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Thornburg Investment Management International Equities: Overlooked and Undervalued?

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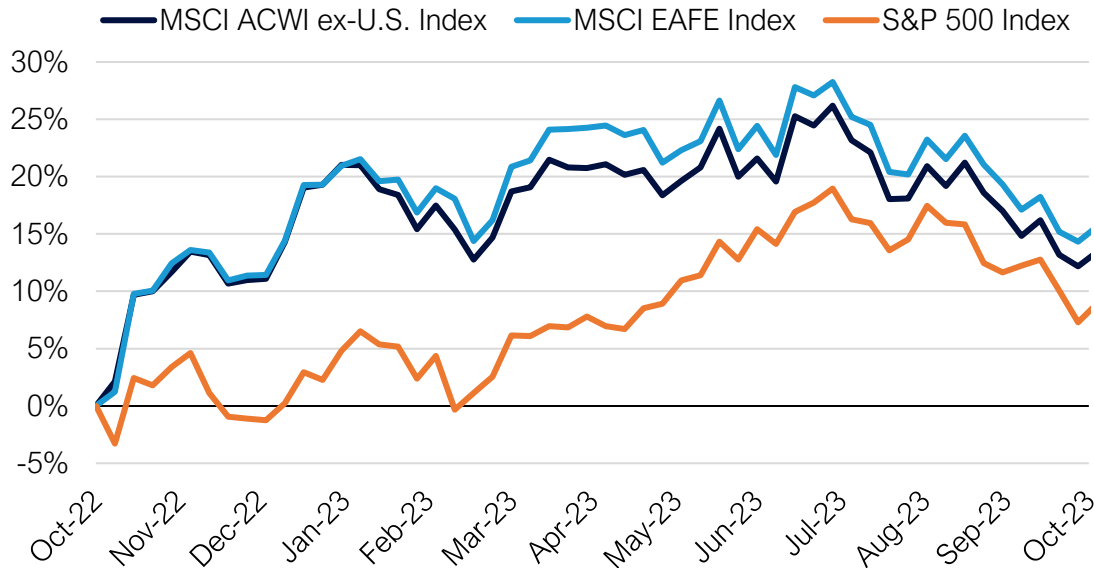
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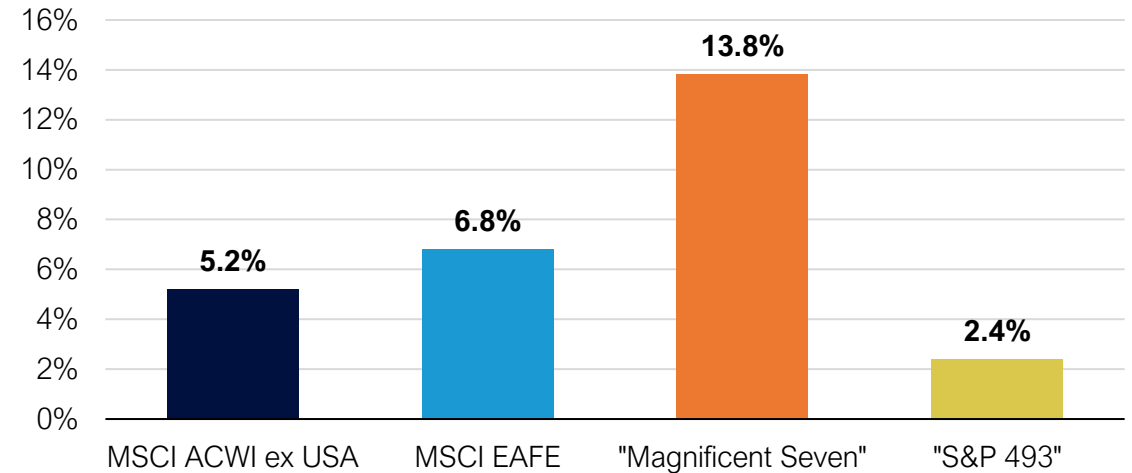
Don't Look Now, but International Has Outperformed Over the Last Year

85% of the S&P 500 Index YTD return is from the "Magnificent Seven", 15% from the "S&P 493"

CUMULATIVE TOTAL RETURN: U.S. VS. INTERNATIONAL EQUITIES



YTD RETURN: U.S. VS. INTERNATIONAL EQUITIES



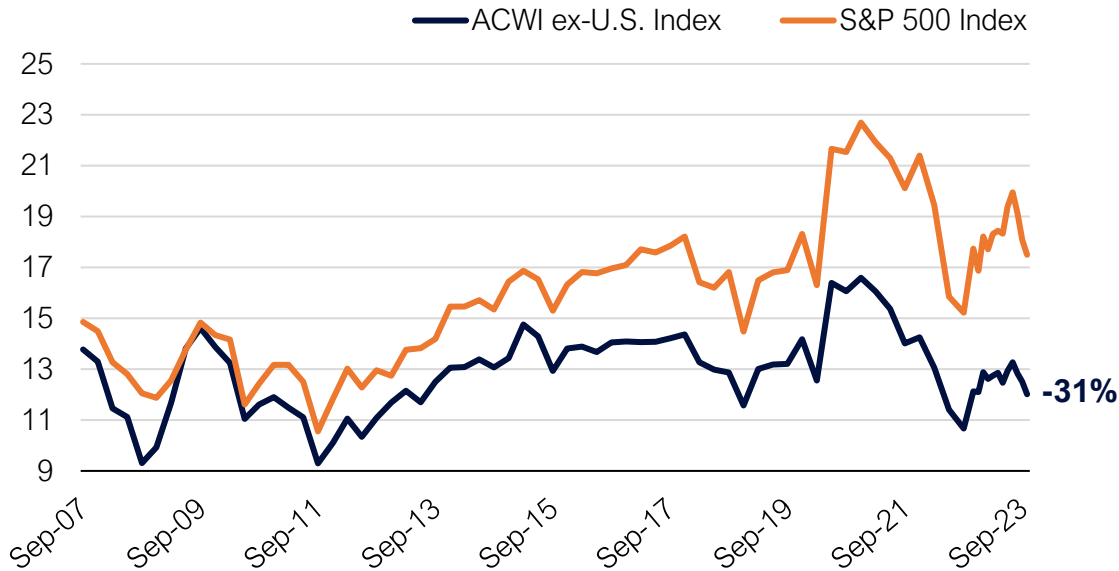
Past performance does not guarantee future results.

Source: Bloomberg and FactSet (as of 13 November 2023)
 The Magnificent Seven = Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, Tesla.

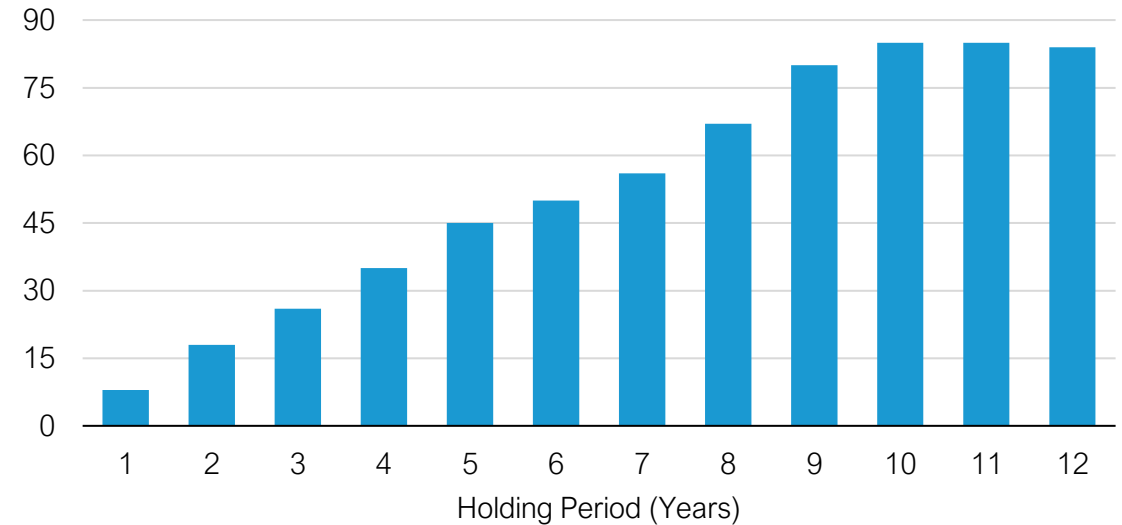
Relative Valuations for International Equities Near a 16-year Low

-31% MSCI ACWI ex-U.S. Index, -33% Europe, -34% Emerging Markets

12-MONTH FORWARD P/E: U.S. VS. INTERNATIONAL EQUITIES



VALUATIONS PLAY A LARGE ROLE IN LONG-TERM EQUITY PERFORMANCE:
R-SQUARED BETWEEN SHILLER P/E AND SUBSEQUENT EQUITY RETURNS



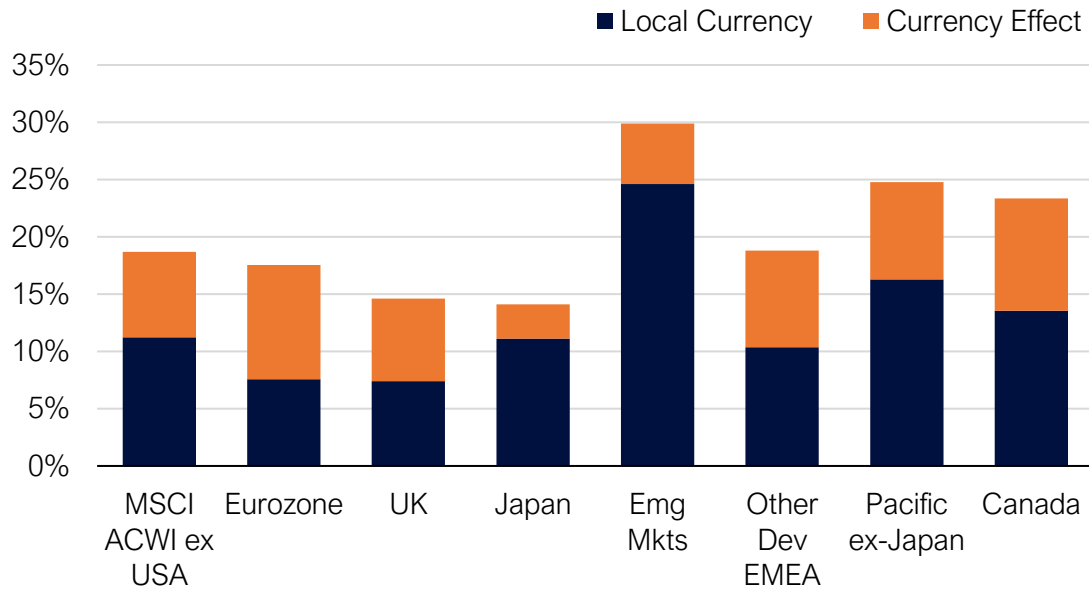
Past performance does not guarantee future results.

Source: BCA Research, Robert Shiller CAPE, MSCI, S&P, Bloomberg

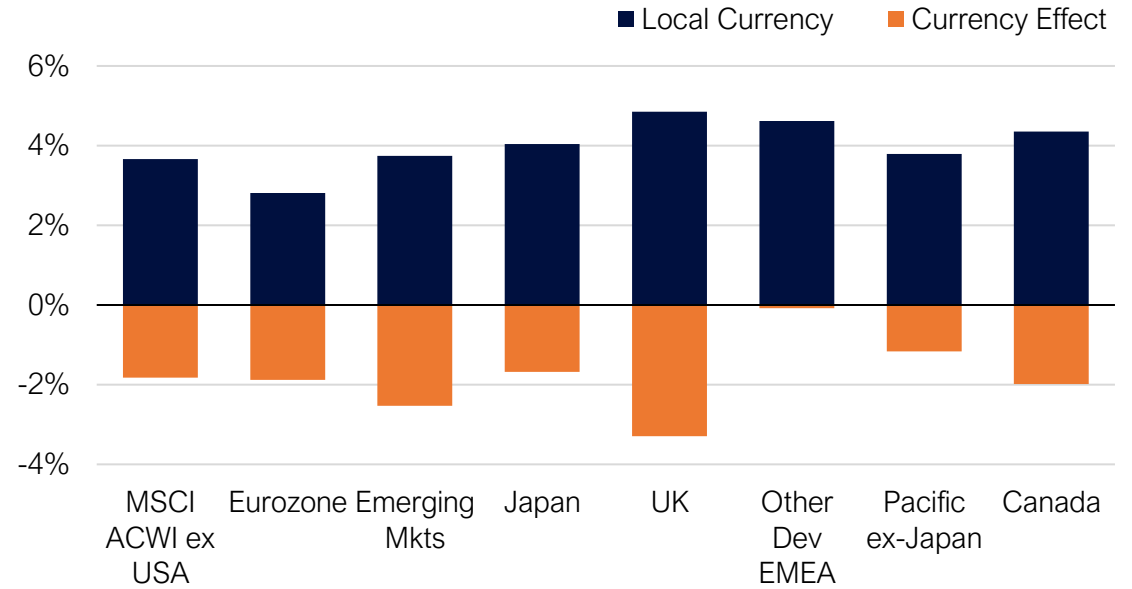
Dollar Has Been a Significant Component of International Equity Returns

40% of MSCI ACWI ex-U.S. returns 2002-2007, -50% of returns 2007-2023

TOTAL RETURN BY REGION: MSCI ACWI EX-U.S. INDEX FROM 2002-2007



TOTAL RETURN BY REGION: MSCI ACWI EX-U.S. INDEX FROM 2007-2023








Past performance does not guarantee future results.

Source: Bloomberg and FactSet

International Companies with AI exposure

Early in any technology cycle, you want to own the ‘picks and shovels’

COMPANY	DESCRIPTION
	Provider of high bandwidth memory that is critical for AI accelerators. About 25% of revenues exposed to AI and NVDA is a key customer.
	Leading supplier of equipment for the assembly of semiconductors, particularly “advanced packaging” demand.
	Monopoly supplier of advanced lithography equipment required to produce cutting-edge chips.
	Japanese company that has dominant share in dicing and grinding tools used to process wafers. Seeing a pickup demand from gen AI and also well tied to the growth of Power Semis and ECs.
	World-leading semi foundry exposed to all key technology demand trends (e.g. AI, Cloud, Advanced Communications).

Source: Thornburg Investment Management

The security(ies) mentioned are for illustration purposes only. Under no circumstances does the information represent a recommendation to buy or sell the securities.

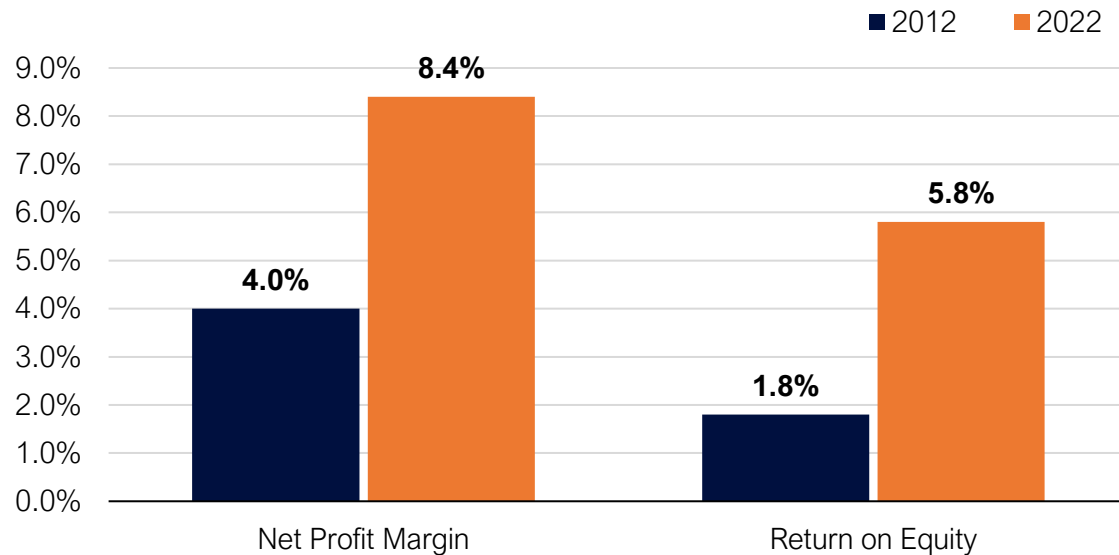
In our opinion, we believe these securities are good examples of companies that have exposure to AI.

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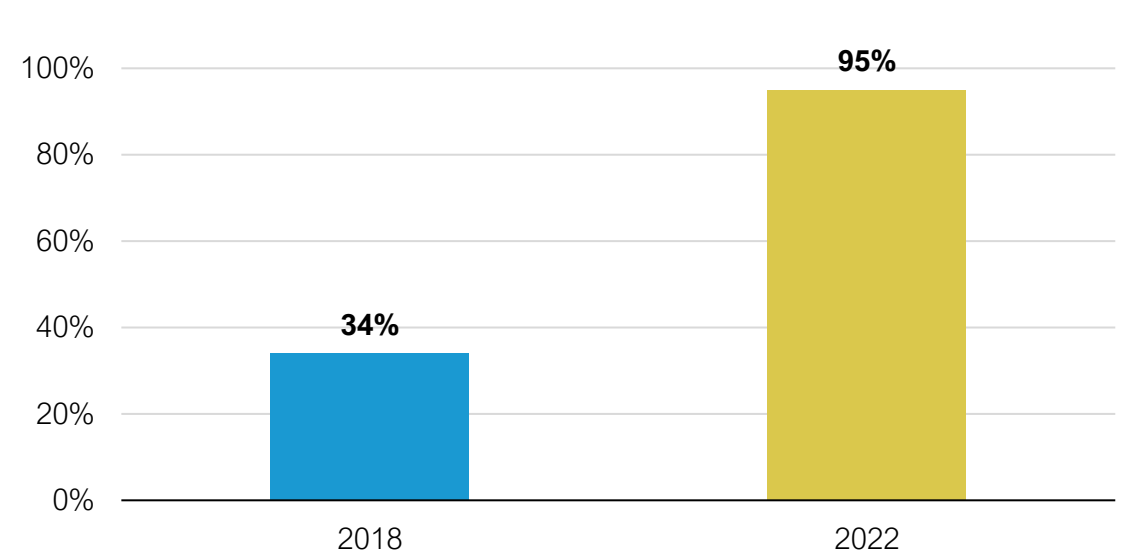
Japan: Improved Governance Has Led to Improved Performance

TOPIX (Tokyo Stock Price Index) up 15% annually over last three years in JPY

NET PROFIT MARGIN AND ROE IMPROVING



PERCENTAGE OF COMPANIES WITH >33% INDEPENDENT DIRECTORS



Source: Tokyo Stock Exchange, Bloomberg, Japan Financial Services Agency

Thornburg Global/International Equity and Multi-Asset Solutions

Fundamental Research | Discipline and Process | Focus and Conviction

GLOBAL MULTI-ASSET	BENCHMARK	FUND ASSETS	INCEPTION	MORNINGSTAR CATEGORY
Investment Income Builder Fund	75% MSCI World, 25% Bloomberg U.S. Aggregate	\$11.4 B	24 Dec 2002	Global Allocation
GLOBAL EQUITY				
Global Opportunities Fund	MSCI AC World Index	\$1.0 B	28 Jul 2006	Global Large-Stock Blend
GLOBAL EQUITY EX-U.S.				
International Equity Fund	MSCI EAFE Index & MSCI ACWI ex-U.S. Index	\$2.4 B	28 May 1998	Foreign Large Blend
Better World International Fund	MSCI ACWI ex-U.S. Index	\$560 M	30 Sep 2015	Foreign Large Blend
International Growth Fund	MSCI ACWI ex-U.S. Growth Index	\$820 M	1 Feb 2007	Foreign Large Growth
EMERGIING MARKETS EQUITY				
Developing World Fund	MSCI Emerging Markets Index	\$961 M	16 Dec 2009	Diversified Emerging Markets

As of 30 September 2023

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