

Thornburg International Equity Fund

Portfolio Manager Commentary

31 December 2023



Market Review

International equity markets ended the year with a sharp two-month rally that took them up about 15% from their October 26 lows through year-end. For the 4th quarter the MSCI EAFE Index (developed markets) rose 10.4% and the ACWI ex-U.S. Index (developed and emerging markets) rose 9.8%. For the year the MSCI EAFE Index rose 18.2% and the MSCI ACWI ex-U.S. Index 15.6%.

Moderating inflation, major central banks on hold, lower interest rates, decreasing investor concerns about recession and increasing optimism over the possibility of a soft landing helped support the rally with longer-term interest rates in the U.S., Europe, and the UK falling sharply from mid-October through year end. With interest rates falling, the U.S. Dollar (DXY) fell sharply in the 4th quarter and has fallen 10% since reaching a 20-year high in September of last year.

In the 4th quarter Europe, Australia, Canada, and Latin America outperformed while the UK, Japan, and China underperformed. Info Tech, Industrials, and Materials outperformed while Energy, Health Care and Consumer Staples underperformed. For the year Europe, Japan, and Latin America outperformed while China/Hong Kong underperformed. Info Tech, Industrials and Financials outperformed while Consumer Staples, Communication Services and Health Care underperformed. Value outperformed Growth in international markets for the third year in a row, unlike the U.S. where Growth outperformed in 2023.

The S&P 500 Index outperformed the MSCI ACWI ex-U.S. Index and MSCI EAFE Index in the 4th quarter and for the year, with almost 2/3 of U.S. returns coming from the "Magnificent Seven" growth stocks and the equal weighted S&P underperforming the S&P 500 Index by 12.5%. Note that since October 2022's 13-year low in relative performance the MSCI EAFE Index and MSCI ACWI ex-U.S. Index have outperformed the S&P 500 Index by 600 and 270 basis points respectively.

We continue to favor "boring but beautiful" companies which we believe will do well in a still uncertain investment environment.

Portfolio Managers

Lei Wang, CFA

Portfolio Manager

Matt Burdett

Portfolio Manager

Supported by the entire Thornburg investment team

AVERAGE ANNUAL TOTAL RETURNS (%)

AS OF 31 DECEMBER 2023

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares TGVAX (Incep: 28 May 98)							
Without sales charge	9.13	15.77	15.77	1.01	10.16	4.66	7.07
With sales charge	4.23	10.56	10.56	-0.53	9.15	4.18	6.88
I Shares TGVIX (Incep: 30 Mar 01)*	9.22	16.00	16.00	1.30	10.50	5.01	7.51
MSCI EAFE Index	10.42	18.24	18.24	4.02	8.16	4.28	4.48
MSCI ACWI ex-U.S. Index	9.75	15.62	15.62	1.55	7.08	3.83	4.68

EXPENSE RATIOS (%)

GROSS	NET
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1.38	1.38
1.00	0.90

Returns for less than one year are not annualized. ITD is inception to date.

Class I shares may not be available to all investors. Minimum investments for the I share class may be higher than those for other classes.

*Prior to inception of this share class, performance is hypothetical and was calculated from actual returns of the class A shares adjusted for the expenses of the newer share class.

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. For performance current to the most recent month end, visit thornburg.com or call 877-215-1330. The maximum sales charge for the Fund's A shares is 4.50%. There is no up-front sales charge for class I shares. Thornburg Investment Management and/or Thornburg Securities LLC have contractually agreed to waive fees and reimburse expenses through at least February 1, 2025, for some of the share classes; these are reflected in the net expense ratio. For more detailed information on fund expenses and waivers/reimbursements, please see the fund's prospectus.

Fourth Quarter 2023 Performance Highlights

- In 4Q23 the portfolio (I share class) returned 9.22%, -120 basis points behind the MSCI ACWI ex-U.S. Index and -53 basis points behind the MSCI EAFE Index. Year to date the portfolio (I share class) returned 16%, -224 basis points behind the MSCI ACWI ex-U.S. Index and 38 basis points ahead of the MSCI EAFE Index.
- Bottom-up stock selection, along with sector and country allocation, were both positive contributors to relative performance in the 4th quarter but were offset by negative currency effects, mostly exposure to the U.S. Dollar and dollar-linked currencies. Cash was a negative and underweights in Health Care and Consumer Discretionary were positives. Stock selection in Japan and the Eurozone were positives, as was an underweight in China.
- For the year bottom-up stock selection in the Eurozone, along with an overweight there, was the biggest contributor to outperformance versus the MSCI ACWI ex-U.S. Index, as was stock selection in the U.S. and Canada. Stock selection and an overweight in China/Hong Kong were the biggest negatives, along with stock selection in Japan. Currency effects were neutral. The fund's allocation to China, which is not part of the MSCI EAFE Index, was the primary reason for its underperformance versus that index.
- By style basket, stock selection in the Basic Value and Consistent Earner baskets were positives, but an underweight and stock selection in Emerging Franchise were negatives.

Current Positioning and Outlook

During the 4th quarter we trimmed a bit more than 2% from both Cash and Basic Value, adding to Emerging Franchise and Consistent Earner. As of December 31, basket weights were 43% Basic Value, 41% Consistent Earner, 9% Emerging Franchise and 7% Cash. We added to Financials and reduced Consumer Discretionary, added to the Eurozone and Japan and reduced China, which is now less than half of its index weight. As of December 31, we were overweight Industrials and Utilities, underweight Financials, Consumer Discretionary and Health Care. We are a large overweight in the Eurozone and a large underweight in Emerging Markets with China at half weight. Our largest country weights are France, Japan, and Switzerland with our largest underweights in the UK, India, and Australia.

After a two-month rally in international equities which ranks in the top 2% of the last 20 years, there is still a lot of uncertainty in both the economic and geopolitical outlook for 2024. Remember that at this time last year, most forecasts about the economy and markets for 2023 turned out to be off the mark, and there is a distinct possibility that 2024 will be the same. In 2023 our portfolio positioning was relatively conservative for most of the year and focused on idiosyncratic bottom-up opportunities, many of which were in "boring but beautiful" companies with steadier, more positive cash flow which we thought would do well in the face of the fastest rise in interest rates in 40+ years. We added opportunistically in the four market drawdowns in 2023, trimming in the four rallies. That approach worked extremely well for most of the year, led by bottom-up stock selection, although the fund trailed in the last two months of the year as it often does as a high conviction, bottom-up strategy in an explosive rally. We think our approach will continue to do well in 2024 and that our bottom-up, flexible relative value approach is an ideal way for investors who remain underweight international equity to add rebalance their exposure.

TEN LARGEST HOLDINGS

AS OF 30 NOVEMBER 2023

% FUND

	% FUND
TotalEnergies SE	4.3
L'Oreal S.A.	3.3
NN Group N.V.	3.2
Linde plc	3.0
Safran S.A.	3.0
Canadian Pacific Kansas City Ltd.	3.0
Hong Kong Exchanges & Clearing Ltd.	2.9
ABB Ltd.	2.8
Hitachi Ltd.	2.8
Roche Holding AG	2.7

TOP 5 CONTRIBUTORS (%)

4Q23

AVERAGE
WEIGHT

CONTRIB.
TO RETURN

	AVERAGE WEIGHT	CONTRIB. TO RETURN
NN Group NV	3.02	0.65
L'Oreal SA	3.26	0.63
ABB Ltd	2.75	0.61
Schneider Electric SE	2.59	0.51
Recruit Holdings Co Ltd	1.46	0.48

BOTTOM 5 DETRACTORS (%)

4Q23

AVERAGE
WEIGHT

CONTRIB.
TO RETURN

	AVERAGE WEIGHT	CONTRIB. TO RETURN
Alibaba Group Holding Ltd	2.05	-0.37
Meituan	0.52	-0.30
Hong Kong Exchanges & Clearing Ltd	2.59	-0.26
Nexon Co Ltd	0.15	-0.11
Tencent Holdings Ltd	1.39	-0.07

Source: FactSet

Past performance does not guarantee future results.

THORNBURG INTERNATIONAL EQUITY FUND

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Important Information

Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of 31 December 2023.

Investments carry risks, including possible loss of principal. Additional risks may be associated with investments outside the United States, especially in emerging markets, including currency fluctuations, illiquidity, volatility, and political and economic risks. Investments in small- and mid-capitalization companies may increase the risk of greater price fluctuations. Investments in the Fund are not FDIC insured, nor are they bank deposits or guaranteed by a bank or any other entity.

The views expressed are subject to change and do not necessarily reflect the views of Thornburg Investment Management, Inc. This information should not be relied upon as a recommendation or investment advice and is not intended to predict the performance of any investment or market.

Funds invested in a limited number of holdings may expose an investor to greater volatility.

There is no guarantee that the Fund will meet its investment objectives.

Any securities, sectors, or countries mentioned are for illustration purposes only. Holdings are subject to change. Under no circumstances does the information contained within represent a recommendation to buy or sell any security.

Basic Value: Companies generally operating in mature industries and which generally exhibit more economic sensitivity and/or higher volatility in earnings and cash flow.

Consistent Earners: Companies which generally exhibit predictable growth, profitability, cash flow and/or dividends.

Emerging Franchises: Companies with the potential to grow at an above average rate because of a product or service that is establishing a new market and/or taking share from existing participants.

Basis Point (bp) – A unit equal to 1/100th of 1%. 1% = 100 basis points (bps).

P/E - Price/Earnings ratio (P/E ratio) is a valuation ratio of a company's current share price compared to its per-share earnings. P/E equals a company's market value per share divided by earnings per share. Forecasted P/E is not intended to be a forecast of the fund's future performance.

The MSCI ACWI ex-U.S. Index (MSCI ACWI ex US NTR) is a market capitalization weighted index representative of the market structure of 46 developed and emerging market countries in North and South America, Europe, Africa, the Middle East, and the Pacific Rim, excluding securities of United States' issuers. The index is calculated with net dividends reinvested in U.S. dollars.

The MSCI EAFE Index (MSCI EAFE NTR) is an unmanaged index. It is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas developed markets on a U.S. dollar adjusted basis. The index is calculated with net dividends reinvested in U.S. dollars.

The S&P 500 Index (S&P 500 TR) is an unmanaged broad measure of the U.S. stock market.

The performance of any index is not indicative of the performance of any particular investment. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index.

Not FDIC Insured. May lose value. No bank guarantee.

Before investing, carefully consider the Fund's investment goals, risks, charges and expenses. For a prospectus or summary prospectus containing this and other information, contact your financial advisor or visit thornburg.com. Read them carefully before investing.

Thornburg is a global investment firm delivering on strategy for institutions, financial professionals and investors worldwide. The privately held firm, founded in 1982, is an active, high-conviction manager of fixed income, equities, multi-asset solutions and sustainable investments with \$42.9* billion in total assets across mutual funds, institutional accounts, separate accounts and UCITS.

*Includes assets under management (\$41.8B) and assets under advisement (\$1.1B).

