

Thornburg Global Opportunities Strategy

Portfolio Manager Commentary

31 December 2024



This letter will highlight the results of the Thornburg Global Opportunities Strategy for the twelve-month period ended 31 December 2024. It is published amidst the ongoing developments associated with the Russian invasion of Ukraine, above target inflation figures in the U.S., Mideast tensions, and government policy uncertainty in the U.S. and elsewhere. The S&P 500 Index, the Bloomberg U.S. Aggregate Bond Index, and the MSCI All World Country World Index reported varying positive returns for calendar 2024, +25.0%, +1.3%, and +17.5% respectively. In brief, most equities repriced higher due to a surprising level of economic strength and resilient corporate profits. U.S. interest rates drifted higher while other rates markets were mixed.

For the trailing 12-month period ending 31 December 2024 Global Opportunities Strategy's return of +13.24% (net of fees) lagged the +17.49% return of the MSCI All Country World Equity Index. In Q4'2024 the strategy's return of -4.18% lagged the -0.99% return of the MSCI All Country World Index. Generally speaking, multi-year returns of Thornburg Global Opportunities Strategy have exceeded the returns of the MSCI All Country World Index.

We are now in the 18th year of managing Thornburg Global Opportunities Strategy. From its inception on 1 August 2006 through 31 December 2024, Thornburg Global Opportunities Strategy has outpaced the MSCI All Country World Index by an average margin of more than 2.51% per year, resulting in a total cumulative return since inception of 464% versus 269% for the MSCI All Country World Index. Performance comparisons of Thornburg Global Opportunities Strategy to its benchmark over various periods are shown elsewhere on this site.

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

Miguel Oleaga
Portfolio Manager

Supported by the entire Thornburg investment team

Annualized Returns (% , as of 31 Dec 2024)

| | QTR | YTD | 1-YR | 3-YR | 5-YR | 10-YR |
|---|-------|-------|-------|------|-------|-------|
| Global Opportunities Composite (Gross) | -3.98 | 14.17 | 14.17 | 6.79 | 11.77 | 9.15 |
| Global Opportunities Composite (Net) | -4.18 | 13.24 | 13.24 | 5.91 | 10.86 | 8.29 |
| MSCI All World Country World Index | -0.99 | 17.49 | 17.49 | 5.44 | 10.06 | 9.23 |

Annual Return Performance Summary (%)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------|------|-------|--------|-------|-------|-------|--------|-------|-------|
| Global Opportunities Composite (Gross) | 2.34 | 4.99 | 23.19 | -20.04 | 30.01 | 23.70 | 15.79 | -9.17 | 17.43 | 14.17 |
| Global Opportunities Composite (Net) | 1.54 | 4.21 | 22.27 | -20.64 | 29.01 | 22.72 | 14.85 | -9.92 | 16.47 | 13.24 |
| MSCI All World Country World Index | -2.36 | 7.86 | 23.97 | -9.42 | 26.60 | 16.25 | 18.54 | -18.36 | 22.20 | 17.49 |

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%.

As of 31 December 2024 the weighted average price/earnings ratio for the equity investments of Thornburg Global Opportunities Strategy was 15.1x. This compares to a weighted average multiple of 19.6x for the MSCI All Country World 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.

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 portfolio during 2023 and 2024.

Twenty equities made positive contributions to Thornburg Global Opportunities Strategy portfolio performance of at least 0.25% during the 12 months ending 31 December 2024. Leading contributors to portfolio performance for 2024 included U.S. digital technology giants Meta Platforms and Alphabet; several communications network operators and financials; retailers TJX Companies and Tesco Plc; semiconductor producer Taiwan Semiconductor; business software developer SAP; defense contractor CACI International; two digital commerce firms; miner Freeport-McMoran, and a recreation center operator.

Seven equities subtracted at least -0.25% from Thornburg Global Opportunities Strategy portfolio performance during 2024. The most significant detractors were miner Mineral Resources, Macau casino operator Galaxy Entertainment Group, technology firm Samsung Electronics, wind generation manufacturer Vestas Wind Systems, UK homebuilder Barratt Redrow, and integrated energy producer Total Energies. We made various position size adjustments over the course of 2024 for portfolio diversification purposes, tax management, and to better balance the downside risk vs upside capital appreciation potential of individual positions. Vestas Wind Systems is no longer in your portfolio.

Table 2 summarizes major sector weightings within the Global Opportunities Strategy equity portfolio as of 31 December 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 Plat-

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

| Top Performers (4Q24) | | | Top Detractors (4Q24) | | |
|---|--------------|-----------------|---------------------------------|--------------|-----------------|
| Name | Contrib. (%) | Avg. Weight (%) | Name | Contrib. (%) | Avg. Weight (%) |
| Alphabet, Inc. | 0.64 | 4.97 | Mineral Resources Ltd. | -1.37 | 2.42 |
| The Charles Schwab Corp. | 0.53 | 4.13 | Samsung Electronics Co. Ltd. | -0.89 | 3.46 |
| Citigroup, Inc. | 0.51 | 4.13 | Freeport-McMoRan, Inc. | -0.80 | 3.15 |
| Booking Holdings, Inc. | 0.45 | 2.90 | Reliance Industries Ltd. | -0.72 | 3.37 |
| Taiwan Semiconductor Manufacturing Co. Ltd. | 0.30 | 3.96 | Bank of Ireland Group plc | -0.61 | 3.55 |
| Capital One Financial Corp. | 0.29 | 1.70 | Alibaba Group Holding Ltd. | -0.58 | 2.59 |
| SAP SE | 0.22 | 3.68 | CACI International, Inc. | -0.56 | 2.60 |
| Zegona Communications plc | 0.20 | 1.89 | Galaxy Entertainment Group Ltd. | -0.45 | 2.69 |
| AT&T, Inc. | 0.16 | 3.44 | BNP Paribas S.A. | -0.42 | 3.60 |
| Round One Corp. | 0.13 | 1.29 | TotalEnergies SE | -0.42 | 2.98 |

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 Strategy Sector Weights (as of 31 Dec 2024)

| Sector | 31-Dec-24 | 30-Sep-24 | 30-Jun-24 | 31-Dec-23 | Year/Year % Change |
|-------------------------|-----------|-----------|-----------|-----------|--------------------|
| Communications Services | 27% | 22% | 21% | 17% | +10% |
| Financials | 20% | 19% | 20% | 22% | -2% |
| Consumer Discretionary | 17% | 17% | 15% | 14% | +3% |
| Information Technology | 12% | 11% | 12% | 12% | – |
| Energy (Diversified) | 8% | 10% | 11% | 12% | -4% |
| Industrials | 7% | 8% | 8% | 8% | -1% |
| Materials | 4% | 8% | 7% | 9% | -5% |
| Consumer Staples | 4% | 3% | 4% | 3% | +1% |
| Health Care | 1% | 2% | 3% | 2% | -1% |

May not add up to 100% due to rounding.

forms, Alphabet, AT&T, Spain’s Zegona Communications and the addition of Orange SA in Q4’24.

Incoming economic data from around the world indicate a resilient if unspectacular global economy. Inflation has dropped in recent quarters, now approaching prior decade levels in most developed countries. Labor market conditions remain tight, contributing to ongoing inflation in services. Government policy developments in the U.S. and other countries following elections will impact financial asset prices in 2025. 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 strategy—built on our core investment principles of flexibility, focus, and value—provides a durable framework for value-added investing.

We urge investors in the portfolio 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 57-month return of Thornburg Global Opportunities Strategy as of 31 December 2024 [+121.2%] with the return from the single Covid onset quarter ending March 31, 2020 [-24.8%] that preceded this 57-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 30 Nov 2024, percentage of portfolio) (Representative Account)

| Holding | Weight (%) |
|---|------------|
| Meta Platforms, Inc. | 5.8 |
| Alphabet, Inc. | 4.8 |
| The Charles Schwab Corp. | 4.5 |
| Citigroup, Inc. | 4.4 |
| Bank of Ireland Group plc | 4.4 |
| Taiwan Semiconductor Manufacturing Co. Ltd. | 3.8 |
| SAP SE | 3.7 |
| AT&T, Inc | 3.6 |
| BNP Paribas S.A. | 3.4 |
| Reliance Industries Ltd. | 3.4 |

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 December 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.

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 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.

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

The Bloomberg U.S. Aggregate Index (BBG US Agg TR Value) is composed of approximately 8,000 publicly traded bonds including U.S. government, mortgage-backed, corporate and Yankee bonds. The index is weighted by the market value of the bonds included in the index.

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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