

Thornburg Global Opportunities Strategy

Portfolio Manager Commentary

31 March 2024



This note highlights the results of the Thornburg Global Opportunities Strategy investment portfolio for the March quarter of 2024. It is published amidst the ongoing developments with the Russian invasion of Ukraine, declining inflation rates, Mideast tensions, and upcoming elections in many countries.

For the March quarter, Global Opportunities Strategy's return of +8.39% (net of fees) exceeded the +8.20% return of the MSCI ACWI NTR Index. For the trailing 12-month period ending 31 March 2024 the strategy's return of +21.04% (net of fees) trailed the 23.22% return of the MSCI ACWI NTR Index. Performance comparisons of Thornburg Global Opportunities Strategy to its benchmark over various periods are shown elsewhere in this report.

We are now in the 18th year of managing Thornburg Global Opportunities Strategy. From its inception on 1 August 2006 through 31 March 2024, Thornburg Global Opportunities Strategy has outpaced the MSCI ACWI NTR Index by an average margin of more than 2.8% per year, resulting in a total cumulative return since inception of 438% (net of fees) versus 239% for the MSCI ACWI NTR Index.

As of 31 March 2024 the weighted average price/earnings ratio for the equity investments of Thornburg Global Opportunities Strategy was 17.5x. This compares to a weighted average multiple of 19.4x for the MSCI ACWI NTR Index on the same date. We believe that our strategy of owning a focused portfolio of firms with above average revenue growth that are value priced with respect to revenue/earnings/cash flow vis-à-vis the overall market has been a key ingredient to long term outperformance by Thornburg Global Opportunities Strategy.

We are monitoring the abilities of your portfolio companies to manage cost inflation and maintain profit margins consistent with our expectations.

Portfolio Managers

Brian McMahon

Chief Investment Strategist and Portfolio Manager

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Portfolio Manager

Supported by the entire Thornburg investment team

Annualized Returns (% , as of 31 Mar 2024)

	QTR	YTD	1-YR	3-YR	5-YR	10-YR
Global Opportunities Composite (Gross)	8.61	8.61	22.04	7.80	13.85	10.16
Global Opportunities Composite (Net)	8.39	8.39	21.04	6.92	12.94	9.30
MSCI ACWI NTR	8.20	8.20	23.22	6.96	10.92	8.66

Annual Return Performance Summary (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Global Opportunities Composite (Gross)	20.24	2.34	4.99	23.19	-20.04	30.01	23.70	15.79	-9.17	17.43
Global Opportunities Composite (Net)	19.31	1.54	4.21	22.27	-20.64	29.01	22.72	14.85	-9.92	16.47
MSCI ACWI NTR Index	4.16	-2.36	7.86	23.97	-9.42	26.60	16.25	18.54	-18.36	22.20

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

Performance data for the Global Opportunities Strategy is from the Global Opportunities Composite, inception date of 1 August 2006. The Global Opportunities Composite includes discretionary non-wrap accounts invested in the Global Opportunities 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. Gross of fee returns are net of transaction costs. Net of fee returns are net of transaction costs and investment advisory fees. For periods prior to 2011, net returns for some accounts in the composite also reflect the deduction of administrative expenses. Thornburg Investment Management Inc.'s fee schedule is detailed in Part 2A of its ADV brochure. Performance results of the firm's clients will be reduced by the firm's management fees. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual management fee of 0.75%, this increase would be 142%.

The reader will notice a high incidence of investments in firms tied to the digital economy, in producers of critical resources, and in financial intermediaries that we believe should benefit from interest rates determined primarily by free market forces. For now, there appears to be subdued investor confidence in the outlook for industrial commodity sector businesses. This is evidenced by the lackluster relative or even negative share price performances of some investments from these sectors in your strategy’s portfolio during 2023 and continuing in Q1’2024.

Sixteen equities made positive contributions to Thornburg Global Opportunities Strategy portfolio performance of at least 0.20% during Q1’2024. Leading contributors to portfolio performance for the quarter included U.S. technology giants Meta Platforms and Alphabet; semiconductor producer Taiwan Semiconductor; business software developer SAP; financials Citigroup, Bank of Ireland, Capital One, Charles Schwab, and NN Group; Indian conglomerate Reliance Industries; technology systems integrator CACI International, miner Freeport-McMoran; vehicle manufacturer Mercedes-Benz Group; retailer TJX Companies, and tool manufacturer Techtronic Industries.

Three equities subtracted more than -0.20% from Thornburg Global Opportunities Strategy portfolio performance during Q1’2024. The most significant detractors were wind turbine manufacturer Vestas Wind Systems, UK homebuilder Barratt Developments, and Macau casino and hospitality firm Galaxy Entertainment. We made various position size adjustments over the course of Q1’2024 for portfolio diversification purposes and to better balance the downside risk vs upside capital appreciation potential of individual positions.

Table 2 summarizes major sector weightings within the Global Opportunities Strategy equity portfolio as of 31 March 2024 and selected prior quarter ends. The increase in portfolio holdings in the communications services sector mostly reflects the strong share price increases by Meta Platforms and Alphabet along with the Q4’23 addition of Spain’s Zegona Communications. The increased portfolio weighting of information technology businesses primarily reflects the strong share price performances of Samsung Electronics and Taiwan Semiconductor over the prior 12 months.

The value of the \$US vis-à-vis most developed market foreign currencies fluctuated within a relatively narrow range in Q1’2024, finishing slightly higher from 31 December 2023 to 31 March 2024. As in prior years, we hedged a significant percentage of the foreign currency exposure of the underlying businesses of your portfolio’s non-\$US investments.

Incoming economic data from around the world indicate a resilient global economy. Inflation has dropped in recent

Table 1 | Global Opportunities Strategy: Performers and Detractors (Representative Account)

Top Performers (1Q24)			Top Detractors (1Q24)		
Name	Contrib. (%)	Avg. Weight (%)	Name	Contrib. (%)	Avg. Weight (%)
Meta Platforms, Inc.	2.39	6.70	Vestas Wind Systems A/S	-0.31	2.06
Citigroup, Inc.	0.94	4.11	Barratt Developments plc	-0.25	1.57
SAP SE	0.87	3.43	Galaxy Entertainment Group Ltd.	-0.24	2.31
Taiwan Semiconductor Manufacturing Co. Ltd.	0.78	3.04	Roche Holding AG	-0.20	1.70
Reliance Industries Ltd.	0.61	4.15	OCI N.V.	-0.19	3.00
CACI International, Inc.	0.49	2.84	Mineral Resources Ltd.	-0.11	2.08
Bank of Ireland Group plc	0.48	4.01	Alibaba Group Holding Ltd.	-0.10	1.35
Mercedes-Benz Group AG	0.41	2.65	Pfizer, Inc.	-0.04	1.44
NN Group N.V.	0.41	2.42	Coca-Cola Icecek AS	-0.02	1.36
Alphabet, Inc.	0.39	4.81	Tesco plc	0.00	1.77

Past performance does not guarantee future results.

The securities discussed are for illustrative purposes only and do not represent a recommendation to buy or sell any security. The analysis or data presented is not intended to represent performance of all securities within a portfolio, which can be lower than what is presented here or than what might be inferred given the analysis. It should not be assumed that the securities were or will be profitable, or that the investment decisions we make in the future will be profitable. Please see disclosure page for additional information.

Table 2 | Global Opportunities Fund Sector Weights (as of 31 Mar 2024)

Sector	31-Mar-24	31-Dec-2023	30-Sep-2023	31-Mar-2023	Year/Year % Change
Financials	22%	22%	21%	21%	1%
Communications Services	18%	17%	16%	15%	3%
Consumer Discretionary	14%	14%	15%	16%	-2%
Information Technology	13%	12%	11%	11%	2%
Energy (Diversified)	11%	12%	13%	12%	-1%
Materials	9%	9%	9%	11%	-2%
Industrials	8%	8%	8%	8%	–
Health Care	3%	3%	4%	4%	-1%
Consumer Staples	3%	3%	3%	2%	1%

May not add up to 100% due to rounding.

quarters, though it remains above prior decade levels in most developed countries. Labor market conditions remain tight, contributing to ongoing inflation in services. Political developments in the U.S. and many other countries holding elections will impact financial asset prices in 2024. We are paying attention to the abilities of your portfolio companies to manage cost inflation and maintain profit margins consistent with our expectations.

Our Investment Framework

Thornburg Global Opportunities Strategy seeks capital appreciation from a focused portfolio of global equity investments. We believe the structure of the portfolio—built on our core investment principles of flexibility, focus, and value—provides a durable framework for value-added investing.

We urge investors of the strategy to maintain a long-term investment perspective rather than placing too much emphasis on return figures that are available daily, weekly, monthly, and quarterly. A clear example of the need to keep a longer-term investment perspective is illustrated by comparing the trailing 48-month return of Thornburg Global Opportunities Strategy as of 31 March 2024 [+112%] with the return from the single Covid onset quarter ending 31 March 2020 [-24.8%] that preceded this 48-month period. Most businesses in your portfolio have managed well through varying economic environments across business cycles. A few have potential to be much better businesses after being “fixed up.” We continue to follow our core investment principles of flexibility, focus, and value, as we have since your strategy’s inception back in 2006.

Top Ten Holdings (as of 29 Feb 2024)

percentage of portfolio
(Representative Account)

Holding	Weight (%)
Meta Platforms, Inc.	7.0
Samsung Electronics Co. Ltd.	4.8
Alphabet, Inc.	4.7
The Charles Schwab Corp.	4.4
Reliance Industries Ltd.	4.2
TotalEnergies SE	4.2
Citigroup, Inc.	4.0
BNP Paribas S.A.	3.9
Bank of Ireland Group plc	3.8
SAP SE	3.6

THORNBURG GLOBAL OPPORTUNITIES STRATEGY

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

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The MSCI ACWI Index (MSCI ACWI NTR) is a market capitalization weighted index that is representative of the market structure of 47 developed and emerging market countries in North and South America, Europe, Africa, the Middle East, and the Pacific Rim. The index is calculated with net dividends reinvested in U.S. dollars.

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