

Thornburg Developing World Fund

Portfolio Manager Commentary

31 December 2023



Market Review

Emerging markets (EM) rallied during the fourth quarter as investors reacted to the increasing probability of a sooner-than-expected rate pivot by the U.S. Fed and other global central banks. While many EM countries posted double-digit gains during the quarter, China continued to be a drag on broader EM performance. While Chinese authorities have announced various policy support measures during the course of the year, a weaker-than-expected COVID recovery and ongoing concerns over the real estate market continue to weigh on investor sentiment.

Latin American equities led all regions globally, driven by expectations of accelerating economic growth on the back of falling interest rates. Tech-oriented exporters, Taiwan and Korea, also saw strong gains as enthusiasm for AI adoption gathered momentum.

While EM has lagged developed markets since COVID, we believe the long-term potential of EM has been delayed but not cancelled.

Portfolio Managers

Ben Kirby, CFA

Co-Head of Investments

Charles Wilson, PhD

Portfolio Manager

Josh Rubin

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	EXPENSE RATIOS (%)	
								GROSS	NET
A Shares THDAX (Incep: 16 Dec 09)									
Without sales charge	6.77	6.13	6.13	-8.58	3.87	1.57	4.43	--	--
With sales charge	1.96	1.37	1.37	-9.97	2.92	1.10	4.09	1.54	1.54
I Shares THDIX (Incep: 16 Dec 09)	6.90	6.58	6.58	-8.23	4.27	1.97	4.89	1.23	1.04
MSCI Emerging Markets Index	7.86	9.83	9.83	-5.08	3.68	2.66	2.82		

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.

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 1 February 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 6.9%, -96 basis points behind the MSCI Emerging Markets Index. Year to date the portfolio (I share class) returned 6.58%, -325 basis points behind the MSCI Emerging Markets Index.
- On a sector basis, Consumer Staples and Real Estate contributed positively to the portfolio's relative performance, driven by stock selection. Meanwhile, stock selection and an overweight allocation to Consumer Discretionary detracted from relative performance.
- From a geographic perspective, stock selection within India and Poland, as well as an overweight allocation to Latin America, contributed positively to relative results. Stock selection within Hong Kong, as well as stock selection and an overweight allocation to the UAE detracted from relative results.

TEN LARGEST HOLDINGS

AS OF 30 NOVEMBER 2023	% FUND
Taiwan Semiconductor Manufacturing Co. Ltd.	6.9
Samsung Electronics Co. Ltd.	4.8
Varun Beverages Ltd.	3.7
Naspers Ltd.	3.4
Dino Polska S.A.	3.4
Max Healthcare Institute Ltd.	3.3
Tencent Holdings Ltd.	3.2
PRIO SA/Brazil	3.1
SK Hynix, Inc.	3.1
AIA Group Ltd.	3.0

TOP 5 CONTRIBUTORS (%)

4Q23	AVERAGE WEIGHT	CONTRIB. TO RETURN
Taiwan Semiconductor Manufacturing Co Ltd	6.64	1.28
Dino Polska SA	3.05	1.21
Samsung Electronics Co Ltd	4.59	0.94
Varun Beverages Ltd	3.20	0.90
SK Hynix Inc	2.67	0.70

Current Positioning and Outlook

While emerging markets have lagged developed markets since COVID, we believe the long-term potential of the asset class has been delayed but not cancelled. We are aware of the economic and geopolitical challenges facing China. But, we see several factors converging to potentially drive EM outperformance after several years of subpar relative results. These include attractive valuations, stable to accelerating GDP growth trends while developed markets slows, the prospect of U.S. rates cuts, and the possibility of a stable or even weaker U.S. dollar. While none alone are a catalyst, they collectively provide a fertile backdrop for green shoots.

Though we are constructive on the opportunity in emerging markets entering 2024, we remain cognizant of the broader macro risks and elevated levels of uncertainty. As always, we are anchoring to bottom-up fundamentals and are targeting durable businesses we believe can perform across a variety of macro scenarios.

BOTTOM 5 DETRACTORS (%)

4Q23	AVERAGE WEIGHT	CONTRIB. TO RETURN
Yum China Holdings Inc	1.97	-0.90
Americana Restaurants International PLC	1.88	-0.69
First Quantum Minerals Ltd	0.37	-0.63
Meituan	0.76	-0.30
Alibaba Group Holding Ltd	1.96	-0.28

Source: FactSet

Past performance does not guarantee future results.

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Portfolio Manager Commentary | 31 December 2023

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.

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

Gross Domestic Product (GDP) – A country's income minus foreign investments: the total value of all goods and services produced within a country in a year, minus net income from investments in other countries.

The MSCI Emerging Markets Index (MSCI Emerging Markets NTR) is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 24 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

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).

