

Thornburg International Growth ADR Strategy - Wrap

Portfolio Manager Commentary
31 March 2024



Market Review

International equities oriented towards growth began the year in particularly strong fashion, with the MSCI ACWI ex-U.S. Growth Index gaining 5.9%, outperforming both the MSCI ACWI ex-U.S. Value Index (+3.4%) and the broader MSCI ACWI ex-U.S. Index (+4.7%). This outperformance was driven by robust global economic activity, improving PMIs, and continued optimism surrounding the potential of AI and AI-related stocks.

Despite a significant decline from recent peaks inflation remained sticky, prompting a re-pricing of rate cut expectations as central banks maintained their hawkish stance. The Federal Reserve and European Central Bank held rates steady, while the Bank of Japan raised interest rates for the first time in 17 years, signaling a shift away from decades of massive monetary stimulus.

Regionally, Japan was a standout with the MSCI Japan Index returning 10.96%. The S&P 500 Index also began the year on a high note, outpacing many international indices with a 10.56% return. The S&P 500 Index's returns were led by a relatively concentrated group of stocks led by Nvidia's impressive 82.5% surge following stellar quarterly results. European equities as measured by the MSCI Europe Index returned a solid 5.13%. Emerging markets continued to trail but still delivered positive gains, with the MSCI Emerging Markets Index returning 2.41%. Other lagging markets to date include China and Hong Kong.

Sector-wise, performance has started to broaden out with Information Technology, Energy and Health Care the best performing sectors in our benchmark, while Consumer Staples and Utilities underperformed.

Given the extended outperformance of U.S.-listed companies, the MSCI ACWI ex-U.S. Index now trades at a 24% discount on forward P/E versus the U.S., the widest level since the S&P 500 Index's 16-year outperformance began. We believe international equities offer a diverse range of compelling bottom-up and thematic opportunities, as evidenced by the portfolio's 1st quarter performance, primarily driven by bottom-up stock selection.

We're excited about the businesses in our portfolio and international markets in general in the coming year.

Portfolio Managers

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Supported by the entire Thornburg investment team

ANNUALIZED RETURNS (%)

AS OF 31 MARCH 2024	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD (1 MAY 10)
Composite (Net)	8.83	8.83	12.90	-4.33	3.86	2.25	5.10
Composite ("Pure" Gross)	9.62	9.62	16.25	-1.45	6.97	5.31	8.25
MSCI ACWI ex-U.S. Growth Index	5.91	5.91	11.22	-0.76	6.24	5.12	5.68

CALENDAR YEAR RETURNS (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Composite (Net)	15.40	-27.90	-6.35	32.57	22.78	-20.32	30.87	-6.15	1.65	-14.33
Composite ("Pure" Gross)	18.82	-25.67	-3.53	36.46	26.40	-17.88	34.70	-3.31	4.69	-11.72
MSCI ACWI ex-U.S. Growth Index	14.03	-23.05	5.09	22.20	27.34	-14.43	32.01	0.13	-1.25	-2.65

In US\$ terms. **Returns may increase or decrease as a result of currency fluctuations.**
Periods less than one year are not annualized. ITD is inception to date.

Performance data for the International Growth ADR Strategy - Wrap is from the International Growth ADR Wrap Composite, inception date of May 1, 2010. The International Growth ADR Wrap Composite includes discretionary wrap accounts invested in the International ADR Growth Strategy. Returns are calculated using a time-weighted and asset-weighted calculation including reinvestment of dividends and income. Periods less than one year are not annualized. Individual account performance will vary. The performance data quoted represents past performance; it does not guarantee future results. "Pure" Gross returns do not reflect the deduction of any expenses, including trading costs and are supplemental to net returns. Beginning January 1, 2009, net returns reflect the deduction of the maximum total wrap fee which is currently 3% per annum. Net returns are derived from subtracting 1/12th of 3% from each account's monthly gross return. The total wrap fee includes all charges for the trading costs, portfolio management, custody and other administrative fees. Prior to January 1, 2009 net returns reflect actual wrap fees for each account in the composite. Beginning January 1, 2014 returns reflect the deduction of transaction costs for some accounts in the composite. The standard fee schedule currently in effect is: 1% to 3% on all assets. Fees may be negotiated in lieu of the standard fee schedule. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available upon request and also may be found in Part II of its Form ADV.

First Quarter 2024 Performance Highlights

- In 1Q24 the portfolio (net of fees) returned 8.83%, 292 basis points ahead of the MSCI ACWI ex-U.S. Growth Index. Year to date the portfolio (net of fees) returned 8.83%, 292 basis points ahead of the MSCI ACWI ex-U.S. Growth Index.
- In the 1st quarter leading contributors to the portfolio's outperformance from a sector perspective were Information Technology, Health Care, and Consumer Discretionary, all due primarily to stock selection. The largest detractors were Industrials, Consumer Staples, and Energy. Cash was also a detractor in an up quarter.
- Principal contributors to outperformance from a region or country standpoint were global companies domiciled in the U.S., as well as Europe and China. The primary detractors were India and the UK.
- Bottom-up stock selection continues to be the primary driver of strategy performance. In the first quarter the portfolio's Growth Industry Leaders basket outperformed the index by a large margin and was the largest contributor to the portfolio's performance, followed by Emerging Growth companies. Consistent Growers underperformed and were a modest negative contributor.

Current Positioning and Outlook

During the 1st quarter we adjusted our basket allocations, increasing exposure to Growth Industry Leaders while reducing Cash and Consistent Growers. We also made sector and regional changes, adding to Financials, Communication Services, Japan, and U.S.-domiciled companies while reducing Consumer Staples and China exposure.

We remain excited about the businesses in the portfolio and international markets in general this year. Our process centers around identifying high quality companies with durable growth prospects, and we believe many of these can be found outside the U.S. One key theme we are focused on is the transformative potential of artificial intelligence (AI). We are particularly interested in Japanese and European companies that are leaders in semiconductor capital equipment for the fabrication of chips.

While inflation in the U.S. appears to be reaccelerating at least for now, in markets outside the U.S. inflation has moderated in a more linear fashion. Central Banks have more room to potentially support growth with monetary easing in places like Europe, where economies have been struggling since the war in Ukraine. This should be supportive of risk assets, particularly in international markets that have lagged in the recovery thus far.

We continue to watch China closely for signs of macroeconomic improvement but are also mindful of political turbulence between that country and the U.S., particularly in an election year. Geopolitical tensions, particularly around China and Taiwan, as well as the Middle East, cannot be ignored. If inflation proves more persistent than expected, it could also weigh on global growth. However, our base case remains for a continued, albeit uneven, global recovery.

Importantly, we believe an active, fundamental approach will be critical to navigating this environment. By focusing on companies with strong competitive advantages, healthy balance sheets, and attractive growth prospects, we believe we can deliver strong risk-adjusted returns for our clients over the long term.

TEN LARGEST EQUITY HOLDINGS (%)

AS OF 29 FEBRUARY 2024	PORTFOLIO
Novo Nordisk A/S	5.8
ASML Holding N.V.	5.7
Nestle S.A.	4.6
Taiwan Semiconductor Manufacturing Co. Ltd.	4.5
Mastercard, Inc.	3.3
AstraZeneca plc	3.1
Beiersdorf AG	2.6
Ferrari N.V.	2.5
LVMH Moët Hennessy Louis Vuitton SE	2.5
ICON plc	2.4

TOP 5 CONTRIBUTORS (%)

1Q24	AVERAGE WEIGHT	CONTRIB. TO RETURN
ASML Holding NV	5.41	1.47
Novo Nordisk A/S	5.99	1.41
Taiwan Semiconductor Manufacturing Co Ltd	4.45	1.32
Lonza Group AG	2.22	0.83
Disco Corp	1.90	0.81

BOTTOM 5 DETRACTORS (%)

1Q24	AVERAGE WEIGHT	CONTRIB. TO RETURN
HDFC Bank Ltd	2.24	-0.52
Nestle SA	4.99	-0.47
Globant SA	1.15	-0.19
PDD Holdings Inc	0.59	-0.17
Hong Kong Exchanges & Clearing Ltd	1.27	-0.14

Source: FactSet

Past performance does not guarantee future results. Please see the Composite Standardized Performance included herein.

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BASKET ALLOCATION (%)

	PORTFOLIO
Growth Industry Leaders	39.8
Consistent Grower	33.6
Emerging Growth	23.2
Cash	3.5

THORNBURG INTERNATIONAL GROWTH ADR STRATEGY - WRAP

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Important Information

The performance data quoted represents past performance; it does not guarantee future results.

Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of 31 March 2024

Investments in the Strategy carry risks, including possible loss of principal. Carefully consider the Strategy's investment objectives, risks, and expenses before investing. There is no guarantee that the portfolio will meet its investment objectives.

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Portfolio holdings and characteristics shown herein are from a representative account managed within the investment composite. The representative account is selected based on account characteristics that Thornburg believes accurately represent the investment strategy as a whole. Should these characteristics change materially, Thornburg may select a different representative account. Holdings may change daily and may vary among accounts, which may contribute to different investment results. The representative account information is supplemental to the strategy's composite and GIPS compliant presentation.

Growth Industry Leaders: often have leadership positions in growing markets. These firms tend to be larger, more established, and have dominant market share.

Consistent Growers: generally exhibit steady earnings and revenue growth, often with subscription or other recurring revenue profiles. These firms tend to buoy the portfolio in weak markets.

Emerging Growth Companies: are often addressing a new market or carving out a niche in an existing market. Companies in this basket tend to be smaller, earlier-stage companies. Successful emerging growth companies are often reclassified as their businesses mature.

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

PMI (Purchasing Managers' Index) – An indicator of the economic health of the manufacturing sector and for the economy as a whole. The PMI Index is based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment. A PMI of 50 or higher generally indicates that the industry is expanding.

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. Growth Index (MSCI ACWI ex US Growth NTR) is a market capitalization weighted index that includes growth companies in developed and emerging markets throughout the world, excluding the United States.

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 All Country (AC) World ex-U.S. Value Index 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 constructed using an approach that provides a precise definition of style using eight historical and forward-looking fundamental data points for every security. The index returns reflect the reinvestment of dividends and other earnings, are net of withholding taxes, and do not include any trading costs, management fees or other expenses.

The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese market. With 314 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The MSCI Europe Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 15 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

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

Portfolio construction will have significant differences from that of a benchmark index in terms of security holdings, industry weightings, asset allocations and number of positions held, all of which may contribute to performance, characteristics and volatility differences. The index shown is unmanaged, reflect total returns and assume the reinvestment of all income in U.S. dollars. It does not reflect any management fees or brokerage expenses associated with a portfolio's returns. Returns for an actual portfolio may differ from those of an index due to (among other things) differences in timing and the amount invested and fees and expenses. Investors may not make direct investments into any index.

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**Includes assets under management (\$42.1B) and assets under advisement (\$1.1B).

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