



Q1 2022

# Thornburg Investment Management Quarterly Update: Investment Income Builder Fund

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## Key Macroeconomic Issues

April 2022

- COVID-19 pandemic stay-at-home orders for students, workers, and consumers persist, now centered in China. New variants impact labor supply and slow economic activity.
- The acceleration in global inflation has intensified with inflationary pressure broadening across a range of goods & services. U.S. headline CPI exceeds 7%, Eurozone exceeds 6%.
- Russia's invasion of Ukraine and ensuing sanctions increases uncertainty around supplies of certain key commodities, including grains, hydrocarbons, metals, and fertilizers. This adds to uncertainty about inflation.
- 2022 GDP growth estimates for most developed countries have been cut in recent months. 2022 China GDP growth is expected to be lower year on year, lagging prior expectations.
- Inflation forecasts for 2022 and 2023 have been revised higher in recent months. Commodity price inflation is elevated relative to prior decade levels (S&P/GSCI Spot Index +52% yoy through April 11). Producer price indices are also elevated, with shortages of some intermediate materials and finished goods reported.
- Central banks flooded economies with liquidity in 2020 and 2021, continuing into Q1'2022. U.S. money supply (M2) is +11% yoy, commercial bank deposits have grown rapidly. U.S. Federal Reserve and other central banks have increased policy rates and signaled upcoming sales of their bond portfolios to arrest inflationary forces. The liquidity backdrop will change significantly in 2022.
- Real bond yields are at the most negative levels seen in generations.
- Broad measures of wage rate increases have lagged headline inflation.
- Government bodies around the world are reducing the unusual fiscal stimulus steps taken to mitigate the consequences of COVID-related economic disruption from COVID-19.
- There is growing evidence that a generalized rise in prices is causing consumers (and voters) increasingly to focus on declining purchasing power in real terms. U.S. consumer purchasing power declined by -7.37% yoy in February 2022 (U.S. CPI Consumers Purchasing Power Index). It is down an annualized 3.0% over the past five years with broadly similar pressures experienced by consumers in other developed countries. This erosion of purchasing power will lead to more pressure for wage increases, possibly significant political realignment.
- Financial asset prices have been volatile at times, but overall supported by abundant liquidity.
- Investors struggle to assess the degree of persistence of inflation, the outcome and consequences of the Ukraine war, and the immediate and longer run impacts on various issuers of stocks and bonds.
- For now, equity investors expect mid/high single digit nominal GDP growth and global corporate earnings growth in 2022 and 2023.
- Bond investors expect a modest rise in longer maturity interest rates into 2023, and strong credit performance.

## A Solution That Consistently Seeks to Provide Attractive Income



- Pay attractive yield today
- Grow the dividend over time (subject to periodic fluctuations)
- Long-term capital appreciation



- Global dividend-paying stocks
- Global bonds and hybrid securities



- Focus on firms' ability and willingness to pay dividends

There is no guarantee that the Fund will meet its investment objectives. Dividends are not guaranteed.

## Overview of Equity Portfolio Allocation Shifts

Thornburg Investment Income Builder equity portfolio's comparative sector weights on various dates

|   |                  | SECTOR WEIGHTS (%) AS OF: |             |             |             |             |             |             |             |             |                                     |
|---|------------------|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------------------|
|   |                  | 31-MAR-2020               | 30-JUN-2020 | 30-SEP-2020 | 31-DEC-2020 | 31-MAR-2021 | 30-JUN-2021 | 30-SEP-2021 | 31-DEC-2021 | 31-MAR-2022 | From MAR-21 to MAR-22 +/- Weighting |
| Increases in allocations toward Health Care and Utilities               |                  |                           |             |             |             |             |             |             |             |             |                                     |
| Cuts to portfolio allocations to Communication Services and Real Estate |                  |                           |             |             |             |             |             |             |             |             |                                     |
|   | Financials       | 20.4                      | 23.4        | 23.9        | 23.8        | 25.5        | 26.1        | 26.9        | 25.3        | 24.9        | -0.6                                |
|   | Comm. Services   | 19.8                      | 22.5        | 19.8        | 18.9        | 19.9        | 18.1        | 15.9        | 14.6        | 16.6        | -3.3                                |
|   | Info Tech        | 11.7                      | 14.1        | 17.8        | 20.3        | 18.2        | 17.5        | 16.7        | 17.9        | 16.1        | -2.1                                |
|   | Health Care      | 14.1                      | 13.0        | 11.8        | 11.2        | 10.9        | 11.3        | 12.0        | 13.1        | 14.4        | 3.5                                 |
|   | Consumer Staples | 5.2                       | 3.5         | 4.7         | 5.1         | 6.0         | 5.3         | 5.3         | 5.7         | 4.7         | -1.3                                |
|   | Energy           | 8.6                       | 6.8         | 5.0         | 4.8         | 4.4         | 4.6         | 5.1         | 5.3         | 4.6         | 0.2                                 |
|   | Materials        | 4.0                       | 3.6         | 3.2         | 4.1         | 4.3         | 4.7         | 4.7         | 5.1         | 5.7         | 1.4                                 |
|   | Consumer Disc.   | 3.2                       | 3.5         | 3.9         | 3.3         | 4.0         | 3.5         | 3.5         | 3.7         | 3.5         | -0.5                                |
|   | Utilities        | 5.2                       | 5.1         | 3.7         | 3.8         | 2.9         | 4.6         | 4.6         | 5.9         | 6.3         | 3.4                                 |
|   | Real Estate      | 4.1                       | 4.0         | 3.2         | 2.5         | 2.0         | 1.7         | 1.7         | 0.8         | 0.8         | -1.2                                |
|   | Industrials      | 3.2                       | 0.5         | 2.6         | 1.8         | 1.4         | 2.4         | 2.4         | 2.3         | 2.3         | 0.9                                 |

Source: Bloomberg

Sector weights are percentages of total equity. Portfolio holdings are subject to change daily.

## 1. Total SA

\$132 Billion Market Capitalization, \$33 Billion Net Debt, 5.7% Dividend Yield. Total's share price declined -56.7% from 1/6/20 to 3/18/2020, now mostly recovered from its March 2020 low.

Annual EBITDA has fluctuated between \$16.5 and \$45.5 billion over the last decade when oil price averaged \$76/bbl, 2020 was near the bottom of that range with a 2020 average Brent oil price of \$43/bbl. 2021 average of \$72/bbl Brent and favorable gas trading environment supported EBITDA and CFFO of \$38.2 & \$30.7 billion, respectively.

Total is transitioning to more low carbon power generation and gas processing & distribution, gradually becoming less oil centric. \$15 billion 2022 CapEx budget.

**TOTAL SA**



France based Total SA produces, transports, and supplies crude oil, natural gas, and low carbon electricity. Total also refines petrochemical products and manages gasoline filling stations in Europe, the U.S., and Africa. Total produces oil & natural gas in volumes approximately equal to 3 million barrels of oil equivalent daily. Each +/- \$10/bbl oil price impacts cash flow by around +/- \$3 billion per year. Total's wind & solar power generation assets are growing rapidly, putting it on track to be a major global producer of green electricity over the coming decade.

*Past performance does not guarantee future results.*

Source: Bloomberg

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Under no circumstances does the information contained within represent a recommendation to buy or sell any security.

TotalEnergies was 4.0% of the Fund as of 28/2/2022.

## 2. Broadcom

\$241 Billion Equity Market Capitalization, \$274 Billion Enterprise Value, 2.6% Dividend Yield.

Broadcom's share price declined -48% from 2/12/2020 to 3/18/2020, now more than fully recovered though >10% below 2021 high.

FY 2021 Result: Revenue +14.9% to \$27.4 billion, EBITDA +54% to \$14.7 billion. Consensus revenue and EPS estimates for fiscal years 2022 and 2023 have increased from 12/31/21 to 4/12/22.

**BROADCOM**



Broadcom designs, develops and markets digital and analog semiconductors, wireless radio components, storage adapters, controllers, networking processors & switches, fiber optic modules, optical sensors, and motion control encoders. An acquisitive firm, Broadcom's revenue, EBITDA, and per share dividends grew at CAGRs of +15%, +24%, and +35% per year, respectively, between fiscal 2016 and 2021. Broadcom's business should benefit from the global 5G rollout. Construction of 5G networks was set back by Covid-19 related delays, consequently, 2020 growth slowed compared to prior years. The need for high quality digital communications is affirmed.

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Source: Bloomberg

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Broadcom was 3.7% of the Fund as of 28/2/2022.

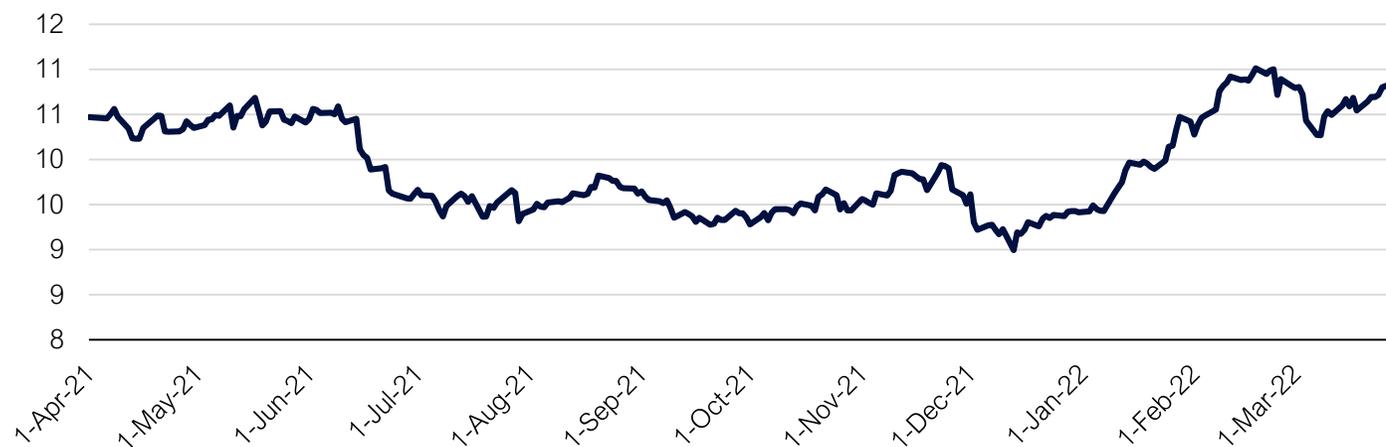
### 3. Orange SA

29.5 Billion EUR Market Cap, 31 Billion EUR net financial debt & minorities, 6.5% Dividend Yield.

Share price -35% from 2/19/20 to 10/1/20, irregular recovery since. 2021 Revenue +0.6%, adjusted EBITDA after leases +0.8%. Orange owns c40k wireless broadcast towers and a strong wireless spectrum portfolio.

Orange European terrestrial fiber footprint passes >56 million homes (of which 12.3 million connected at 12/31/21), cash flows should improve as buildout of fiber and 5G wireless networks matures. Recent merger announcement of Orange's Spain subsidiary with Masmovil has been well received, should generate material cash flow for Orange.

**ORANGE SA**



France headquartered Orange is a multinational telecommunications services provider with 224 million mobile customers and 23.5 million terrestrial broadband customers in 27 countries in Europe, the Middle East, and Africa. 2021 highlights: 42.5 billion EUR revenue, 12.6 billion EBITDA, 24.3 billion net financial debt. Trailing 5-year revenue & EBITDA growth through 2020 were +1.0%/year and +4.6%/year, respectively.

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Source: Bloomberg

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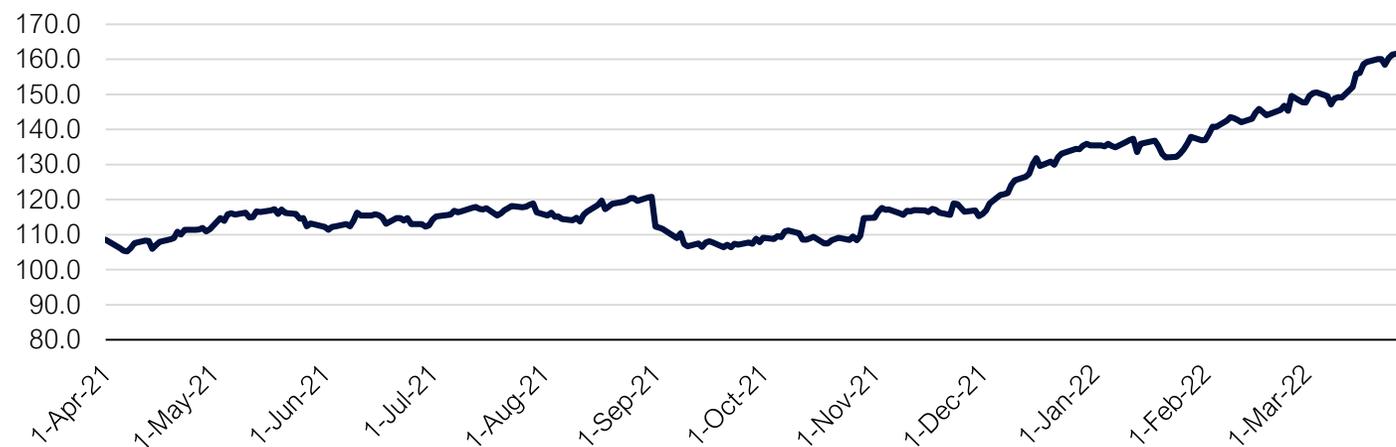
Orange was 4.0% of the Fund as of 28/2/2022.

## 4. AbbVie, Inc.

\$297 Billion Mkt Capitalization, \$68 Billion Net Financial Debt, \$365 Billion Enterprise Value, \$26.7 Billion Trailing 12-month EBITDA. 3.5% Dividend Yield. 2021 Revenue +22.6% YoY; EBITDA +48% YoY.

AbbVie purchased Allergan in 2019, giving it material exposure to products for elective cosmetic medical procedures.

**ABBVIE**



AbbVie researches and develops pharmaceutical products for therapeutic areas such as immunology, chronic kidney disease, hepatitis C, women's health, and neuroscience. Its primary product, Humira, loses patent protection in 2023 leaving AbbVie the challenge of mitigating the lost revenue and operating profit with other products. AbbVie has a promising lineup of newer therapies in oncology, immunology, and cosmetic indications. Trailing 5-year revenue & EBITDA growth through 2020 were +14.9%/year and +16.5%/year, respectively.

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Source: Bloomberg

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AbbVie was 3.8% of the Fund as of 28/2/2022.

## 5. Vodafone

44.4 Billion EUR Market Capitalization, 46 Billion EUR Net Financial Debt & Minorities, 6.1% Dividend Yield.

Vodafone’s share price declined -37% from 2/19/2020 to 3/16/2020, inconsistent partial share price recovery since then. Minority interest IPO of its cell site tower subsidiary, “Vantage Towers,” was completed in March 2021, leaving Vodafone with approximately 413 million shares worth €13.3 billion.

Vodafone’s share price reacts to ongoing speculation about possible sales of one or more operating subsidiaries at an accretive multiple.

**VODAFONE**



Vodafone & its subsidiaries serve more than 300 million wireless and more than 27 million terrestrial broadband communications customers in Europe, Africa, and the Middle East. 12 months ended 9/30/21 highlights: 44.87 billion EUR revenue (+2% yoy), 14.9 billion EUR EBITDAaL (+1.0% yoy). Fiscal Year ended 3/31/22 not yet reported. Vodafone’s revenue growth trend has gradually improved, EBITDA margin improved for 5 consecutive fiscal years to 3/31/20 on efficiency gains. Vodafone controls approximately 68K tower/rooftop cell sites in Europe via its 81% interest in subsidiary, “Vantage Towers,” separately listed since March 2021 and trading at an EV/EBITDA multiple near 20x.

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Source: Bloomberg

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Vodafone was 3.0% of the Fund as of 28/2/2022.

## 6. Taiwan Semiconductor

\$496 USD Billion Market Capitalization, Net Cash = 2.5% of Equity Market Capitalization, 1.8% Dividend Yield.

Share price declined -28% from 1/14/20 to 3/19/2020, subsequently recovered to new highs. 2021: Revenue +18.5% YoY, 2021 EPS +17% YOY. Trailing 10 Year Dividend Growth CAGR = +13.8%.

Q1'2022 revenue growth was +36%, YoY, indicating ongoing strong demand for semiconductors in a variety of devices and pricing power.

**TSMC (2330 TT)**



Taiwan Semiconductor is the leading contract manufacturer of semiconductor chips in the world, making processors and memory chips embedded in more than 11,000 products of more than 500 manufacturers of digital processing and communications devices, motor vehicles, and industrial equipment. The single largest end market for TSMC semiconductors is wireless handsets. In \$US terms, \$56.8 billion 2021 revenue (trailing 10 year growth CAGR +14.6%), \$38.4 billion EBITDA (trailing 10 year growth CAGR +16.3%). TSMC stock trades mostly in Taiwan \$.

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Source: Bloomberg

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Taiwan Semiconductor was 3.5% of the Fund as of 28/2/2022.

## 7. CME Group

Formerly Chicago Mercantile Exchange: \$85 Billion Market Capitalization, 2.9% Trailing Year Dividend Yield.

CME share price declined -37.6% from 2/23 to 3/23/2020, now fully recovered from March 2020 low. 2020 and 2021 revenues were flattish YoY.

Daily trading volumes have improved in recent months, +19% in Q1'22. Higher interest rates, debt outstanding & volatile commodities prices should be positive for hedging activity and CME business volumes in 2022 and beyond.

**CME GROUP**



CME Group exchanges offer a wide range of global benchmark products for trading and hedging assets tied to interest rates, equity indexes, currency exchange rates, energy, agricultural commodities, and metals. 2021 highlights: \$4.7 billion revenue, \$3.2 billion EBITDA. Incremental profitability on volume increases is high. Average annual trading volume growth since 1972 averaged +13% yoy. Quarterly trade volumes are volatile.

*Past performance does not guarantee future results.*

Source: Bloomberg

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CME Group was 3.3% of the Fund as of 28/2/2022.

## 8. Deutsche Telekom AG

85 Billion EUR Mkt Capitalization, 100 Billion Financial Debt, 185 Billion EUR Enterprise Value, 3.8% Dividend Yield.

Telekom's share price declined -34.8% from 2/20/2020 to 3/18/2020. 2021 Results: Revenue +6.5% YoY to 108.8 billion€; EBITDAaL +6.9% YoY to €37.3 billion. Excluding TMUS, 2021 revenue and EBITDAaL were +1.6% and +3.5%, respectively.

**DEUTSCHE TELEKOM**



Deutsche Telekom is a multinational telecommunications services provider with 248 million mobile customers (108 million of these in the U.S.) and 22 million terrestrial broadband customers in 10 European countries and the USA. Deutsche Telekom owns 583 million shares of U.S.-based T-Mobile, a controlling interest worth c70 billion EUR at 4/11/22. Deutsche Telekom controls more than 40K cell towers in Germany, Austria, and other European countries and holds more wireless spectrum in its key markets (including USA) than any competitor. Trailing 5-year revenue & EBITDA growth through 2020 were +7.8%/year and +16.0%/year, respectively, powered significantly by TMUS.

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Source: Bloomberg

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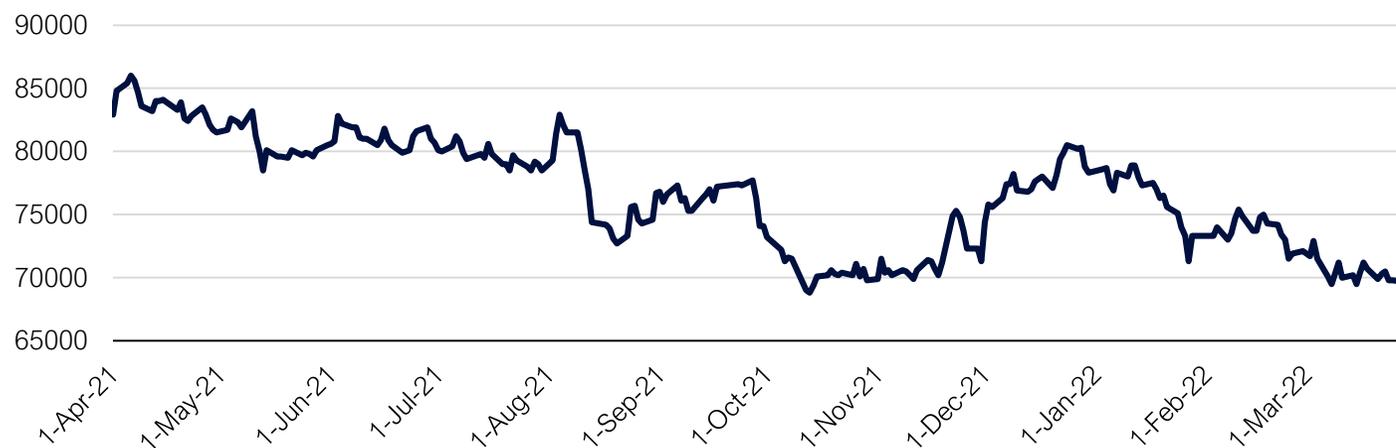
Deutsche Telekom was 2.2% of the Fund as of 28/2/2022.

## 9. Samsung

US \$326 Billion Equity Mkt Capitalization, \$244 Billion Enterprise Value, \$97 Billion Net Cash. 2.1% Dividend Yield.

2021 Result: Revenue +17.7% to \$244 billion, EBITDA +19.6% YoY to \$70 Billion. Q1'2021 preliminary reported revenues were +17.7% YoY, operating profit+50% YoY.

**SAMSUNG**



Samsung Electronics is one of the world's largest semiconductor manufacturers. It produces a variety of consumer devices (handsets, TVs, digital displays) and communications infrastructure equipment. Revenue & EBITDA annual growth rates +3.4% and +7.0% per year, 2015-2020. Samsung capex >\$20 billion \$US/year in recent years, making it a leader in 5G communications technology and components.

*Past performance does not guarantee future results.*

Source: Bloomberg

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Samsung was 3.1% of the Fund as of 28/2/2022.

## 10. China Mobile

970 Billion CNY(\$152 Billion USD) Market Capitalization. Net Cash at 12/31/21= \$61 Billion, 40% of Market Cap. EV = \$91 Billion USD. 2022 dividend +38% YoY, 7.5% Dividend Yield.

Share price declined -37% from 1/24/20 to 12/31/20, uneven partial recovery since despite healthy growth of the business. 2021 Services Revenue +5% YoY to 751 billion CNY, 2021 EBITDA +9.1% YoY to 311 billion CNY.

**CHINA MOBILE**



China Mobile is the world's largest telecommunications services provider with 956 million mobile customers and 240 million terrestrial broadband customers. Trailing 5-year revenue & EBITDA growth through 2020 were +2.8%/year and +3.5%/year, respectively. Average monthly tariff for a mobile handset customer in Q4'2020 was 44.9 CNY/month (\$7.05 US) for average data consumption of 12.6 GB/month. Average home broadband tariff was 34 CNY/month (\$5.35 US), with virtually all connections optical fiber to the home. China Mobile owns 28% of China Tower (which in turn owns c2 million mobile communications towers in China).

*Past performance does not guarantee future results.*

Source: Bloomberg

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China Mobile was 3.2% of the Fund as of 28/2/2022.

## Stock & Bond Yields from Identical Issuers

Top 10 Investment Positions: Equity Dividend Yield vs. Traded Debt Yield, Same Issuer

|                           | <b>TRAILING 12-MONTH<br/>DIVIDEND YIELD (%)</b> | <b>CURRENT MARKET<br/>DEBT YIELD (%)</b> | <b>SPECIFIC DEBT ISSUE</b> |
|---------------------------|---|--|----------------------------|
| Total Energies SE         | 5.74  | 0.50                                     | 0.5% due 12/2002           |
| Broadcom                  | 2.61  | 2.56                                     | 4.15% due 11/2030          |
| Orange                    | 6.54  | 1.42                                     | 1.34%, due 5/2031          |
| Abbvie                    | 3.48  | 3.27                                     | 3.20% due 11/2029          |
| Vodafone (GBP)            | 6.10  | 4.69                                     | 5.90%, due 11/2032         |
| Taiwan Semiconductor      | 1.84  | 0.65                                     | 0.65%, due 5/2031          |
| CME Group                 | 2.94  | 3.38                                     | 3.75% due 15/6/2028        |
| Deutsche Telekom AG       | 3.78  | 1.57                                     | 1.75% due 03/2031          |
| Samsung Electronics (KRW) | 2.10  | 2.72                                     | 7.70% due 1/10/2027 (US\$) |
| China Mobile Ltd.         | 7.50  | --                                       | No Debt                    |

*Past performance does not guarantee future results.*

Source: Bloomberg, as of 31/3/2022 Debt Prices

\*Dividend yields reflect announced intentions, or actual 2021 dividends paid as specific to the issuer.

Holdings can and do vary.

## Next 15 Equity Holdings

The 10 investments shown were the 11th through the 20th largest equity investments in the Thornburg Investment Income Builder portfolio as of 31 March 2022. Together, the 15 investments shown on the next two pages account for approximately 31% of fund assets as of 31 March 2022; interest bearing debt and hybrid investments 14% of assets, 31 other equity investments account for 20% of fund assets.

| NAME OF COMPANY   | 2021 YEAR<br>PRICE CHANGE | YTD 2022 PRICE CHANGE<br>AT 31 MARCH 2022 | DIVIDEND YIELD<br>AT 31 MARCH 2022 PRICE |
|---|---------------------------|---|--|
| <b>QUALCOMM, Inc.</b><br>Develops and delivers key components for digital wireless communications products            | 20.0%                     | -16.4%                                    | 1.85%                                    |
| <b>Tesco plc</b><br>UK-based food retailer, also selling general merchandise from its largest stores                  | -1.9%                     | -7.6%                                     | 3.84%                                    |
| <b>Pfizer, Inc.</b><br>Global health care company develops and sells medicines, vaccines, biologic therapies          | 60.4%                     | -12.3%                                    | 3.12%                                    |
| <b>Enel SpA</b><br>Generates, distributes, and sells electricity and gas in Southern Europe & Latam                   | -21.6%                    | -17.2%                                    | 6.26%                                    |
| <b>Glencore plc</b><br>Diversified global miner & commodities trader  | 59.6%                     | 29.4%                                     | 3.96%                                    |
| <b>Assicurazioni Generali</b><br>Italy-based multinational life & property/casualty insurers                          | 20.3%                     | 8.4%                                      | 5.15%                                    |
| <b>Roche Holdings AG</b><br>Global health care company develops and sells medicines and diagnostic tools              | 18.5%                     | -4.2%                                     | 2.54%                                    |
| <b>NN Group NV</b><br>Netherlands-based life and casualty insurer, with market leading positions in Netherlands       | 34.0%                     | -6.2%                                     | 5.43%                                    |
| <b>JPMorgan Chase &amp; Co.</b><br>U.S.-based global financial services conglomerate serving business and individuals | 24.6%                     | -13.9%                                    | 2.97%                                    |
| <b>Regions Financial Corp.</b><br>U.S. regional banking group, mostly operating in Southeastern U.S. states           | 35.2%                     | 2.1%                                      | 3.11%                                    |

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Source: Bloomberg

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## Next 15 Equity Holdings (continued)

The 5 investments shown were the 21st through the 25th largest equity investments in the Thornburg Investment Income Builder portfolio as of 31 March 2022.

| NAME OF COMPANY   | 2021 YEAR<br>PRICE CHANGE | YTD 2022 PRICE CHANGE<br>AT 31 MARCH 2022 | DIVIDEND YIELD<br>AT 31 MARCH 2022 PRICE |
|---|---------------------------|---|--|
| <b>Chimera Investment Corp.</b><br>U.S.-listed mortgage REIT  | 47.1%                     | -20.2%                                    | 10.98%                                   |
| <b>Merck &amp; Co. Inc</b><br>Global health care company develops and sells medicines, vaccines, biologic therapies | -1.7%                     | 7.1%                                      | 3.34%                                    |
| <b>Equitable Holdings, Inc.</b><br>U.S. life insurer and asset manager (controls Alliance-Bernstein)                | 28.1%                     | -5.7%                                     | 2.32%                                    |
| <b>LyondellBasell Industries</b><br>Multinational chemical company incorporated in the Netherlands                  | 0.6%                      | 11.5%                                     | 4.40%                                    |
| <b>UBS Group</b><br>Multinational wealth manager and investment bank  | 27.2%                     | 9.6%                                      | 2.55%                                    |

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Source: Bloomberg

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## Next 30 Equity Holdings

30 equity investments with the smallest weightings in the portfolio at 31/3/2022, shown by weighting, top to bottom and left to right. Weightings range from approximately 1.4% to < 0.0% of portfolio assets; does not include 4 small preferred stock positions held in the portfolio.

AstraZeneca plc

The Home Depot, Inc.

BNP Paribas S.A.

Siemens AG

China Telecom Corp. Ltd.

Walgreens Boots Alliance, Inc.

Novartis AG

Cisco Systems, Inc.

BHP Group Ltd.

Mercedes-Benz Group AG

Endesa S.A.

BAE Systems plc

Electricite de France S.A.

Stellantis N.V.

EDP - Energias de Portugal

AXA S.A.

Washington Real Estate Investment Trust

E.ON SE

M&amp;G plc

Aviva plc

Apollo Investment Corp.

Nestle S.A.

Citigroup, Inc.

Koninklijke KPN N.V.

Legal &amp; General Group plc

Granite Point Mortgage Trust, Inc.

MMC Norilsk Nickel PJSC

LUKOIL PJSC

Source: FactSet/State Street

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## Potential to Grow the Distribution over Time

Consensus estimates for dividend growth over the next 12 months

|                                 | <b>% OF EQUITY PORTFOLIO</b> | <b>2022 EST. YIELD</b> |
|---------------------------------|------------------------------|------------------------|
| Holdings Growing the Dividend   | 76%                          | 4.0%                   |
| <i>Dividend growing 0 – 5%</i>  | 42%                          |                        |
| <i>Dividend growing 5 – 10%</i> | 15%                          |                        |
| <i>Dividend growing 10%+</i>    | 19%                          |                        |
| Holdings with a Flat Dividend   | 9%                           | 5.5%                   |
| Holdings Paying Lower Dividends | 15%                          | 4.8%                   |

*Past performance does not guarantee future results.*

Source: Bloomberg and FactSet. Thornburg estimates.  
Holdings can and do vary.

## Selected World Market Index Returns

Total Returns (USD)

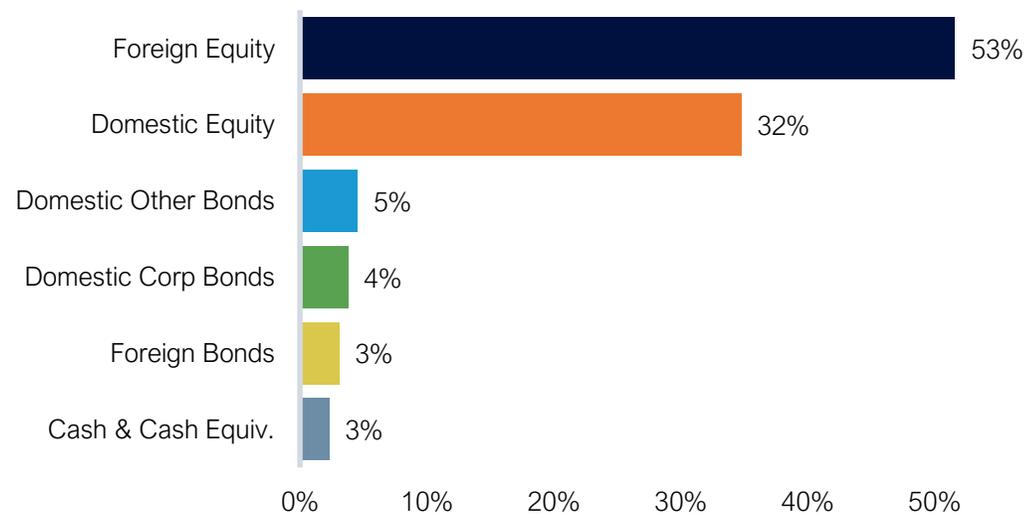
|  | 2015    | 2016   | 2017   | 2018    | 2019   | 2020   | 2021   | 1Q22    |
|--|---------|--------|--------|---------|--------|--------|--------|---------|
| USA: S&P 500                           | 1.38%   | 11.96% | 21.83% | -4.38%  | 31.49% | 18.40% | 28.71% | -4.60%  |
| USA: Russell 3000 Growth               | 5.09%   | 7.39%  | 29.59% | -2.12%  | 35.85% | 38.26% | 25.85% | -9.25%  |
| MSCI EAFE                              | -0.81%  | 1.00%  | 25.03% | -13.79% | 22.01% | 7.82%  | 11.26% | -5.91%  |
| MSCI AC World ex-U.S. (Gross)          | -5.25%  | 5.01%  | 27.77% | -13.78% | 22.13% | 11.13% | 8.29%  | -5.44%  |
| MSCI AC World                          | -2.36%  | 7.86%  | 23.97% | -9.42%  | 26.60% | 16.25% | 18.54% | -5.36%  |
| MSCI Emerging Markets                  | -14.92% | 11.19% | 37.28% | -14.58% | 18.42% | 18.31% | -2.54% | -6.98%  |
| EURO STOXX 50                          | -3.60%  | 1.75%  | 25.25% | -15.61% | 26.84% | 6.01%  | 15.58% | -11.30% |
| MSCI AC Asia Pacific (All-Cap)         | -0.86%  | 4.82%  | 28.94% | -14.16% | 18.70% | 19.16% | 5.54%  | -3.86%  |
| Bloomberg Barclays U.S. Universal Bond | 0.43%   | 3.91%  | 4.09%  | -0.25%  | 9.29%  | 7.58%  | -1.10% | -6.11%  |
| Russell 2500 Growth Total Return       | -0.19%  | 9.73%  | 24.46% | -7.47%  | 32.65% | 40.47% | 5.04%  | -12.30% |
| Russell 2500 Total Return              | -2.90%  | 17.59% | 16.81% | -10.00% | 27.77% | 19.99% | 18.18% | -5.82%  |

*Past performance does not guarantee future results.*

Source: MSCI, Bloomberg, Thornburg Investment Management

## Portfolio Characteristics

### PORTFOLIO COMPOSITION



Source: FactSet and Thornburg

Composition and regions are a percent of total portfolio. Percentages can and do vary.  
Holdings are classified by country of risk as determined by MSCI and Bloomberg.

### EQUITY COMPONENTS

### % OF PORTFOLIO

|                           |       |
|---------------------------|-------|
| P/E Trailing 1-Yr         | 11.9x |
| P/E Forward 1-Yr Estimate | 9.8x  |
| Price to Book             | 1.5x  |
| Price to Cash Flow        | 4.9x  |
| Return on Equity (ROE)    | 16.2% |
| Dividend Yield            | 4.3%  |

### REGIONAL EXPOSURE

|                       |       |
|-----------------------|-------|
| North America         | 41.4% |
| Europe ex-U.K.        | 31.3% |
| U.K.                  | 11.4% |
| Asia Pacific ex-Japan | 11.3% |
| Other                 | 0.4%  |
| Latin America         | 0.1%  |
| Cash & Cash Equiv.    | 3.0%  |

## Investment Performance

| <b>AVERAGE ANNUAL TOTAL RETURNS (%)</b>                                       | <b>QTR</b> | <b>YTD</b> | <b>1-YR</b> | <b>3-YR</b> | <b>5-YR</b> | <b>10-YR</b> | <b>ITD</b> |
|---|------------|------------|-------------|-------------|-------------|--------------|------------|
| A Shares TIBAX (Incep: 24/12/2002) 30-day SEC Yield: 2.72%   TTM Yield: 5.15% |            |            |             |             |             |              |            |
| Without sales charge  | -2.08      | -2.08      | 8.25        | 8.67        | 7.72        | 7.23         | 9.04       |
| With sales charge   | -6.49      | -6.49      | 3.39        | 7.02        | 6.73        | 6.73         | 8.78       |
| I Shares TIBIX (Incep: 3/11/2003)* 30-day SEC Yield: 3.10   TTM Yield: 5.39%  |            |            |             |             |             |              |            |
| I Shares TIBIX (Incep: 3/11/2003)*  | -2.00      | -2.00      | 8.53        | 8.92        | 8.01        | 7.54         | 9.39       |
| Blended Index   | -5.31      | -5.31      | 6.50        | 11.83       | 10.01       | 8.85         | 8.10       |

*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.*

ITD = Inception to Date

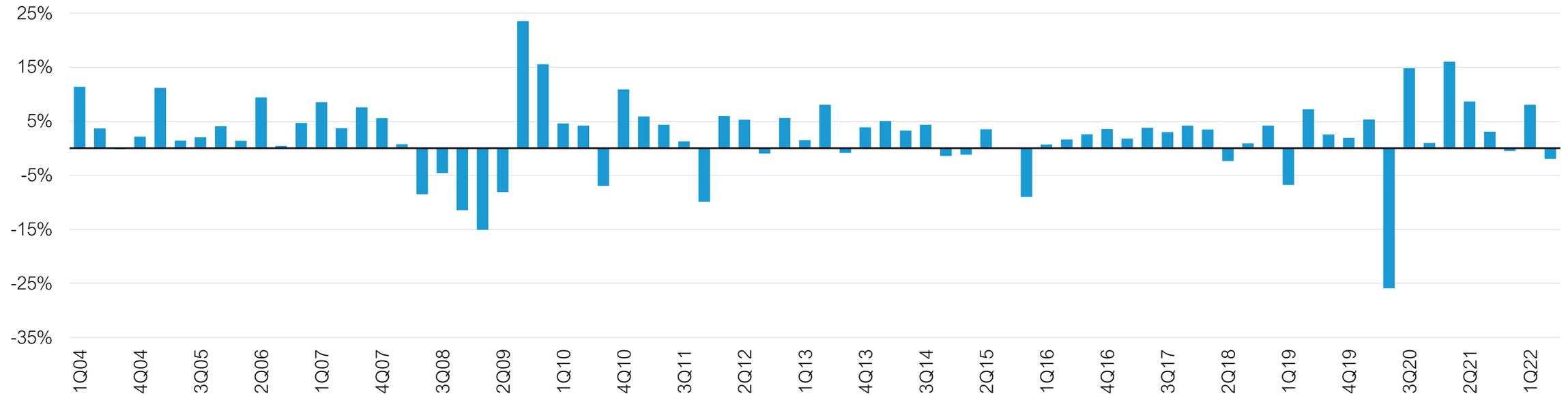
\*Prior to inception of this share class, performance is hypothetical and was calculated from actual returns of the class A shares adjusted for the expenses of the newer share class. Class I shares may not be available to all investors. Minimum investments for the I share class may be higher than those for other classes.

Returns for less than one year are not annualized.

The Blended Index is composed of 25% Bloomberg Barclays U.S. Aggregate Bond Index and 75% MSCI World Index.

# Quarterly Total Returns

I Shares

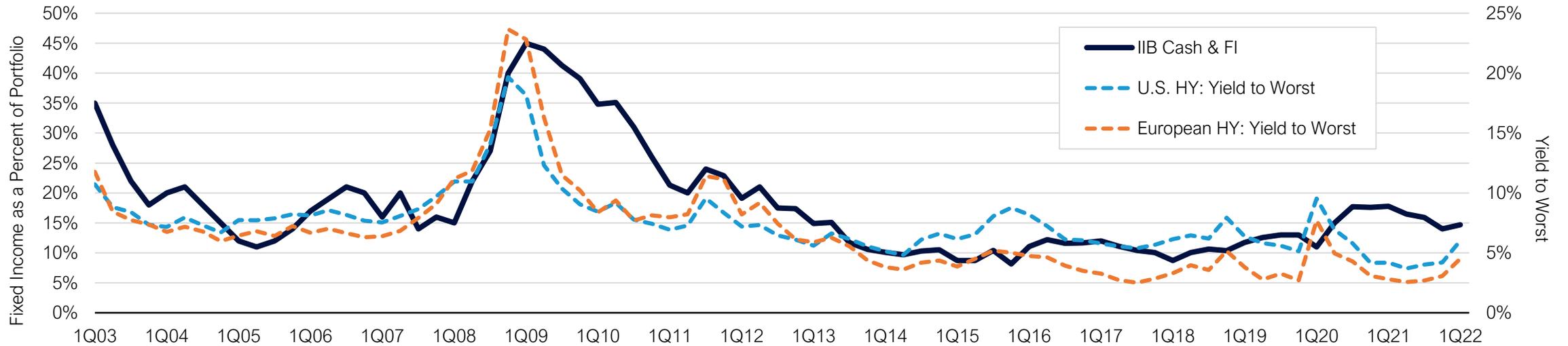


*Past performance does not guarantee future results.*

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. Returns for less than one year are not annualized.

## Flexibility with Fixed Income

We buy bonds when risk-adjusted returns are attractive.



Past performance does not guarantee future results.

Source: Bloomberg

## Quarterly Distributions

Cents per I Share (TIBIX)

|      | Q1    | Q2    | Q3    | Q4     | Total  |
|------|-------|-------|-------|--------|--------|
| 2003 |       |       |       | 14.5¢  | 14.5¢  |
| 2004 | 11.7¢ | 13.6¢ | 16.0¢ | 22.7¢  | 64.0¢  |
| 2005 | 11.6¢ | 14.2¢ | 18.0¢ | 29.7¢  | 73.5¢  |
| 2006 | 14.4¢ | 18.0¢ | 21.2¢ | 35.0¢  | 88.6¢  |
| 2007 | 16.2¢ | 20.6¢ | 23.6¢ | 39.0¢  | 99.4¢  |
| 2008 | 19.8¢ | 23.8¢ | 28.0¢ | 38.3¢  | 109.9¢ |
| 2009 | 19.2¢ | 25.6¢ | 29.4¢ | 36.2¢  | 110.4¢ |
| 2010 | 21.3¢ | 26.7¢ | 33.6¢ | 37.8¢  | 119.4¢ |
| 2011 | 22.7¢ | 27.9¢ | 33.8¢ | 39.3¢  | 123.7¢ |
| 2012 | 23.1¢ | 27.5¢ | 30.1¢ | 37.8¢  | 118.5¢ |
| 2013 | 23.0¢ | 27.2¢ | 26.8¢ | 26.4¢  | 103.4¢ |
| 2014 | 24.3¢ | 25.9¢ | 28.9¢ | 27.9¢  | 107.0¢ |
| 2015 | 18.2¢ | 21.8¢ | 21.8¢ | 27.0¢  | 88.9¢  |
| 2016 | 18.5¢ | 20.2¢ | 21.2¢ | 23.3¢  | 83.2¢  |
| 2017 | 18.6¢ | 21.8¢ | 27.9¢ | 31.6¢  | 99.9¢  |
| 2018 | 19.6¢ | 21.6¢ | 25.6¢ | 29.6¢  | 96.4¢  |
| 2019 | 20.3¢ | 22.9¢ | 26.4¢ | 31.7¢  | 101.3¢ |
| 2020 | 20.3¢ | 20.1¢ | 22.1¢ | 30.3¢  | 92.8¢  |
| 2021 | 23.7¢ | 29.0¢ | 32.9¢ | 38.8¢* | 124.4¢ |
| 2022 | 21.4¢ |       |       |        | 21.4¢  |

*Past performance does not guarantee future results.*

\*Does not include a special dividend of 6.56¢ per share declared on 30 December 2021 and payable on 6 January 2022.

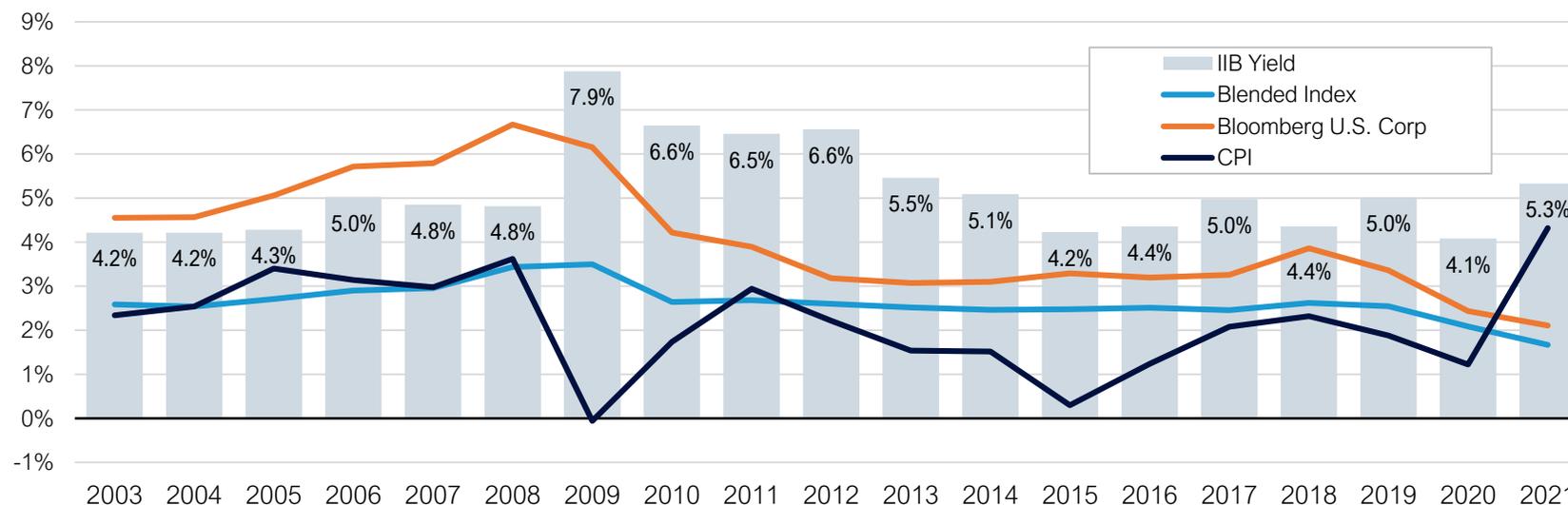
Class I shares may not be available to all investors. Minimum investments for the I share class may be higher than those for other classes.

Neither the payment of, or increase in, dividends is guaranteed.

## Consistently Delivered a 4%+ Yield Since Inception

**2003 – 2021**

Dividend: 4.9% CAGR  
NAV: 3.9% CAGR



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.

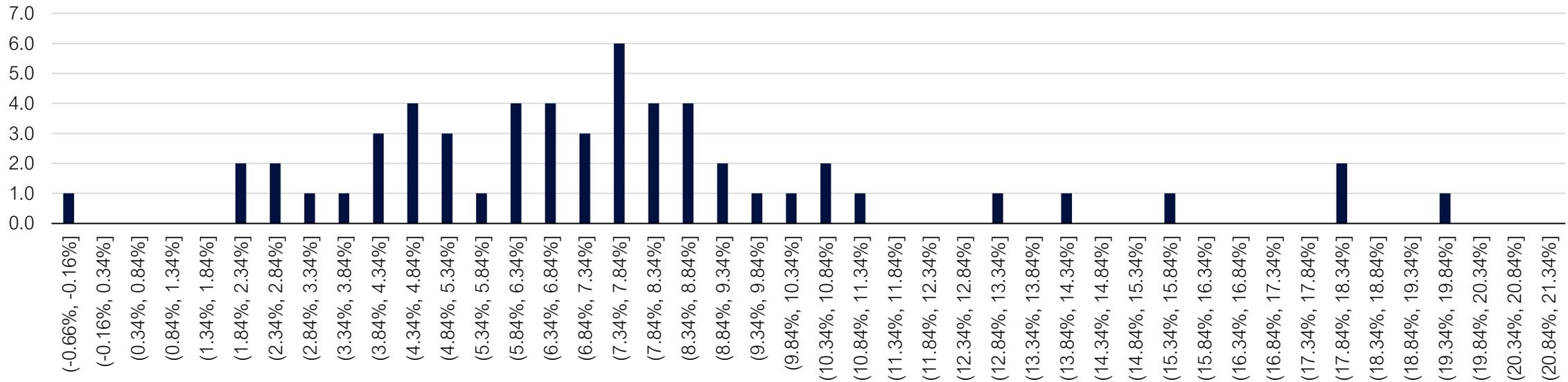
Source: Bloomberg, as of 31/12/2021

The Compound Annual Growth Rate (CAGR) is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each year of the investment's life span. Neither the payment of, or increase in, dividends is guaranteed. Annual Dividend Yields are calculated as annual dividend divided by the NAV. Dividend Yield is 2003 TIBAX and 2004-2020 is TIBIX.

The Blended Index is composed of 25% Bloomberg Barclays U.S. Aggregate Bond Index and 75% MSCI World Index.

## Rolling 5-Year Performance

I Shares | There have been 57 quarters since 31 Dec 2007 with rolling 5-year look backs, with only one negative observation.



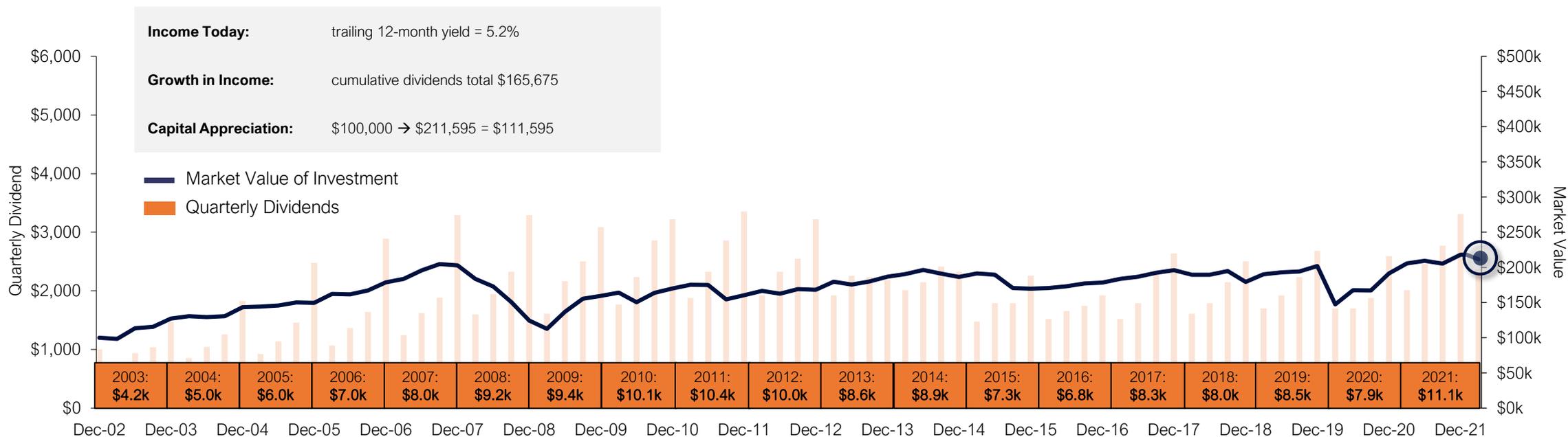
Past performance does not guarantee future results.

Source: Bloomberg

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.

# Hypothetical \$100,000 Investment

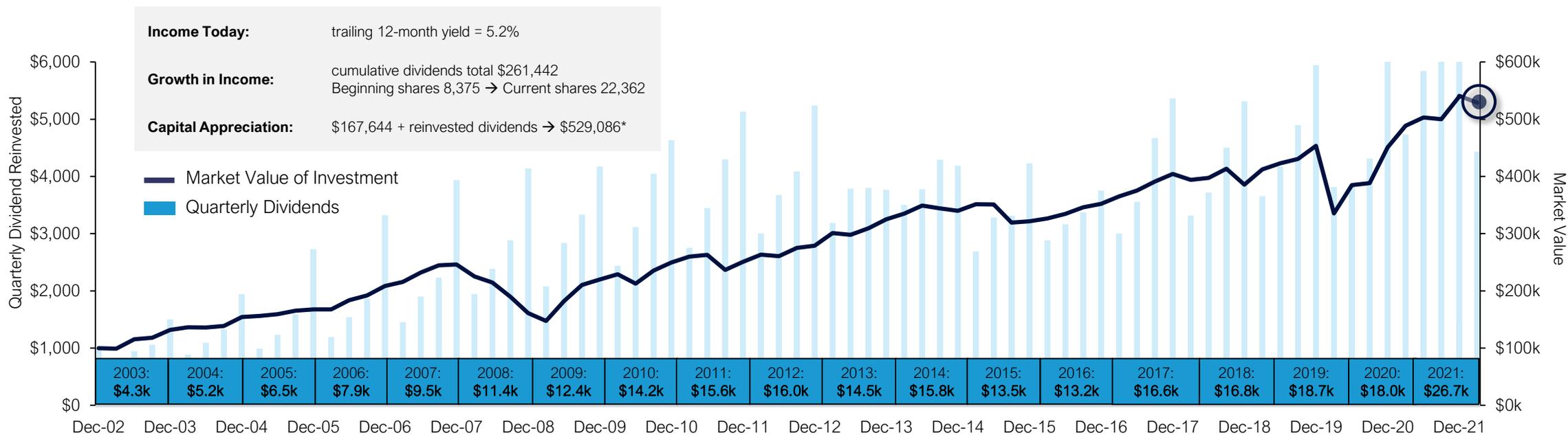
A Shares



*Hypothetical illustrations above do not account for the fund's sales charges. If sales charges had been included, results would be lower. The portfolio values include any capital appreciation and capital gains payments, which were reinvested. 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.*

# Hypothetical \$100,000 with Reinvestment

A Shares



Hypothetical illustrations above do not account for the fund's sales charges. If sales charges had been included, results would be lower. All dividends and capital gains payments were reinvested. 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.

\*Includes initial investment of \$100k

## Historically, Dividends Have Been Important to Total Return (S&P 500 Index)

Over the long term, total shareholder returns (TSR) are roughly 50% price/50% dividends.

| DECADE                             | PRICE APPRECIATION | INCOME COMPONENT | TOTAL RETURN | INCOME AS PERCENTAGE OF TOTAL RETURN |
|------------------------------------|--------------------|------------------|--------------|--------------------------------------|
| 1871 – 1880                        | 2.8%               | 6.1%             | 8.9%         | 68.5%                                |
| 1881 – 1890                        | -2.1%              | 4.8%             | 2.6%         | 184.6%                               |
| 1891 – 1900                        | 4.2%               | 4.5%             | 8.7%         | 51.7%                                |
| 1901 – 1910                        | 2.5%               | 4.6%             | 7.1%         | 64.8%                                |
| 1911 – 1920                        | -2.6%              | 6.1%             | 3.4%         | 179.4%                               |
| 1921 – 1930                        | 6.7%               | 5.6%             | 12.3%        | 45.5%                                |
| 1931 – 1940                        | -2.8%              | 4.9%             | 2.1%         | 233.3%                               |
| 1941 – 1950                        | 6.7%               | 6.4%             | 13.0%        | 49.2%                                |
| 1951 – 1960                        | 10.2%              | 5.0%             | 15.2%        | 32.9%                                |
| 1961 – 1970                        | 4.7%               | 3.5%             | 8.2%         | 42.7%                                |
| 1971 – 1980                        | 4.0%               | 4.5%             | 8.5%         | 52.9%                                |
| 1981 – 1990                        | 9.3%               | 4.6%             | 13.9%        | 33.1%                                |
| 1991 – 2000                        | 14.9%              | 2.6%             | 17.5%        | 14.9%                                |
| 2001 – 2010                        | -0.5%              | 1.9%             | 1.4%         | 135.7%                               |
| 2011 – 2020                        | 11.6%              | 2.3%             | 13.9%        | 16.7%                                |
| 2021 – 1Q22                        | 20.6%              | 1.7%             | 22.8%        | 7.3%                                 |
| <b>Average across Decades</b>      | <b>4.6%</b>        | <b>4.5%</b>      | <b>9.1%</b>  | <b>49.3%</b>                         |
| <b>Standard Dev across Decades</b> | <b>5.4%</b>        | <b>1.4%</b>      | <b>5.1%</b>  |                                      |

*Past performance does not guarantee future results.*

Sources: Jack W. Wilson and Charles P. Jones, "An Analysis of the S&P 500 Index and Cowles's Extensions: Price Indexes and Stock Returns, 1870–1999", Journal of Business, 2002, vol. 75 no 3. Data after 1990 is from Bloomberg, Confluence, and FactSet. Calculated by Thornburg Investment Management. Returns are annualized.



Q&A



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*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.*

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