liquidity conditions. The company will likely have to curtail the pace of asset growth or increase funding costs to attract more deposits in the near term as a result. We think this headwind is temporary. We believe the size and scope of HDFC Bank's distribution network is a competitive advantage that will allow it to grow its funding base at a faster pace than the industry over the long term. We retain conviction in HDFC Bank as one of the best ways to invest in the underpenetrated market for retail lending in India.

Shares of **PDD Holdings Inc.**, a leading Chinese e-commerce platform, were down during the quarter despite strong earnings results. Geopolitical concerns have weighed on the stock, especially regarding its platform Temu following the potential U.S. ban of TikTok. We remain shareholders. Strong performance and positive feedback from merchants suggest that PDD will gain market share with strong pricing power. In addition, the company's grocery segment should turn profitable this year due to Meituan's exit from the market. Finally, we think the risk surrounding Temu's U.S. operations is exaggerated. Even should Temu be valued at zero, a valuation of 12 to 15 times 2025 domestic profits against a robust 26% 2023 to 2026 CAGR would imply solid returns going forward. We believe PDD's solid execution will ultimately reward patient investors who prioritize fundamentals, despite potential headline-driven trading dynamics during the U.S. election cycle.

Portfolio Structure

Table IV.
Top 10 holdings as of March 31, 2024

	Percent of Net Assets
Taiwan Semiconductor Manufacturing Company Limited	8.2%
Bharti Airtel Limited	6.7
Samsung Electronics Co., Ltd.	5.0
Tencent Holdings Limited	3.9
Trent Limited	3.9
Jio Financial Services Limited	3.9
Zomato Limited	3.5
Reliance Industries Limited	2.8
Indus Towers Limited	2.6
Godrej Consumer Products Limited	2.5

Table V.
Percentage of securities by country as of March 31, 2024

	Percent of Net Assets
India	48.6%
China	20.3
Korea	10.4
Taiwan	10.1
Japan	3.4
Hong Kong	2.6
Indonesia	1.9

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 first quarter of 2024, the Fund's median market cap was $16.6 billion, and we were invested 57.5% in giant-cap companies, 32.6% in large-cap companies, 6.2% in mid-cap companies, and 0.9% in small-cap companies, as defined by Morningstar, with the remainder in cash.

Recent Activity

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

We were most active in adding to our digitization theme by initiating positions in **Indus Towers Limited** and **Tencent Music Entertainment Group** (TME). Indus is a leading telecommunications tower operator in India. The telecom towers sector in India in currently structured as a duopoly, with Indus and a key competitor accounting for approximately 60% market share. The company has been a key beneficiary of ongoing industry consolidation and telecom providers' rollout of 5G services. However, its valuation has remained deeply discounted compared to global tower peers, primarily due to a key customer, Vodafone Idea (Vi), which had been experiencing share losses that triggered insolvency concerns for Vi. With its recent improvement in financial viability, Vi resumed monthly payments to Indus, which, in our view, will be a key re-rating catalyst for Indus' stock. Additionally, as Vi completes an equity raise, Indus will benefit from Vi's planned 4G expansion and 5G rollout, which will drive tower additions, tenancy ratio improvement, and consequently higher operating leverage and free-cash generation. We expect Indus to deliver high single-digit revenue growth and approximately 10% compounded earnings growth over the next three to five years, with nearly all the incremental earnings enhancing distributable free cash flow.

TME, a listed subsidiary of Tencent Holdings Limited, is the largest online music platform in China. The company has a dominant 70% share of music streaming and the most comprehensive library of content in China. After navigating a decline in its legacy music livestreaming business over the last few years, TME has now transitioned to a pure-play music streaming model, improving earnings quality and durability. Music streaming is still in its early stages in China, with paid penetration of only 18% and average revenue per paying user (ARPPU) of only RMB 10.7 (US $1.50) per month, a fraction of global peers. As a result, we believe the company has a long runway to drive at least high-teens subscription revenue growth over the intermediate term via both user growth and increasing ARPPU, driving a doubling of earnings over the next four to five years. As the business scales and the self-produced content mix rises, TME is also poised for margin expansion, while China's more fragmented music label landscape compared to other global markets bodes well for the company's long-term profitability.

During the quarter, we increased exposure to our global security/supply-chain diversification theme by initiating positions in **Kirloskar Oil Engines Limited** and **Thermax Limited**. Kirloskar is a leading power generation engine manufacturer in India. The company has approximately 30% market share (by volume) in the power generator set market and dominates the low-to-medium horsepower ranges, serving various end-user industries such as telecom, retail, residential real estate, and agriculture. In our view, Kirloskar is well positioned to benefit from rising demand for backup power supply in India, driven by higher capital expenditures by the government and private sector companies in segments such as infrastructure and manufacturing. Additionally, the company aims to focus on growing its distribution network and strengthening after-market services, which, in our view, will drive margin expansion. We expect Kirloskar to deliver 10% to 15% revenue growth and 15% to 20% EBITDA growth over the next three to five years. Thermax, headquartered in Pune, India, is a capital goods company that provides integrated energy and environmental solutions, including boilers, heaters, water treatment and recycling, air pollution control, and chemicals. We believe Thermax will be a key beneficiary of the ongoing capital expenditure expansion in sectors such as power and steel, which will drive robust order inflows, operating leverage, and margin expansion. In addition, the company has broadened its renewable energy portfolio by offering EPC services and constructing solar and solar-wind hybrid farms on a build-own-operate basis for its customers. We believe it will continue to benefit from an accelerating renewable energy transition in India. We expect Thermax to deliver roughly 20% compounded earnings growth over the next three to five years.

As part of our Asia consumer theme, we built a position in **InterGlobe Aviation Limited** (IndiGo). The company is India's largest airline operator, commanding over 60% market share in the duopolistic domestic aviation market. IndiGo has been a key beneficiary of industry consolidation in the aftermath of the COVID-19 pandemic and ongoing supply-chain challenges that have disproportionately impacted smaller competitors. The company operates a fleet of over 350 aircraft and provides low-cost connections to 86 domestic and 32 international destinations. Leveraging its scale of operation and financial strength, IndiGo has strong negotiating power with commercial airplane manufacturers and consequently enjoys a lower cost of ownership and a younger fleet versus its peers. We are excited about the growing demand for air travel in India, the improving pricing discipline in the market, and IndiGo's vision to expand its international destination network, which is accretive to operating margins. We expect the company to deliver 15% to 20% compounded EBITDA growth over the next three to five years.

We added to several of our existing positions during the quarter, including **Bharti Airtel Limited**, **Reliance Industries Limited**, **Jio Financial Services Limited**, **Samsung SDI Co., Ltd.**, **Godrej Consumer Products Limited**, **Kaynes Technology India Limited**, and **PDD Holdings Inc.**

During the quarter, we also exited several positions including **Pernod Ricard SA**, **Apollo Hospitals Enterprise Limited**, **Max Financial Services Limited**, **Jubilant FoodWorks Limited**, **Glodon Company Limited**, and **Yunnan Baiyao Group Co., Ltd.**, as we continue our endeavor to allocate capital to our highest convictions ideas.

Outlook

In recent letters, we have suggested that weaker global growth and a peak in bond yields would be a likely precursor to global central bank easing and an inflection point in developing world and Asia equity performance relative to the U.S. As we discussed in our year end 2023 letter, November's Fed pivot suggested such conditions had likely been triggered, and investors fairly quickly discounted a soft landing towards the end of 2023. Illustrating the inherent reflexivity of liquidity and credit and economic expectations, year to date, we have witnessed a notable uptick in growth and inflation expectations, as well as an anticipated delay in the Fed's easing. Global equities surprised many during the quarter, given the abrupt rise in bond yields, in continuing to follow through on last quarter's strength.

In our view, equities have remained strong even in the face of rising bond yields and inflation expectations as a consequence of the Fed's continued messaging that while it may modestly delay or moderate the magnitude, it principally remains on course for multiple rate cuts during the current year. To us, the Fed seems to be suggesting that it is willing to err on the side of stronger growth and inflation pressure *in an election year*, which would favor equities over bonds, and we believe this nearly guarantees that real interest rates peaked last October and are set to moderate going forward. This appears to be the primary cue for equities as well as gold in recent weeks. Indeed, 10-Year U.S. Treasury real yields have ranged from 1.65% to 2.00% for much of the first quarter, after spending the majority of the fourth quarter of 2023 well above 2.00%. We believe this yield is likely to ultimately decline towards 1.00%, which represented the upper bound for much of the period between 2011 and 2022, as Fed rate cuts kick in.

We suggested in our last letter that financial markets may have moved too far, too fast in the aftermath of the Fed pivot, though we noted the improved relative performance of developing world equities as a likely foreshadowing of a sustained period of mean reversion. While global equities continued to appreciate in early 2024, the strength was concentrated in the U.S., Japan, mega caps, and semiconductor and other AI proxies, while developing Asia/EM and small-cap equities lagged as global central bank easing expectations moderated and the U.S. dollar firmed. In our view, the shifting conditions referenced above present an interesting setup for non-U.S. equities. We have consistently remarked that the global response to COVID-19 was disproportionate, with U.S. fiscal expansion and monetary support orders of magnitude larger than that of most foreign jurisdictions. This, in turn, led to a stronger recovery and greater inflation pressure in the U.S., which largely remains today. Whether non-U.S. central banks calibrate monetary policy based on their own domestic conditions, or in response to the Fed and U.S. conditions, is likely to influence forward-looking relative performance, as conditions in most foreign jurisdictions warrant substantially more easing than the U.S., in our view. While the Fed is poised to remain *higher for a bit longer*, many international central banks *already appear too tight today*. Such an easing cycle is but one of the several relative earnings catalysts we have laid out in previous letters, but, in our view, would likely trigger a more urgent re-evaluation of improving non-U.S. earnings prospects by global investors and allocators. We believe our portfolio remains well positioned, particularly given our significant overweighting in India, as its growth, productivity gains, and geopolitical advantages are structural and largely insulated from macro conditions, and it would also be a key beneficiary of lower interest rates.

Specific to this portfolio, we are encouraged that several of our holdings, including **Taiwan Semiconductor Manufacturing Company Limited**, **Samsung Electronics Co., Ltd.**, **SK hynix Inc.**, and **Baidu, Inc.**, are increasingly recognized as key beneficiaries of the AI phenomenon. We are researching several additional candidates, particularly as we believe investor focus is poised to shift from AI training to the broader and myriad beneficiaries of the implementation of AI inferencing. India, by far our largest country exposure and overweight position, continues to deliver world-leading economic and earnings growth while offering a longer-term geopolitical dividend. In our view, it has a multitude of exciting and high-return investment opportunities notwithstanding high relative valuations. Korea has embarked on an early-stage and shareholder-focused initiative resembling the highly successful campaign in Japan, and we believe this could offer new investment candidates in this statistically cheap jurisdiction. Finally, after a weak start to the year given ongoing questions regarding growth momentum, China's economy and equity markets are exhibiting signs of stabilization and improvement, largely in response to policymakers' stepped-up efforts to restore consumer, business, and investor confidence. As we maintain cautious optimism, we note that any ongoing signs of improving growth would likely trigger significant equity appreciation given widespread skepticism and depressed valuations.

We continue to believe that developing world 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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