

Thornburg International Growth Strategy

Portfolio Manager Commentary

30 June 2025

Thornburg

Market Review

International equities delivered a volatile but ultimately constructive second quarter, navigating episodic market volatility amid geopolitical events and shifting U.S. trade policy. The quarter opened with a sharp global selloff triggered by the Trump administration's "Liberation Day" tariff package, followed by a rebound as markets priced in a temporary tariff pause. The pattern repeated during the U.S.-Israeli strikes on Iranian nuclear and military infrastructure, underscoring market sensitivity to macro shocks. We found the volatility helpful.

Local political developments offered tailwinds in select markets. In Europe, a renewed coalition agreement in Germany boosted sentiment. Despite headline volatility, market performance in the second quarter was supported by growing conviction in disinflationary trends, policy accommodation, and the secular potential of AI-related investment themes.

Softer-than-expected U.S. economic data also stoked investor expectations Federal Reserve monetary easing may begin sooner than previously anticipated, contributing to a sharp pullback in the U.S. dollar. The U.S. Dollar Index (DXY) fell 11.4% year to date, its worst first-half performance in decades. That fueled strength in many developed and emerging market currencies, bolstering dollar returns for international investors.

Equity leadership rotated toward growth-oriented sectors, buoyed by renewed enthusiasm for AI. But value-oriented areas such as financials and industrials also contributed meaningfully to the global rally. This broader participation reflects improving macro data, easing inflation pressures, and growing investor confidence in a more durable expansion.

The global rally led to U.S. blue-chip indices hitting record highs, while several benchmarks in Europe and Asia also traded at or near records. Emerging markets participated in the rally, supported by resilient domestic demand and in some regions, supportive currency trends, despite the headwinds from trade friction. U.S. and China tensions did resurface, with tariffs dragging on Chinese manufacturing. But optimism in tech, industrials, financials and resource-driven economies offset regional weakness.

We see compelling valuations and structural growth in select high-quality international stocks with clear competitive advantages.

Portfolio Managers

Sean Koung Sun, CFA

Portfolio Manager

Nicholas Anderson, CFA

Portfolio Manager

Supported by the entire Thornburg investment team

ANNUALIZED RETURNS (%)

AS OF 30 JUNE 2025

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD (1 MAR 07)
Composite (Gross)	11.75	10.70	3.29	12.21	4.43	6.66	7.68
Composite (Net)	11.52	10.24	2.41	11.28	3.57	5.79	6.63
MSCI ACWI ex-U.S. Growth Index	13.67	15.90	14.15	12.42	7.10	6.35	4.57

CALENDAR YEAR RETURNS (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Composite (Gross)	3.44	19.56	-25.29	-3.25	35.63	27.54	-15.90	36.23	-3.75	7.88
Composite (Net)	2.57	18.57	-25.91	-4.03	34.55	26.53	-16.59	35.14	-4.53	7.02
MSCI ACWI ex-U.S. Growth Index	5.07	14.03	-23.05	5.09	22.20	27.34	-14.43	32.01	0.13	-1.25

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 Strategy is from the International Growth Composite, inception date of 1 March 2007. The International Growth Composite includes non-wrap discretionary accounts invested in the International 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. 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%.

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Second Quarter 2025 Performance Highlights

- In 2Q25 the portfolio (net of fees) returned 11.52%, -215 basis points behind the MSCI ACWI ex-U.S. Growth Index. Year to date the portfolio (net of fees) returned 10.24%, -566 basis points behind the MSCI ACWI ex-U.S. Growth Index.
- The portfolio's leading contributors to second-quarter performance by sector were consumer discretionary, in which stock selection drove relative performance, as well as utilities and information technology. An overweight allocation to health care and an underweight to industrials detracted from relative results.
- From a geographic perspective, stock picking and overweight allocations to Brazil, the Netherlands and Norway led contributions to relative returns. The largest detractors were allocations to the U.S., in which the benchmark has no exposure, and cash. Currency effects were a net drag on relative performance.

Current Positioning and Outlook

While the Thornburg International Growth Strategy retains hearty exposure to Health Care and Information Technology, it remains sensibly diversified, capable of navigating and capitalizing on market volatility. The strategy is well-positioned to benefit from AI diffusion across sectors, not only through traditional tech names, but also in adjacent industrial and utility holdings adapting digital solutions to both legacy and leading-edge infrastructure.

During the quarter, the strategy added exposure to Industrials, Financials and Utilities, adding portfolio optionality and balance. Across sectors, our holdings exhibit the hallmarks of quality growth: durable competitive advantages, pricing power in many cases and visible earnings progression.

A top contributor this quarter was a German utility which we added to the portfolio last year based on our conviction that utilities—typically viewed as low-growth—are undergoing a transformation. As Europe accelerates its energy transition, this holding benefits from large-scale investment in smart grids, renewable integration, and the electrification of heating and transportation. Its regulated asset base and operational scale support predictable earnings, while digitalization and efficiency gains offer upside to consensus estimates. Its role in enabling grid flexibility positions it well to capture structural tailwinds in Europe's decarbonization agenda and enhance its earnings trajectory.

We remain constructive on long-standing portfolio e-commerce names in Southeast Asia and Latin America that are two of the most dynamic e-commerce and fintech platforms in the world. Despite periods of elevated volatility, both firms have demonstrated the ability to adapt and scale profitably. Disciplined cost control and growth in high-margin advertising revenue have yielded stronger margins. Both continue to deepen their logistics and payments ecosystems, capitalizing on secular growth in digital commerce and financial inclusion. With improving unit economics, growing addressable markets, and emerging AI-enhanced personalization capabilities, these platforms can sustainably compound growth over the long run.

Our luxury goods holdings embody the portfolio's emphasis on quality growth with pricing power. These companies continue to defy broader consumer discretionary trends, supported by irreplaceable brand equity and resilient demand from high-income consumers. They benefit from sustained innovation, digital engagement, new product launches and in some cases high-margin customizations. They offer capital-light, high-return business models that compound value over time, especially when global consumption normalizes.

We remain optimistic about international growth stocks, with the portfolio thoughtfully diversified across leading high-quality franchises and key innovative trends to capitalize on emerging opportunities while navigating ongoing market uncertainties.

We reiterate our view earnings growth ultimately matters more for equity performance than macro events and market sentiment.

TEN LARGEST EQUITY HOLDINGS (%)

AS OF 31 MAY 2025	REP. ACCT.
Taiwan Semiconductor Manufacturing Co. Ltd.	7.0
Tencent Holdings Ltd.	5.6
Mastercard, Inc.	4.9
AstraZeneca plc	4.4
MercadoLibre, Inc.	4.0
Novo Nordisk A/S	3.9
Sea Ltd.	3.6
E.ON SE	3.6
Air Liquide S.A.	3.4
Deutsche Boerse AG	3.3

BASKET ALLOCATION (%)

	REP. ACCT.
Consistent Grower	40.2
Growth Industry Leaders	36.4
Emerging Growth	21.2
Cash	2.1

TOP 5 CONTRIBUTORS (%)

REP. ACCT. (GROSS) 2Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
Taiwan Semiconductor Manufacturing Co. Ltd.	7.06	1.90
MercadoLibre, Inc.	3.71	1.19
E.ON SE	3.60	0.88
Diploma plc	2.26	0.71
Sea Ltd.	3.32	0.69

BOTTOM 5 DETRACTORS (%)

REP. ACCT. (GROSS) 2Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
AstraZeneca plc	4.35	-0.30
Globant S.A.	0.86	-0.23
ICON plc	0.72	-0.22
Teck Resources Ltd.	0.08	-0.20
Hemnet Group AB	1.88	-0.19

Source: FactSet

Past performance does not guarantee future performance. Performance characteristics are reported gross of fees and do not reflect the deduction of all fees and expenses that an investor has paid or would have paid. Gross data could appear better in comparison to net data. The net and gross performance of the total portfolio from which the data was calculated is included on page one.

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.

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Important Information

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Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of 30 June 2025

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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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).

The U.S. Dollar Index (USDX, DXY, DX) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies.

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.

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 (\$48.4B) and assets under advisement (\$1.1B).

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