

# Thornburg Summit Fund

## Portfolio Manager Commentary

31 December 2023



### Market Review

Global equities 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. The MSCI ACWI Index rose 11.15% over the period, and the S&P 500 Index ended the year near a new all-time high. Emerging market equities were also higher over the quarter, but broadly underperformed global developed markets, as China continued to be a drag on broader emerging market performance.

After briefly crossing the 5% threshold in October, the 10-year Treasury yield retreated to 3.88% by the end of December. Falling bond yields were especially positive for more growth-oriented stocks. From a sector perspective, information technology led equity markets while energy was the primary laggard.

The core personal consumption expenditures (PCE) index, the Fed's preferred inflation gauge, fell from 3.6% in September to 3.2% in November, while Fed Chair Jerome Powell stated in December that the "policy rate is likely at or near its peak for this tightening cycle".

We favor businesses with durable models and the ability to navigate an environment where elevated levels of uncertainty remain.

### Portfolio Managers

#### Ben Kirby, CFA

Co-Head of Investments

#### Jeff Klingelhofer, CFA

Co-Head of Investments

Supported by the entire Thornburg investment team

### AVERAGE ANNUAL TOTAL RETURNS (%)

AS OF 31 DECEMBER 2023

|                                    | QTR  | YTD   | 1-YR  | 3-YR | ITD   |
|------------------------------------|------|-------|-------|------|-------|
| A Shares TSAMX (Incep: 26 Jan 22)* |      |       |       |      |       |
| Without sales charge               | 7.58 | 12.49 | 12.49 | 5.02 | 10.45 |
| With sales charge                  | 2.76 | 7.42  | 7.42  | 3.43 | 9.40  |
| I Shares TSUMX (Incep: 1 Mar 19)   | 7.73 | 12.86 | 12.86 | 5.29 | 10.73 |
| Blended Index                      | 9.88 | 15.43 | 15.43 | 1.25 | 5.77  |

### EXPENSE RATIOS (%)

| GROSS | NET  |
|-------|------|
| --    | --   |
| 9.35  | 0.97 |
| 1.25  | 0.72 |

\*Prior to inception of this share class, performance is hypothetical and was calculated from actual returns of the class I shares adjusted for the expenses of the newer share class.

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](http://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 7.73%, -215 basis points behind the Blended Index (60% MSCI ACWI Index and 40% Bloomberg Global Aggregate Index). Year to date the portfolio (I share class) returned 12.86%, -257 basis points behind the Blended Index.
- An overweight allocation and stock selection from Information Technology contributed to the portfolio's relative outperformance. The portfolio's stock selection within Health Care detracted from relative performance.
- From a geographic perspective, stock selection within the Netherlands and Japan contributed to the portfolio's relative performance. Stock selection from China and Switzerland detracted from relative performance.
- The portfolio's bond exposure underperformed the fixed income portion of the Blended Index. A security selection within asset-backed securities detracted from relative performance. Shorter duration positioning than the index also detracted from relative results.

## Current Positioning and Outlook

Our more conservative positioning going into the quarter, underweight equities and a shorter duration relative to the Blended Index, reflected our concerns about an uncertain economic picture and the potential for higher-for-longer interest rates to sustain market volatility. While this positioning proved to be defensive in the third quarter, the market's rapid transition to a more optimistic outlook for a soft landing and easier monetary policy weighed on relative performance in the final months of 2023.

While we view the probability of a soft landing as a more likely outcome, equity valuations, especially in the U.S., appear stretched. Given these conditions, we continue to believe that earnings durability and real cash flow remain key, and our positioning favors businesses with durable models and the ability to navigate an environment where elevated levels of uncertainty remain in play.

Rising bond yields are presenting a better setup for fixed income, but credit spreads remain tighter than their historical averages. While we continue to take a defensive posture both from a rates and credit perspective, we are taking advantage of the higher income opportunities that bonds are now offering the portfolio. In securitized credit, we have broadly maintained exposure in ABS, but the focus has been on higher quality borrowers and senior bond structures which can withstand stressed consumer scenarios.

### TEN LARGEST HOLDINGS

| AS OF 30 NOVEMBER 2023                      | % FUND |
|---|--------|
| Alphabet, Inc.                              | 2.2    |
| Microsoft Corp.                             | 2.0    |
| NVIDIA Corp.                                | 1.8    |
| Visa, Inc.                                  | 1.7    |
| Amazon.com, Inc.                            | 1.6    |
| Taiwan Semiconductor Manufacturing Co. Ltd. | 1.6    |
| AT&T, Inc.                                  | 1.5    |
| United States Oil Fund L.P.                 | 1.5    |
| NN Group N.V.                               | 1.4    |
| The Charles Schwab Corp.                    | 1.2    |

### TOP 5 CONTRIBUTORS (%)

| 4Q23                     | AVERAGE WEIGHT | CONTRIB. TO RETURN |
|--------------------------|----------------|--------------------|
| Microsoft Corp           | 1.84           | 0.35               |
| CrowdStrike Holdings Inc | 0.70           | 0.32               |
| Amazon.com Inc           | 1.60           | 0.31               |
| ASML Holding NV          | 1.13           | 0.30               |
| Broadcom Inc             | 0.88           | 0.30               |

### BOTTOM 5 DETRACTORS (%)

| 4Q23                        | AVERAGE WEIGHT | CONTRIB. TO RETURN |
|-----------------------------|----------------|--------------------|
| Sarepta Therapeutics Inc    | 0.99           | -0.31              |
| Yum China Holdings Inc      | 0.49           | -0.19              |
| BioMarin Pharmaceutical Inc | 1.06           | -0.16              |
| Tencent Holdings Ltd        | 0.33           | -0.16              |
| Kweichow Moutai Co Ltd      | 0.23           | -0.11              |

Source: FactSet

*Past performance does not guarantee future results.*

# THORNBURG SUMMIT FUND

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### 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. Portfolios investing in bonds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds. The value of bonds will fluctuate relative to changes in interest rates, decreasing when interest rates rise. 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).

Asset-backed Security (ABS) – A security whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets. The pool of assets is typically a group of small and illiquid assets that are unable to be sold individually. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets.

U.S. Treasury securities, such as bills, notes and bonds, are negotiable debt obligations of the U.S. government. These debt obligations are backed by the "full faith and credit" of the government and issued at various schedules and maturities. Income from Treasury securities is exempt from state and local, but not federal, taxes.

The Personal Consumption Expenditure (PCE) Price Index is one measure of U.S. inflation that assesses the percentage change in prices of goods and services purchased by consumers throughout the economy. Of all the measures of consumer price inflation, the PCE price index covers the broadest set of goods and services.

Thornburg Summit Fund's Blended Index is composed of 60% MSCI ACWI Index (MSCI ACWI NTR) and 40% Bloomberg Global Aggregate Index (BBG Global-Agg TR Value), rebalanced monthly. 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 Bloomberg Global-Aggregate Total Return Index Value Unhedged USD provides a broad-based measure of the global investment-grade fixed-rate debt markets.

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

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](http://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).

