



QUARTERLY LETTER | JUNE 30, 2025

## Baron Small Cap Fund®

Retail Shares: BSCFX | Institutional Shares: BSFIX | R6 Shares: BSCUX



Cliff Greenberg  
Portfolio Manager

### Dear Baron Small Cap Fund Shareholder,

#### Performance

Baron Small Cap Fund® (the Fund) was up 10.38% (Institutional Shares) in the second quarter. Year to date, the Fund is up 0.36%. The Fund trailed the Russell 2000 Growth Index (the Index) this quarter (by 1.59%) but is modestly ahead for the year (by 0.84%). Small-cap stocks rebounded nicely in the quarter and performed roughly in line with the broader market, but are still meaningfully trailing larger caps this year.

As shown in the first chart, the Fund has beaten the Index over most relevant periods. Over the life of the Fund, we are 382 basis points ahead of the Index per year, which, if you have been a long-time investor in the Fund, you have really benefitted, as that outperformance really adds up. If you would have invested in the Fund at its inception (and thanks to the many who did just that), your investment would now be worth 14.5 times its original value. This means a \$10,000 investment would now be worth \$145,163. This is 2.7 times more than if you would have invested in a Fund that tracked the Index, which would be worth \$54,529.

The quarter started off with a big sell-off. President Trump announced his global tariff regime, and the rates instituted were much higher than expected and considered draconian. China and the European Union responded with reciprocal tariffs as countermeasures and a full-blown trade war seemed imminent. The market was concerned that this would significantly slow the economy and give rise to substantial inflation. The NASDAQ Composite Index, which was booming earlier in the year, entered bear market territory on April 4, falling more than 20% from its all-time high achieved late last year.

But the market quickly found a bottom and rallied strongly over the course of the quarter, finishing at new all-time highs. This occurred for many reasons. First, there was a de-escalation of trade tensions. Though, for the most part, tariff rates have not yet been established, it is believed that ultimate levels will not be so high as to derail economic growth or cause a major spike in prices. Second,

#### Annualized performance (%) for period ended June 30, 2025<sup>†</sup>

	Fund Retail Shares <sup>1,2</sup>	Fund Institutional Shares <sup>1,2,3</sup>	Russell 2000 Growth Index <sup>1</sup>	Russell 3000 Index <sup>1</sup>
3 Months <sup>4</sup>	10.31	10.38	11.97	10.99
6 Months <sup>4</sup>	0.26	0.36	(0.48)	5.75
1 Year	8.73	8.99	9.73	15.30
3 Years	13.07	13.36	12.38	19.08
5 Years	9.10	9.38	7.42	15.96
10 Years	9.79	10.07	7.14	12.96
15 Years	11.96	12.25	11.06	14.46
Since Inception (9/30/1997)	9.96	10.12	6.30	8.93

the economy has remained resilient, and corporate fundamentals are solid. Third, inflation has remained muted, as reflected in dovish commentary by the Federal Reserve after the recent price reports. And more recently, the U.S. government passed a budget bill that maintained current tax rates and included some additional stimulative tax provisions. All in all, the major concerns that weighed on the market abated and optimism for non-inflationary faster economic growth returned as the prevailing outlook.

The Fund's best stocks were companies that participated in favorable investment trends or posted strong operational results. AI remains the dominant and most compelling market theme. Our largest position, **Vertiv Holdings Co**, a leading global provider of critical products and services for data centers, is a direct play on the build out of AI infrastructure. The stock got clobbered in the first quarter but rallied sharply in the second quarter, as the market became ever more confident in the durability and longevity of the growth ahead.

*Performance listed in the above table is net of annual operating expenses. Annual expense ratio for the Retail Shares and Institutional Shares as of January 28, 2025 was 1.30% and 1.05%, 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 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 [BaronCapitalGroup.com](https://BaronCapitalGroup.com) or call 1-800-99-BARON.*

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Industrials stocks, particularly those in the aerospace & defense subsector, were very strong in the quarter as well. Innovative new products and geopolitical tensions fueled excitement for players in the sector, and our holdings **Kratos Defense & Security Solutions, Inc.**, **Karman Holdings Inc.**, and **RBC Bearings Incorporated** were beneficiaries. And some of our consumer stocks did particularly well in the quarter. Most have been oversold due to concerns about weak consumer spending, which dissipated as companies announced strong results. Our winners were **ODDITY Tech Ltd.**, **Red Rock Resorts, Inc.**, **The Cheesecake Factory, Inc.**, and **DraftKings Inc.**

Our weakest performers were services-related businesses in Health Care, Financials, and Information Technology (IT). In Health Care, **Neogen Corp.** continued to struggle integrating a large acquisition; **ICON plc** is growing below historic and expected rates because of changing healthcare regulation, which is depressing new drug discovery trials; and **Inspire Medical Systems, Inc.** was down as it is in a product transition cycle and facing some new competition. In Financials, **Kinsale Capital Group, Inc.** and **The Baldwin Insurance Group, Inc.** both reported slower organic growth and were flattish in the quarter, following strong respective performance the prior quarter. Also, **ASGN Incorporated** and **Grid Dynamics Holdings, Inc.** fell as they explained that their clientele remained measured with the pace of “digital transformation” work and hiring because of the uncertain economic outlook.

This was one of the best quarters in the past 25 years for the performance of high beta stocks. Also, more volatile, lower quality stocks performed well this quarter. Our Fund is comprised of holdings that are high quality and have lower betas/volatility, so our characteristics were out of favor this quarter. This hampered our relative performance. Over the years, we note that often in the initial up legs of a rally in small caps the Fund lags somewhat, as these same factors lead. However, the Fund has caught up and outperformed over time, so we are nonplussed. As shown below, the Fund has outperformed a majority of the time in normal and down markets since inception but tends to underperform in periods when markets rise sharply off lows like we witnessed in the second quarter.

Percentage of time Fund outperformed the Russell 2000 Growth Index in different market environments from inception through June 30, 2025

Rolling Return Period	3 Months	1 Year	3 Years	5 Years
Outperformance in Declining Markets (<0%)	77%	93%	100%	100%
Outperformance in Normal Markets (0% to 15%)	69%	71%	69%	74%
Outperformance in Strong Markets (>15%)	43%	35%	36%	33%
Overall	61%	68%	68%	75%

Declining, normal, and strong markets are based on the performance of the Russell 2000 Growth Index.  
Sources: Baron Capital and FTSE Russell  
Performance data quoted represents past performance. Past performance is no guarantee of future results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

Top contributors to performance for the quarter

	Contribution to Return (%)
Vertiv Holdings Co	3.97
Guidewire Software, Inc.	1.35
Kratos Defense & Security Solutions, Inc.	1.19
ODDITY Tech Ltd.	1.11
Red Rock Resorts, Inc.	0.90

**Vertiv Holdings Co**, a leading provider of cooling, power, and IT management solutions for data centers, contributed to performance during the quarter. The stock rallied nearly 80% in the second quarter as the market grew more confident in the durability of data center investment, particularly AI infrastructure, especially amid concerns of a slowdown and tariff impacts just a few months ago. Vertiv is deeply embedded in its customers’ technology roadmaps and stands to benefit as AI data centers become increasingly complex and require more advanced power and cooling solutions. Vertiv remains a top holding as it maintains a strong competitive advantage and is well positioned for multi-year growth. We believe Vertiv can grow its EBITDA at strong double-digit rates for the foreseeable future, and the stock can compound from here.

Shares of property and casualty (P&C) insurance software vendor **Guidewire Software, Inc.** rose on strong fiscal Q3 2025 financial results and an upward revision to full-year guidance. After a multi-year transition, we believe cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to InsuranceSuite Cloud. We are encouraged by Guidewire’s subscription-based gross margin expansion, which improved by more than 600 basis points in the most recently reported quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its \$15 billion to \$30 billion total addressable market and generating margins above 40%.

Leading defense technology provider **Kratos Defense & Security Solutions, Inc.** contributed to performance during the quarter amid growing momentum across the business. We believe Kratos is well positioned for accelerated multi-year growth, as prior investments in high-growth areas of defense—such as hypersonics, drone engines and small missile engines, space, microwave electronics, and unmanned systems—are translating into larger contract awards. Demand is being driven by increased funding from the Department of Defense and other global militaries. In our view, the current operating environment has never been better, and few companies are as well equipped as Kratos to deliver the advanced solutions required for modern warfare.

Other holdings that rose over 20% in the quarter but added less to the overall returns were Cheesecake Factory, Karman, **The Trade Desk**, **JFrog Ltd.**, **Hinge Health, Inc.**, indie **Semiconductor, Inc.**, **DexCom, Inc.**, **DraftKings**, and **IDEXX Laboratories, Inc.**

### Top detractors from performance for the quarter

	Contribution to Return (%)
Neogen Corp.	(0.69)
ICON plc	(0.65)
ASGN Incorporated	(0.56)
Clearwater Analytics Holdings, Inc.	(0.39)
Grid Dynamics Holdings, Inc.	(0.34)

Shares of **Neogen Corp.**, a leading provider of food and animal safety products, detracted from performance. The company reported weak fiscal Q3 2025 earnings, lowered its fiscal 2025 guidance, and announced that its CEO will step down later this year. Several years of M&A integration and operational hiccups have cratered the stock. We expect near-term volatility to persist but retain long-term conviction. We added to our position as shares have significant upside. The company is selling non-core businesses at goal prices, which is de-levering its balance sheet and should enhance the growth profile. We are hopeful that the company is nearing the end of its transition and will revert to nice growth shortly.

**ICON plc** is a leading contract research organization serving the global biopharmaceutical industry. Shares declined after another soft quarter, marked by persistent volatility in the clinical development market. Bookings lagged as clients deferred decisions, tightened R&D budgets, and canceled or delayed projects, prompting management to lower 2025 guidance and remove two next-generation COVID-19 vaccine studies with uncertain timelines. Despite industry-wide headwinds, long-term demand for outsourced drug development services remains strong. We expect global pharmaceutical R&D spending to continue growing and believe scaled providers like ICON are well positioned to expand and gain share over time. The shares trade at half their prior multiple offering great value.

**ASGN Incorporated** is the second largest staffing firm in the U.S., providing IT and professional services across the technology, digital, and creative fields for both commercial and government clients. Customers remain cautious with spending and hesitant to initiate new IT projects without greater clarity on the economic outlook. Earnings per share guidance for the second quarter came in roughly 12% below consensus, reflecting flat revenue expectations and margin pressure tied to the loss of Department of Government Efficiency business and a higher mix of lower-margin federal contracts. Consulting services grew nearly 5% organically and now represent approximately 61% of total revenue, up 400 basis points year-over-year, and that book of business, in our opinion, is worth a higher multiple. We continue to believe that ASGN is well positioned to meet the IT needs of its clients as demand normalizes over time and that the stock is cheap.

The other stock, besides those listed above, that declined over 20% this quarter was **Holley Inc.**

### Portfolio Structure and Recent Activity

As of June 30, 2025, the Fund has \$4.0 billion under management and owned 54 stocks. The top 10 holdings made up 41.0% of net assets. Turnover was 10.4%<sup>5</sup> as measured over a three-year average.

These levels of concentration and holding periods are consistent with recent periods. We like what we own and are patient long-term investors. We do suspect that we will add more names and trade somewhat more actively in the future when the capital markets are more fertile.

### Top 10 holdings

	Year Acquired	Quarter End Investment Value (\$M)	Percent of Net Assets (%)
Vertiv Holdings Co	2019	288.9	7.3
Guidewire Software, Inc.	2012	206.0	5.2
Kinsale Capital Group, Inc.	2019	205.7	5.2
Gartner, Inc.	2007	171.8	4.3
Red Rock Resorts, Inc.	2016	161.3	4.0
The Baldwin Insurance Group, Inc.	2019	128.4	3.2
Planet Fitness, Inc.	2018	125.4	3.1
TransDigm Group Incorporated	2006	121.7	3.1
Kratos Defense & Security Solutions, Inc.	2020	116.1	2.9
SiteOne Landscape Supply, Inc.	2016	105.8	2.7

The Fund primarily invests in five sectors—Industrials, IT, Consumer Discretionary, Financials and Health Care. These are the sectors where we focus our deep research efforts and have had great historic success finding the special businesses to invest in. We gravitate to companies that have similar characteristics that we have identified over time, across different sectors. This leads to consistency in our approach to research, and results in a balanced and diversified portfolio that performs well in most market environments.

Our Fund varies greatly from the Index, which we are cool with. We are well overweight Industrials (33.0% of net assets) and Consumer Discretionary (15.4%), essentially market weight in IT (21.3%) and Financials (11.7%) and significantly underweight in Health Care (8.9%). We have no or minimal investments in other sectors, such as Consumer Staples, Materials, Energy, Utilities, and Real Estate. The portfolio has been positioned in this fashion for some time and reflects where we find the most compelling investments that meet our high standards.

We are long-term investors. As of June 30, 2025, 33.3% of the Fund's net assets were invested in stocks that we have held for 10 years or more, and another 42.6% in stocks that we have held for 5 to 10 years. In total, over three quarters of our capital is invested in stocks held for 5 years or more. These stocks have returned 22.9%, annualized, since purchase. So, it has paid to hold on to those great stocks for the long term. It's one of our great learnings - it is very hard to find these great investments, and when you do, it really pays to stay invested as long as the companies continue to perform and meet the high standards required to make the investments in the first place.

A significant portion of our Fund is made of what we consider "big winners," which are long-term holdings that have appreciated significantly because of compounding returns. At the end of the quarter, 69.2% of the Fund's net assets were invested in stocks that



have more than doubled since initial purchase. And, impressively, 22.0% of net assets were invested in stocks that have risen 10 times or more, and another 17.1% in securities that have risen between 5 and 10 times. We believe these “big winners,” are a proof point about the efficacy of our approach and execution. We believe our process is repeatable and can continue to produce strong long-term returns.

Top net purchases for the quarter

	Year Acquired	Quarter End Market Cap (\$B)	Net Amount Purchased (\$M)
Hinge Health, Inc.	2025	4.1	20.1
Liberty Media Corporation - Liberty Live	2023	7.4	14.8
Clearwater Analytics Holdings, Inc.	2021	6.2	11.3
Enpro Inc.	2024	4.0	7.4
nCino Inc.	2023	3.2	6.8

We established a position at **Hinge Health, Inc.** on its May IPO. Hinge Health is a digital health care provider delivering virtual physical therapy, leveraging AI empowered software and hardware designed to deliver a broad spectrum of musculoskeletal (MSK) care. Four times larger than its next competitor, Hinge Health’s highly scalable platform facilitates personalized and largely automated MSK care through AI powered motion tracking (TrueMotion) and an FDA approved proprietary nerve simulation wearable device (Enso) supported by a care team of licensed Physical Therapists, MDs, and board-certified coaches.

MSK conditions are a leading driver of health care costs in the U.S., affecting about 40% adults. Only 9% of U.S. adults with MSK pain seek physical therapy treatment. Digital MSK treatment can help address this underserved market of pain management for the untreated, while offering a more cost-effective care option than the surgical alternative, Hinge Health offers a free-to-employee (no copay), easy-to-use, convenient virtual solution.

Using the camera to measure 3D human motion across over 100 unique points on the body, TrueMotion provides real-time form guidance and correction during an exercise session. We view the strength of this proprietary 3D computer vision model as a key competitive advantage for Hinge Health. In addition, the company’s preferred status, with more than 50 partners (including the top five national health plans and top three pharmacy benefit managers), provides a distribution moat that can’t be replicated by peers. Hinge Health has retained 100% of partners since inception, evidence of the value of its service, and boasts a 12-month client retention rate of 98% for 2024.

Hinge Health started enrolling members in 2016 and currently has 20 million covered employees at 2,250 employers, including 49% of the Fortune 500, with 80% of those coming in the last two years. Hinge Health has experienced rapid growth, and it should generate software-like operating margins as the business reaches scale. 2024 revenues were up 33% to \$390 million, with calculated billings growing 42% to \$468 million, and the company added almost 600 new customers and reached cash flow breakeven. Growth in Q1 2025 accelerated with revenue up 50%. We are excited to invest in Hinge

Health, a demonstrated leader in its space, bringing a compelling value proposition for its key constituents, with strong financial characteristics.

During the quarter we added to our position in **Liberty Media Corporation - Liberty Live**. Liberty Live is a tracking stock that owns a 30% interest in Live Nation. In April, the potential impact of tariffs on consumer spending weighed on the stock, and we took advantage of the volatility to buy shares at what we believe was a compelling valuation. We believe the combination of global artist supply expansion, strong category demand, owned venue development, pricing optimization, and margin expansion will lead to annual double-digit adjusted operating margin growth over the long term. Ultimately, we believe there will be a combination of Live Nation and Liberty Live, resulting in monetization of the fair market value discount that exists at the Liberty Media level. This playbook has been executed successfully by the Liberty Media management team in other tracking-stock structures.

Top net sales for the quarter

	Year Acquired	Market Cap When Acquired (\$B)	Quarter End Market Cap or Market Cap When Sold (\$B)	Net Amount Sold (\$M)
UTZ Brands, Inc.	2020	1.0	1.1	43.4
TransDigm Group Incorporated	2006	1.1	85.4	28.1
Guidewire Software, Inc.	2012	1.4	19.8	26.9
Vertiv Holdings Co	2019	1.0	48.9	26.3
Gartner, Inc.	2007	2.2	31.1	22.3

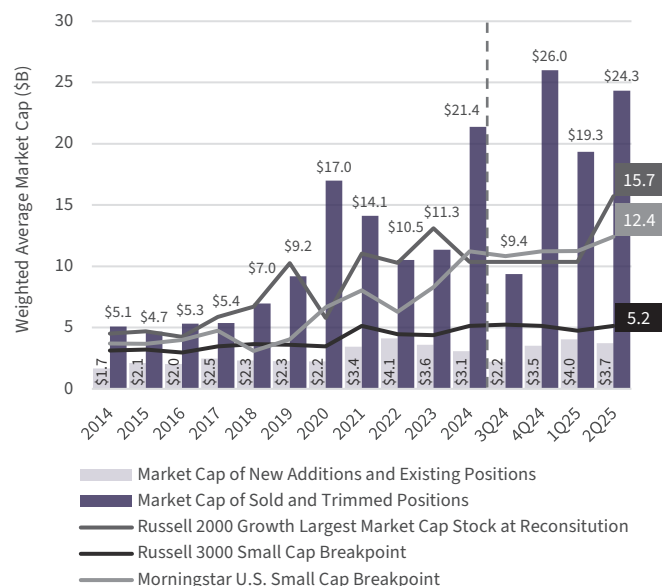
We sold our position in **UTZ Brands, Inc.** Sales and earnings are growing slower than we had originally expected, with a more intense promotional and competitive environment along with weaker consumer spending. We don’t see a reversal of those trends soon, so on to better ideas. We also exited our small position in **IDEXX Laboratories, Inc.**, a \$41 billion market cap company, after its stock rallied this quarter. IDEXX was one of our best investments and “big winners,” having initially invested in the company nearly 17 years ago when its market cap was just \$2 billion. A great example of what the Fund tries to do - find special companies run by exceptional managers and hold them for the long term. We had trimmed our position over the years and sold the last piece this quarter.

We were active in trimming some of our largest market cap positions in the quarter. We availed ourselves with a Redemption in Kind (RIK) program that Baron entered into with two large investment banks after years of study. Rebalancing the portfolio by way of the RIK had the primary benefits of not affecting the market for the securities and avoiding transaction costs in the form of commissions. We sold some shares of **TransDigm Group Incorporated, Guidewire Software, Inc., DexCom, Inc., Vertiv Holdings Co, and Gartner, Inc.**, all at prices we believe are favorable to right size the positions and raise capital to invest in new small-cap names. This is part of our regular practice to primarily focus on investment returns and also take into account the market cap of our holdings. For the quarter, we

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sold or trimmed positions in stocks with a weighted average market cap of \$24.3 billion, while buying or increasing positions in stocks with a weighted average market cap of only \$3.7 billion. As shown in the chart below, this approach of buying small caps and selling out of larger market caps has been consistent over the years.

**Purchase and Sale Activity by Market Cap**



Sources: Baron Capital, FTSE Russell, and Morningstar Direct.

## Outlook

The Dow Jones Industrial Average and NASDAQ Composite Index are at all-time highs at the time of this writing. Usually, big rallies occur when all is clear in the investment world, meaning- improving growth, declining interest rates, supportive fiscal policy, and benign international relations. Not this time, which makes this big move in stocks atypical. There is presently great directional uncertainty based on the effects of aggressive trade policy, excessive levels of government spending and debt, rising geopolitical tensions, and an uncertain path of Federal Reserve policy and independence.

We hear the following from the companies that we invest in: 1) that the economy is presently doing fine and remains resilient even in the face of uncertainty; 2) that growth might be slowing somewhat, but a recession does not seem to be in the offing; 3) that inflation is modest and manageable now; and 4) that some businesses, especially those benefitting from the AI revolution, are expanding rapidly, but most are still growing at rates below historic levels.

The bull case is that, as time passes, uncertainty about the economic environment will wane and corporations will move forward with growth initiatives, resulting in a period of better economic growth. Interest rates will decline on the short end, as the Federal Reserve cuts, spurring faster growth in the troubled housing market. And longer duration interest rates will decline as government tax receipts increase from faster growth to reduce the deficit. All while inflation remains in check. This is certainly possible.

The primary risk to this economic outlook is that inflation will increase. The concerns are: 1) that the tariff levels adopted will be high and prove to be inflationary when implemented; 2) that inflation will be sparked by the decline in the value of the U.S. dollar; and 3) that restrictions on immigration will result in labor inflation. If inflation increases, it will be less likely that short-term interest rates will be cut.

A note about macro... we believe it's important to be aware of economic forces at play and relate our take on the implications for the investment backdrop. However, we know better than to try to predict the possible future outcomes and try to time our investment decisions based on views about the macro. We primarily focus on the fundamentals of the companies in which we invest and believe the success of their results is most determinative to future stock prices.

Though the broader market indexes are at the highs, we see some signs of speculative excess; smaller stocks are still below prior peaks. The Russell 2000 Growth Index is still 12% below the all-time high achieved four years ago and is also about 9% below the recent high in December 2024. We believe small caps in general offer great absolute value given meaningful underperformance versus large caps in recent years and should experience a period of relative outperformance.

We own a portfolio of special, well-managed businesses that have significant competitive advantages and strong growth prospects. We trust that our executives are navigating these uncertain times smartly, as they have done in the past. Most of the businesses are doing well presently, and we expect them to grow faster in the future. In general, these stocks now trade at reasonable valuation levels on present earnings and still offer great long-term opportunity for appreciation. Some of our businesses are struggling, but we believe the issues are short term, and we are holding or increasing our position expecting the companies to get back on track and their stocks to recover.

Thank you for your investment in the Fund. We believe we have a differentiated, time-tested investment approach that enables us to uncover and invest in great small businesses that can succeed and compound for years to come resulting in strong investment returns. I am fortunate to have a great partner in David Goldsmith, Assistant Portfolio Manager of the Fund, in this effort. We are supported by a terrific research team at Baron. We are appreciative of your confidence in us and will continue to work diligently to justify it and achieve great results for us all.

Cliff Greenberg  
Portfolio Manager

<sup>1</sup> The Fund's 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.

<sup>1</sup> The **Russell 2000® Growth Index** measures the performance of small-sized U.S. companies that are classified as growth. The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market, as of the most recent reconstitution. All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. The Fund includes reinvestment of dividends, net of withholding taxes, while the Russell 2000® Growth and Russell 3000® Indexes include reinvestment of dividends before taxes. Reinvestment of dividends positively impacts the performance results. The indexes are unmanaged. Index performance is not Fund performance. Investors cannot invest directly in an index.

<sup>2</sup> The performance data in the table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

<sup>3</sup> Performance for the Institutional Shares prior to May 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 May 29, 2009 did not reflect this fee, the returns would be higher.

<sup>4</sup> Not annualized.

<sup>5</sup> Excludes the value of portfolio securities delivered as a result of in-kind redemptions of the Fund's capital shares.

*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 [BaronCapitalGroup.com](http://BaronCapitalGroup.com). Please read them carefully before investing.*

**Risks:** Specific risks associated with investing in smaller companies include that the securities may be thinly traded and more difficult to sell during market downturns. Even though the Fund is diversified, it may establish significant positions where the Adviser has the greatest conviction. This could increase volatility of the Fund's returns.

The Fund may not achieve its objectives. Portfolio holdings are subject to change. Current and future portfolio holdings are subject to risk.

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**Beta** explains common variation in stock returns due to different stock sensitivities to market or systematic risk that cannot be explained by the U.S. Country factor. Positive exposure indicates high beta stock. Negative exposure indicates low beta stock.

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