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# Thornburg Investment Management Spring Due Diligence Conference

## The Importance of Dividend Income in Today's Environment

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*All data in this presentation is as of 31 March 2024 unless otherwise noted.*

The Thornburg logo consists of the word "Thornburg" in a bold, dark blue sans-serif font. To the right of the text is a square icon with an orange border and a white interior.

**Thornburg**

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# 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

# Investment Performance

AVERAGE ANNUAL TOTAL RETURNS (%)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	GROSS	NET
A Shares TIBAX (Incep: 24 Dec 02)   30-Day SEC Yield: 3.37%									
Without sales charge	5.71	5.71	18.17	8.11	8.42	6.31	8.94	--	--
With sales charge	0.97	0.97	12.87	6.47	7.43	5.83	8.71	1.17	1.17
I Shares TIBIX (Incep: 3 Nov 03)*   30-Day SEC Yield: 3.79%	5.74	5.74	18.38	8.37	8.67	6.60	8.52	0.92	0.92
Investment Income Builder Blend	6.42	6.42	18.93	5.89	9.29	7.57	7.86		
Excess Return (I Shares) vs. Investment Income Builder Blend	-0.68	-0.68	-0.55	2.48	-0.62	-0.97	0.66		

CALENDAR YEAR RETURNS (%)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
A Shares TIBAX	17.90	-8.27	20.02	-0.65	17.66	-4.62	14.78	9.50	-5.37	4.53	16.50
I Shares TIBIX	18.17	-8.03	20.29	-0.39	17.95	-4.39	15.17	9.86	-5.10	4.90	16.85
Investment Income Builder Blend	19.05	-16.67	15.64	14.41	22.87	-6.42	17.42	6.41	-0.33	5.25	18.92
Excess Return (I Shares) vs. Investment Income Builder Blend	-0.88	8.64	4.65	-14.80	-4.92	2.03	-2.25	3.45	-4.77	-0.35	-2.07

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 February 1, 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. Without these waivers, SEC yields, would have been as follows: A Shares, 3.37%; I Shares, 3.79%.

As of 31 March 2024

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.

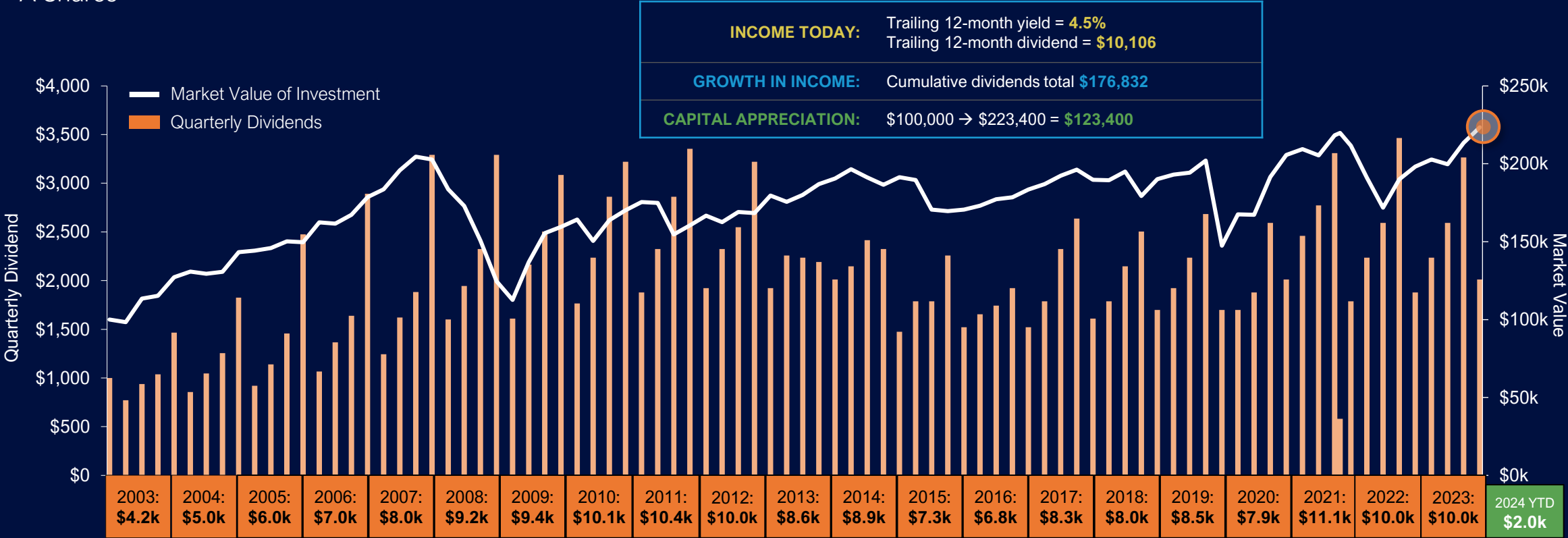
The Blended Index is composed of 25% Bloomberg U.S. Aggregate Bond Index and 75% MSCI World Index.

\*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.



# Hypothetical \$100,000 Investment

A Shares

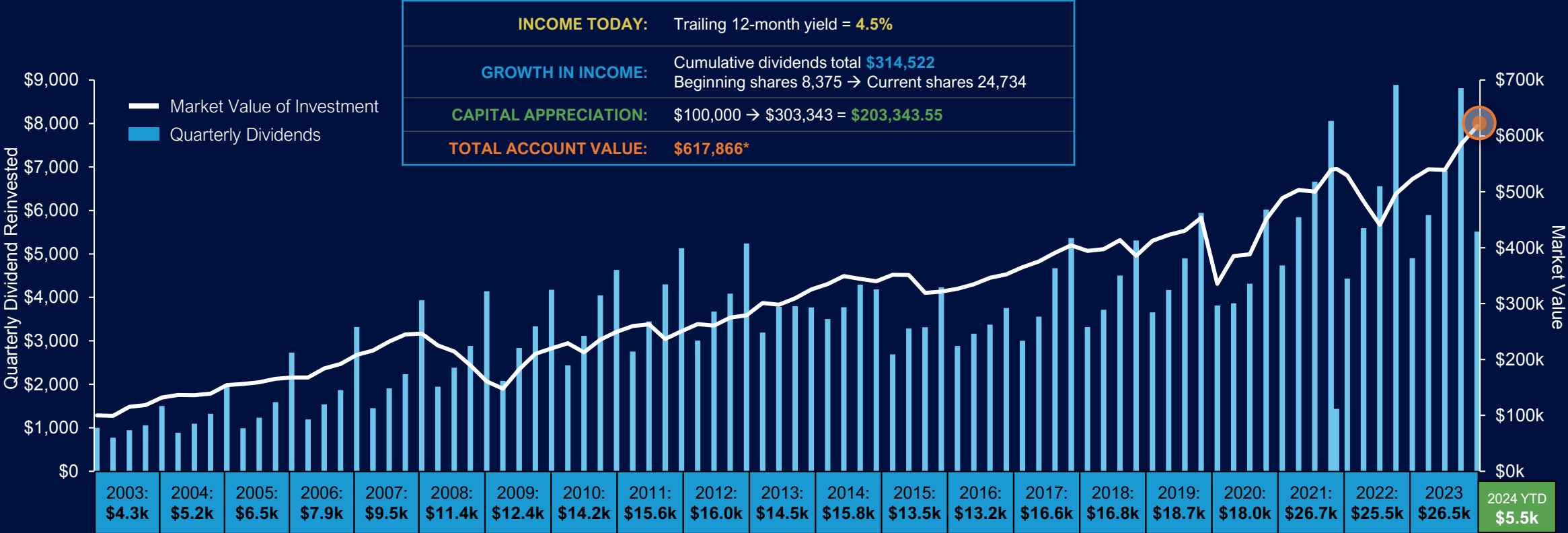


Hypothetical illustrations above do not account for the fund's sales charges. If sales charges had been included, results would be lower. The portfolio values include any capital appreciation and capital gains payments, which were reinvested. Performance data shown represents past performance and is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



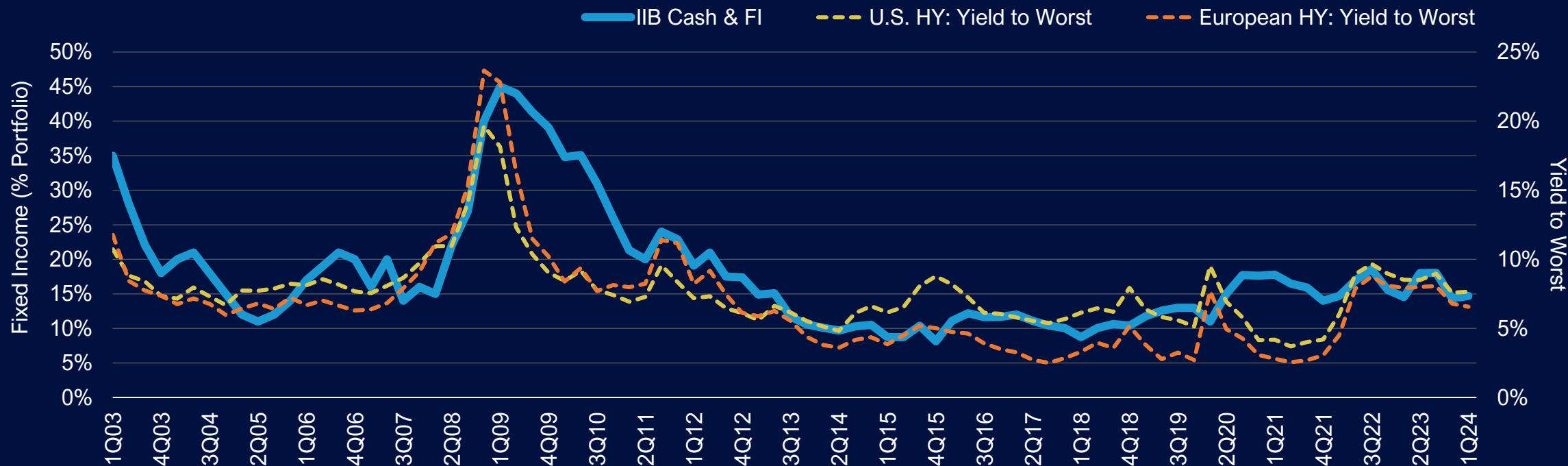
Hypothetical illustrations above do not account for the fund's sales charges. If sales charges had been included, results would be lower. All dividends and capital gains payments were reinvested. Performance data shown represents past performance and is no guarantee of future results. Investment return 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



# Flexibility with Fixed Income

We buy bonds when risk-adjusted returns are attractive.

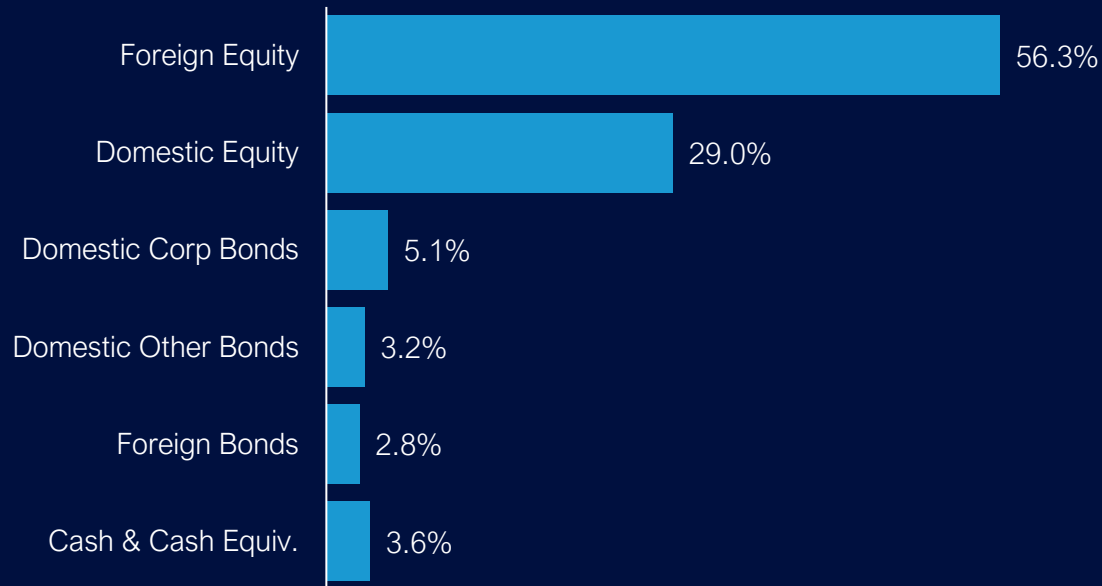


Past performance does not guarantee future results.

Source: Bloomberg

# Portfolio Characteristics

## PORTFOLIO COMPOSITION



## EQUITY CHARACTERISTICS

	PORTFOLIO
P/E Trailing 1-Yr	10.9x
P/E Forward 1-Yr Estimate	10.8x
Price to Book	1.4x
Price to Cash Flow	8.0x
Return on Equity (ROE)	12.2%
Dividend Yield	4.9%

## REGIONAL EXPOSURE

	% OF PORTFOLIO
North America	39.2
Europe ex-UK	36.1
UK	11.3
Asia Pacific ex-Japan	7.9
Latin America	1.3
Other	0.6
Japan	0.0
Cash & Cash Equiv.	3.6

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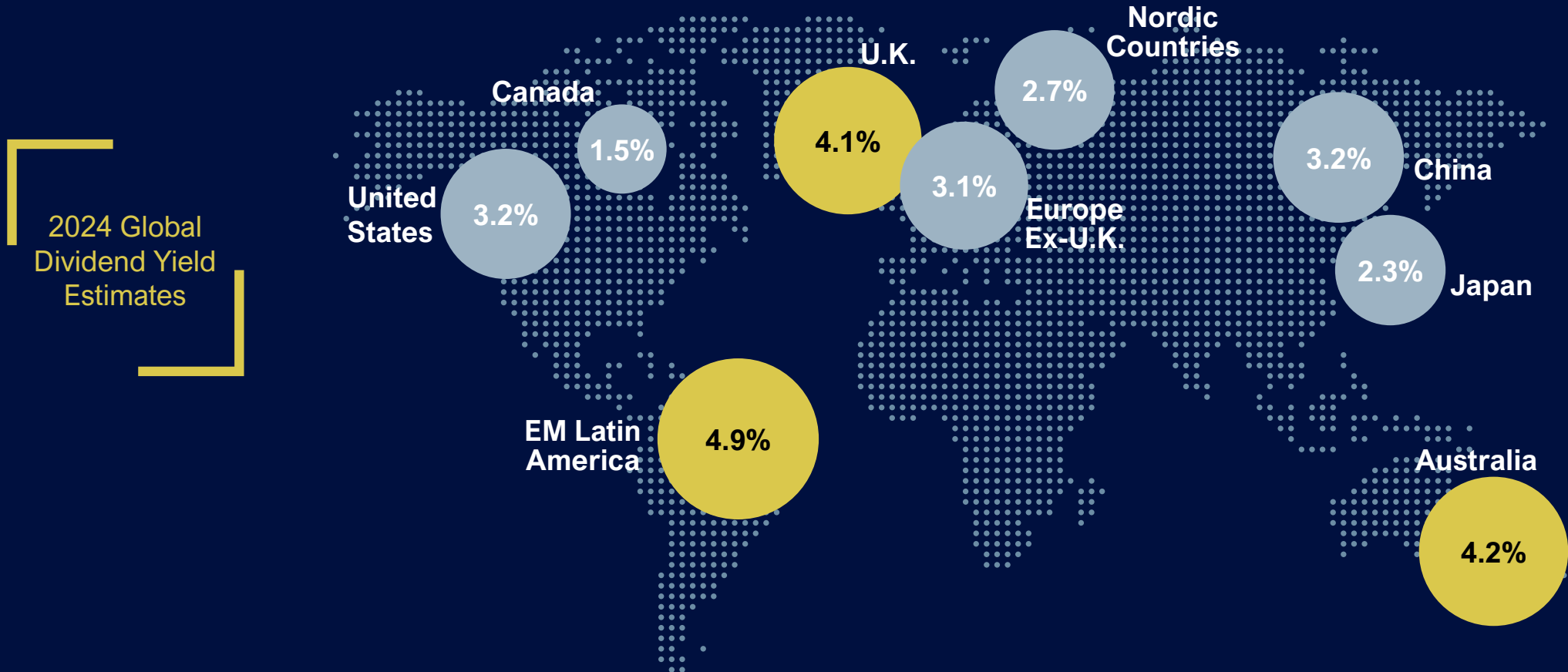
Source: FactSet and Bloomberg

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.

# Non-U.S. Equity Markets have Better Opportunities for Income

Global Dividend Yields by Country





# Overview of Equity Portfolio Allocation Shifts

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

- YoY increases in allocations to Communication Services, Energy and Financials
- Cuts in portfolio allocations to Utilities, Materials, and Industrials

## SECTOR WEIGHTS (%) AS OF:

	31 MAR 22	30 JUN 22	30 SEPT 22	31 DEC 22	31 MAR 23	30 JUN 23	30 SEPT 23	31 DEC 23	31 MAR 24	MAR 23 to MAR 24 +/- Weighting
Financials	24.9	25.1	27.2	25.9	24.1	25.2	24.1	24.6	25.4	1.3
Comm. Services	16.6	14.1	10.8	11	12.3	11.4	12.1	15.1	16.7	4.4
Info Tech	16.1	14.5	14.3	13.6	14.2	15.3	13.8	14.8	13.4	-0.8
Health Care	14.4	14.7	12.5	12.5	12.5	12	11.9	10.6	12.2	-0.3
Energy	4.6	6.8	10.4	10.6	9.2	10.7	13.4	11.4	10.6	1.4
Utilities	6.3	6.6	5.7	6.9	8.7	9.0	6.7	7.1	6.2	-2.5
Materials	5.7	6	7.5	7.2	7.1	6.4	8	7.2	5.5	-1.6
Consumer Disc.	3.5	3.4	3.7	3.7	3.8	3.2	3.1	3.0	3.7	-0.1
Consumer Staples	4.7	4.8	3.4	3.1	3.8	3.7	3.9	3.8	3.6	-0.2
Industrials	2.3	3.1	3.9	4.7	3.8	2.1	1.9	2.0	2.3	-1.5
Real Estate	0.8	0.8	0.6	0.5	0.4	0.4	0.3	0.3	0.3	-0.1

Source: Bloomberg

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

## Top 10 Equity Holdings

The top 10 equity holdings account for **35%** of the portfolio on 31 March 2024

NAME OF COMPANY	2024 Q1 PRICE CHANGE USD (%)	2023 YEAR PRICE CHANGE USD (%)	DIVIDEND YIELD 31 MAR 24 PRICE (%)	5-YEAR DIVIDEND GROWTH RATE (%)
Orange SA	3.1	14.7	6.6	+0.6%/year
Total Energies SE	0.5	8.5	4.7	+3.1%/year
Broadcom Inc	18.7	99.6	1.6	+17.5%/year
BNP Paribas	2.7	21.4	7.0	+5.2%/year
Taiwan Semiconductor	25.6	32.9	1.8	+8.9%/year
NN Group	16.9	-3.2	7.5	+11.3%/year
Citigroup	22.9	13.7	3.4	+4.7%/year
Enel SpA	-11.3	38.2	7.0	+8.8%/year
Samsung Electronics	0.5	39.2	1.8	+0.4%/year
AT&T Inc.	4.9	-8.9	6.3	-11.1%/year

*Past performance does not guarantee future results.*

Source: Bloomberg

Any securities, sectors, or countries mentioned are for illustrative purposes only. Holdings are subject to change.

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

## Next 10 Equity Holdings

The top 10 equity holdings account for **20%** of the portfolio on 31 March 2024

NAME OF COMPANY	2024 Q1 PRICE CHANGE USD (%)	2023 YEAR PRICE CHANGE USD (%)	DIVIDEND YIELD 31 MAR 24 PRICE (%)	5-YEAR DIVIDEND GROWTH RATE (%)
Vodafone	1.7	-14.1	11.0	-10.1%/year
JPMorgan Chase & Co	17.6	26.9	2.3	+8.5%/year
Tesco Plc	1.0	36.7	3.7	+20.8%/year
Roche Holding	-12.5	-7.5	4.2	+2.0%/year
CME Group	2.2	25.2	4.5	+16.1%/year
Merck & Co.	21.0	-1.7	2.3	+7.8%/year
Glencore Plc	-8.8	-9.8	9.5	+22.5%/year
Deutsche Telekom	0.9	20.5	3.5	+1.9%/year
AstraZeneca Plc	-0.4	-0.3	2.1	+1.4%/year
Pfizer Inc.	-3.6	-43.8	6.1	+3.6%/year

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Source: Bloomberg

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# 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 – 1Q24	10.9%	1.7%	12.6%	13.7%
<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.

# Companies That Can Grow Their Dividend Have Historically Outperformed

Focus on companies with the ability and willingness to pay dividends

## CUMULATIVE GROWTH OF THE S&P 500 INDEX BY DIVIDEND POLICY (INDEXED TO 100)



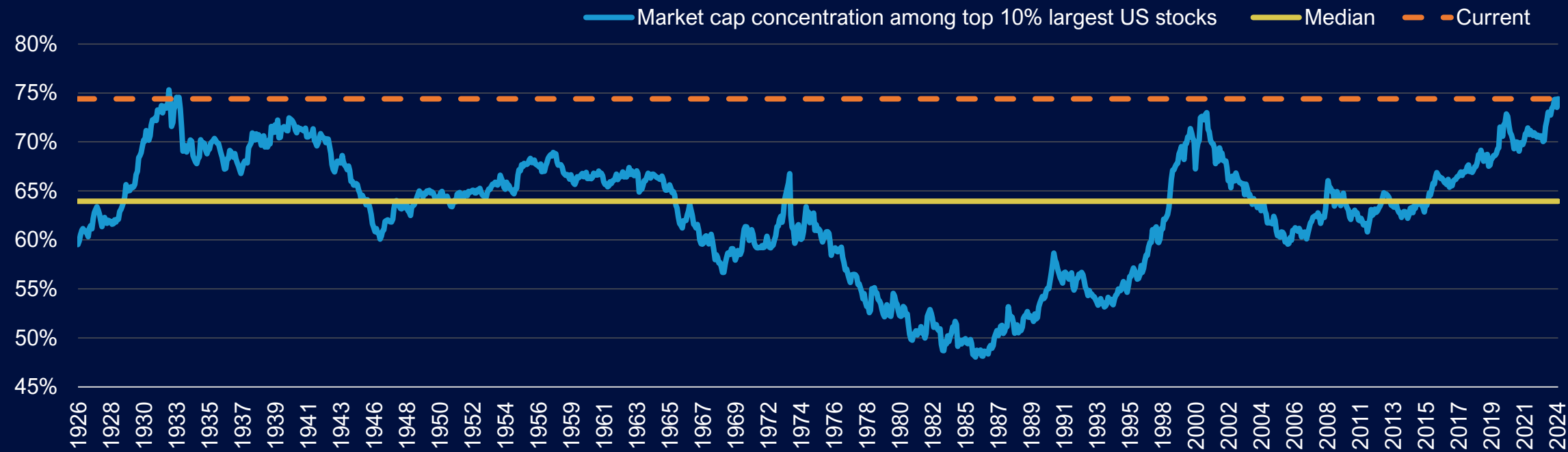
	Total Return (annual)	Sharpe Ratio	Std Deviation (annual)	Growth of \$100
Dividend Growers & Initiators	10.2%	0.53	16.1%	\$14,578
All Dividend Paying Stocks	9.2%	0.49	16.8%	\$8,998
S&P 500 Geometric Equal-Weighted TR	7.8%	-0.21	17.4%	\$4,600
Dividend Payers No Change in Dividends	6.8%	0.45	18.6%	\$2,873
Non-Dividend Paying Stocks	4.3%	-0.01	22.2%	\$868
Dividend Cutters & Eliminators	-0.8%	-0.21	24.2%	\$67

Past performance does not guarantee future results.

Source: Ned David Research and Revfnitiv 1973 through 29 February 2024

# Bad Breadth: The U.S. Stock Market is Historically Concentrated

Top 10% of stocks by size vs. the entire U.S. stock market



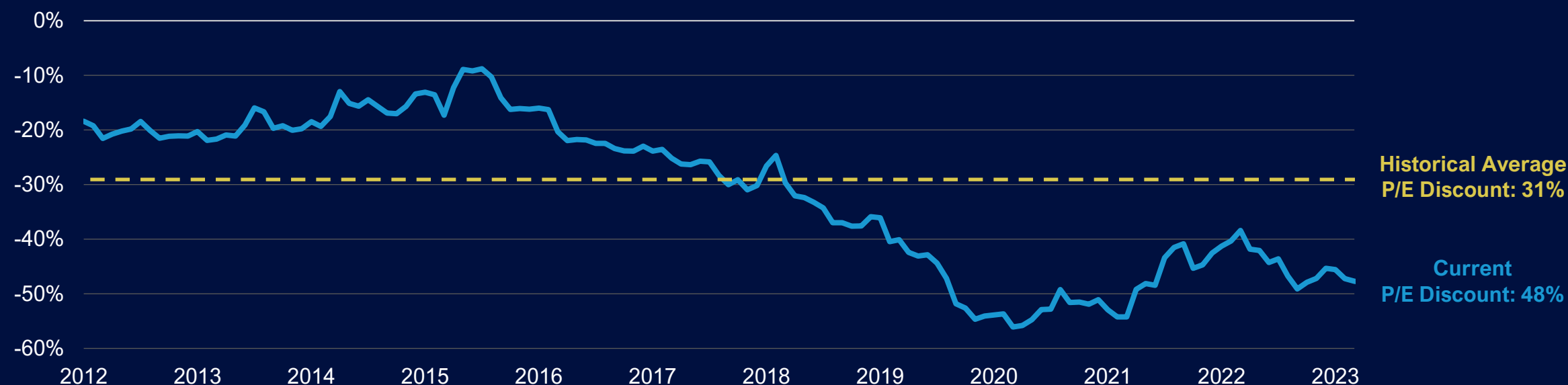
Past performance does not guarantee future results.

Source: Deutsch Bank



## Income-Generating Equities Present Attractive Value

P/E Discount (12 mo. fwd.): MSCI World High Dividend Index vs. MSCI World Growth Index



*Past performance does not guarantee future results.*

Source: Bloomberg, as of 3/31/2024

## Potential to Grow the Distribution over Time

### Dividend Growth

actual dividend growth  
for calendar year 2023

	% OF EQUITY PORTFOLIO*	CALENDAR 2023 YIELD
Holdings Growing the Dividend	73%	5.1%
<i>Dividend growing 0 – 5%</i>	25%	
<i>Dividend growing 5 – 10%</i>	23%	
<i>Dividend growing 10%+</i>	25%	
Holdings with a Flat Dividend	10%	5.0%
Holdings Paying Lower Dividends	17%	6.4%

*Past performance does not guarantee future results.*

\*Excludes portfolio allocation to fixed income, cash and currency forwards

Source: Bloomberg and FactSet. Dividend growth figures are calculated based in local currency terms. Dividends are not contractual obligations and may be changed or eliminated at any time. Holdings can and do vary. Market values will vary, impacting dividend yields based on market prices.

The background features a scenic view of a mountain range under a clear sky. A semi-transparent grid with small dots at the intersections is overlaid on the entire image. A solid orange horizontal band spans the width of the image, positioned in the middle. The word "APPENDIX" is centered within this band in a bold, dark blue, sans-serif font.

# APPENDIX



# 1. Orange SA

28.2 Billion EUR Market Cap, 27 Billion EUR net financial debt, €3 0 billion minorities, 6.79% Dividend Yield.

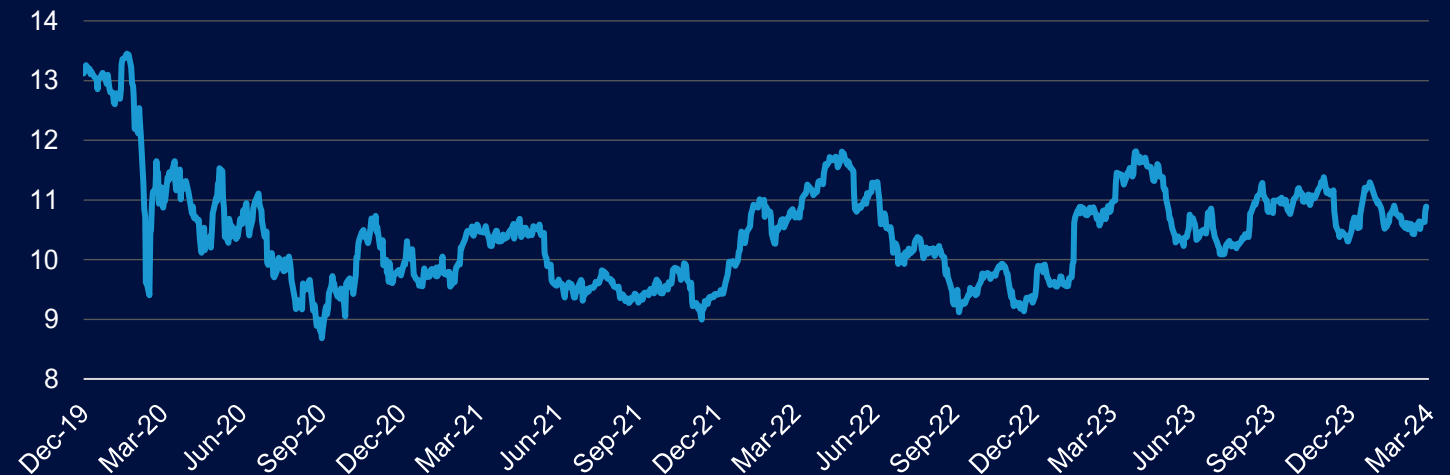
Share price -35% from 2/19/20 to 10/1/20, irregular subsequent recovery with +14.7 2023 and +3.1% Q1'24. 2023 revenue +1.5%, adjusted EBITDA after leases +1.3%.

Orange owns ~40k wireless broadcast towers and a strong wireless spectrum portfolio. Its EU terrestrial fiber marketable footprint passes >71 million homes (of which 16.5 million connected at 12/31/23).

Cash flows should improve as buildout of the fiber and 5G wireless network footprint matures, capex declines, more residences are connected, and legacy analogue infrastructure is shut down.

The recent merger of Orange's Spain subsidiary with Masmovil generated material cash flow for Orange and cut consolidated net debt. It will be accounted for by equity method, so also cuts Group revenue & EBITDA while improving the JV's competitive position.

## ORANGE SA (EUR)



France headquartered Orange is a multinational telecommunications services provider with 250 million mobile customers and 25 million terrestrial broadband customers in 27 countries in Europe, the Middle East, and Africa. 2023 highlights: 44 billion EUR revenue, 13 billion EBITDA, 27 billion net financial debt. Trailing 5-year revenue & EBITDA growth through 2023 were +1.3%/year and +3.2%/year, respectively.

*Past performance does not guarantee future results.*

Source: Bloomberg

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Orange was 4.8% of the Fund as of 31 March 2024.

## 2. Total SE

\$175 Billion Market Capitalization, \$6.3 Billion Net Fin'l Debt, 4.45% dividend yield. Total's share price declined -56.7% from 1/6/20 to 3/18/2020, recovered strongly from its March 2020 low in 2022, and increased +8.2% in the 5 quarters ending March 31.2024..

Annual EBITDA fluctuated between \$16.5 and \$71.6 billion over the 2011-2022 decade when the oil price averaged \$77.8/bbl.

2023 EBITDA reached \$50.0 billion and CFFO \$40.7 billion, with oil and European gas prices for 2023 averaging \$82/bbl and €40.7/MWh, respectively, the latter -67% y/y. Commodity price expectations for 2024 and 2025 are evolving.

Total is transitioning to more low carbon power generation and gas processing & distribution, gradually becoming less oil centric. Annual capex budgets are \$17 to \$18 billion, with a significant green energy allocation.

### TOTAL SE (EUR)



With a fleet of 20 LNG tankers, Total is the #1 exporter of LNG from the U.S. and the #1 owner of European regas capacity. Elevated 2022 trading profits from Total's integrated gas business were directed to debt reduction, dividend growth, share buybacks, and accelerated development of renewable electricity generation. Total is transitioning to more low carbon power generation and gas processing & distribution, gradually becoming less oil centric. Capex budgets include a significant green energy allocation, allowing Total to have 35GW of electricity generation assets built or contracted by 2025 with the aim of increasing generation capacity to 100 GW by 2030, primarily wind and solar assets.

*Past performance does not guarantee future results.*

Source: Bloomberg

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TotalEnergies was 4.4% of the Fund as of 31 March 2024.

### 3. Broadcom

\$612 Billion Equity Market Capitalization, \$675 Billion Enterprise Value, 1.6% Dividend Yield.

Broadcom's share price declined -48% from 2/12/2020 to 3/18/2020, quickly recovered. Its share price rose in recent quarters, including +99% in calendar 2023.

FY 2023 Result: Revenue +8% to \$35.8 billion, EBITDA +6% to \$20.5 billion. Fiscal year ended 10/30/23. Broadcom's revenue mix is approximately 78% semiconductors, 22% software though software will grow as a % of the mix following the acquisition of VMWare in November 2023.

Consensus revenue and EPS estimates for fiscal year 2024 have increased from 12/31/22 to 3/31/24, partly due to acquisitions.

#### BROADCOM (USD)



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 +11%, +16%, and +21% per year, respectively, between fiscal 2018 and 2023. Broadcom's business should benefit from the global 5G rollout, more networked items, and more data storage.

*Past performance does not guarantee future results.*

Source: Bloomberg

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Broadcom was 3.8% of the Fund as of 31 March 2024.

## 4. BNP Paribas

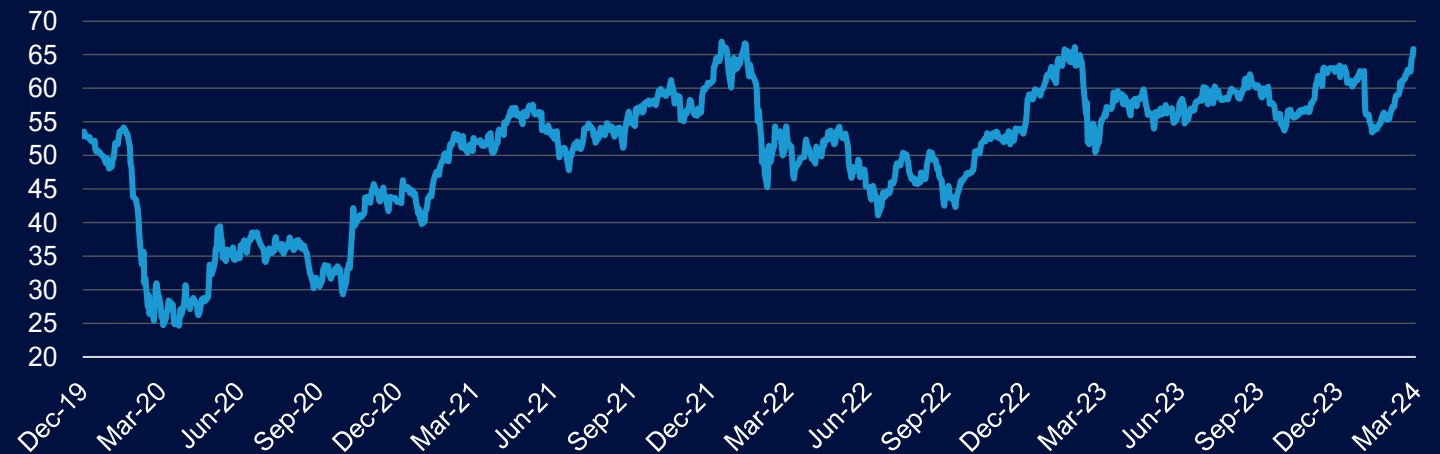
€76 Billion Mkt Capitalization, 6.9% Dividend Yield.

BNP's share price dropped -38% in the first 9 months of 2022 in \$US terms, even as 2022e consensus EPS estimates increased by +20%. The share price was +23.7% in the 5 quarters ending 3/31/24.

2023 Net Revenues of €51.1 billion, +2% y/y; distributable net income €11.2 billion, +10.2% y/y. Since 2008, BNP has grown tangible equity/share at a +6.9%/year CAGR. September 30, 2023 share price was approximately 75% of tangible equity/share.

BNP sold its U.S. Bank of the West subsidiary to Bank of Montreal for \$16.3 billion, closed 2/1/23. Bank of the West contributed approximately 6% of BNP's 2022 operating profit.

### BNP PARIBAS (EUR)



BNP Paribas SA is a universal bank headquartered in Paris with four domestic retail banking markets: France, Belgium, Italy and Luxembourg. It has other retail banking operations throughout Europe and the Mediterranean basin. BNP Paribas is also a significant player in the consumer finance and insurance markets and provides wealth and asset management services. In addition, the bank allocates as much as 30% of its capital to its corporate and institutional banking unit, a leading franchise in Europe.

*Past performance does not guarantee future results.*

Source: Bloomberg

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BNP Paribas was 3.7% of the Fund as of 31 March 2024.



## 5. Taiwan Semiconductor

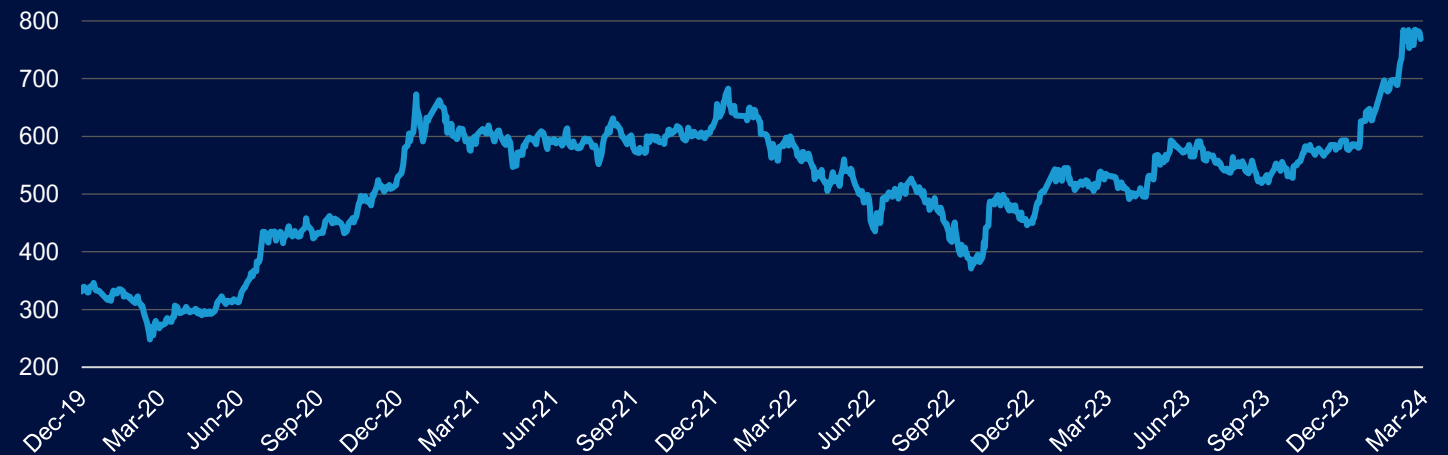
\$661 USD Billion Market Capitalization, Net Cash approximately 3% of Equity Market Capitalization, 2.4% Dividend Yield.

Share price declined -34% in \$US during calendar 2022 on fears of a global recession cutting demand for semiconductors before rising +73% in the 5 quarters ending 3/31/24 on expectations of stronger semiconductor production in the coming quarters and the outlook for artificial intelligence applications.

In \$US terms, \$69 billion 2022 revenue (-8.7% y/y compares to trailing 10-year revenue growth CAGR through 2022 of +16%), \$46.6 billion 2023 EBITDA (-11% y/y compares to trailing 10-year growth CAGR +17%). 2024 consensus analyst estimates are for revenue and EBITDA to achieve record highs.

Trailing 10 Year Dividend Growth CAGR = +14%.

### TSMC (TWD)



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, a market that has turned down in recent quarters. TSMC stock trades mostly in Taiwan \$.

*Past performance does not guarantee future results.*

Source: Bloomberg

Any securities, sectors, or countries mentioned are for illustrative purposes only. Holdings are subject to change.

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Taiwan Semiconductor was 3.5% of the Fund as of 31 March 2024.

## 6. NN Group

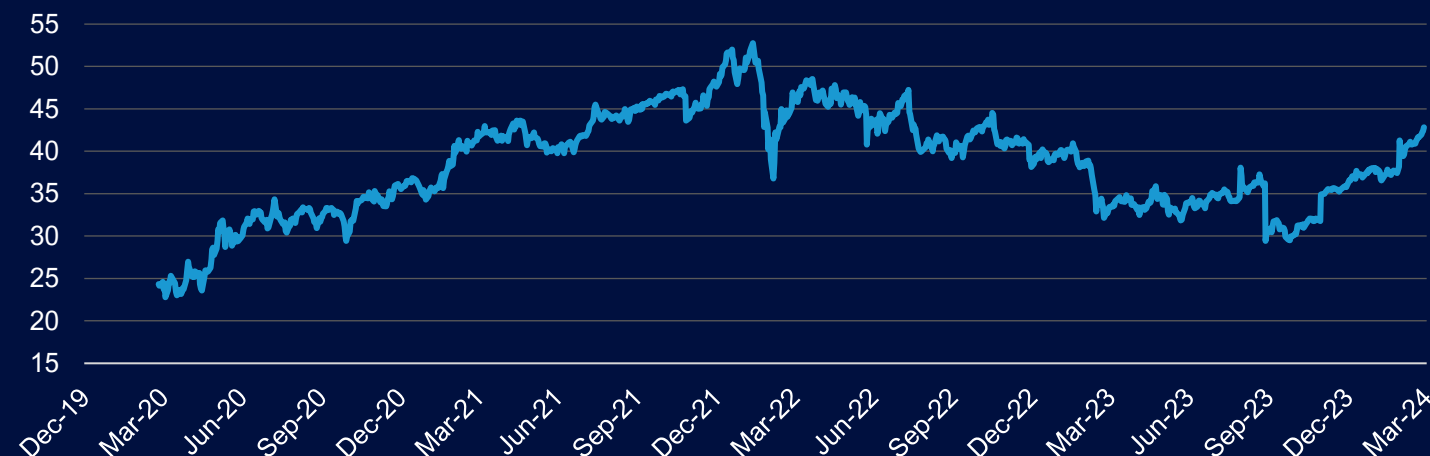
€12.3 Billion Mkt Capitalization, 7.4% Dividend Yield.

As of 12/31/23 NN Group's tangible book value was approximately €18.3 billion. Its dividend/share has increased at an annual rate of +9.8% from 2015 (shortly after being spun out of ING Group) to 2023.

NN Group's share price declined -29% in the 6 quarters ending 6/30/23, a decline that allowed its ongoing €1 billion share buyback to more productively shrink the share count, now more than 13% lower since 2020. Over the 3 quarters ending 3/31/24, NN Group's share price was +26.3%

The current P/E multiple of approximately 7x 2024e expected EPS is around 2 turns below its average multiple since being spun out of ING last decade.

### NN GROUP (EUR)



NN Group is the largest life & pensions and property/casualty insurer in the Netherlands, also offering targeted insurance, banking and investment services to customers in 10 additional countries. NN Group also operates a digital bank in the Netherlands, mostly serving its insurance customers. NN Group customers total approximately 18 million in its various geographies. 2022 revenue and net income were lower year/year due to disposing of its asset management business and lower asset prices flowing through the income statement. Strong reported revenue recovery in 2023.

*Past performance does not guarantee future results.*

Source: Bloomberg

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NN Group was 3.4% of the Fund as of 31 March 2024.

## 7. Citigroup

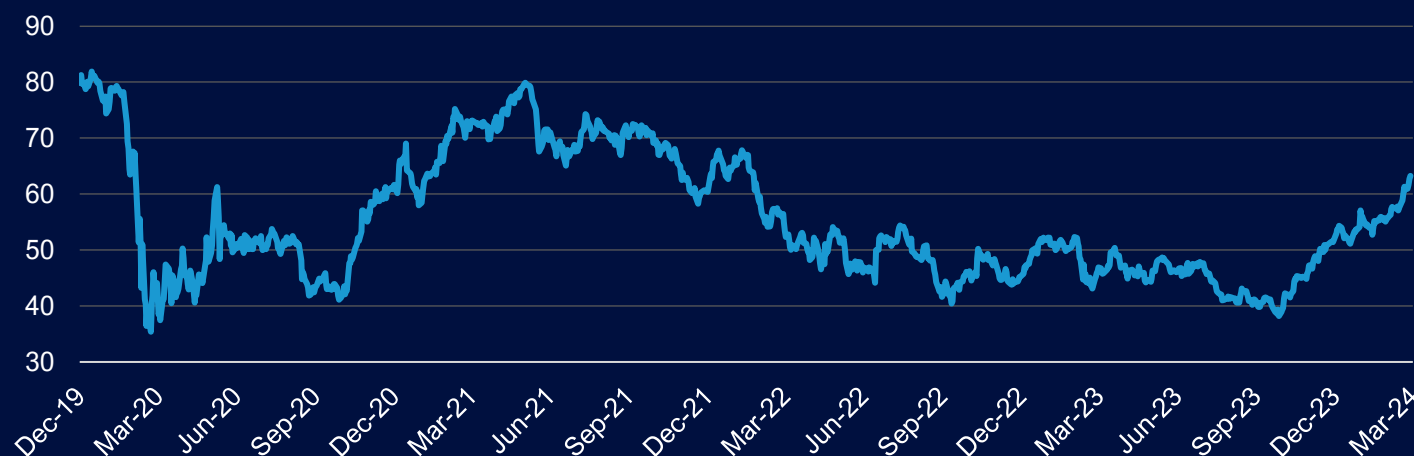
\$117 Billion Market Capitalization, 3.5% Trailing Year Dividend Yield.  
Tangible common equity = \$189.4 billion as of 12/31/23.

Citigroup shares have gone through a long period of underperformance since the 2008-09 global financial crisis. A significant restructuring with the aim of exiting low return businesses and increasing management focus on the higher returning businesses in the Group's portfolio began in late 2021 and is still underway. There are attractive businesses within Citigroup.

From 2016-2023 Citigroup's revenue/share and tangible book value/share increased at annual rates of +7.5%/year and +4.2%/year, aided by a 31% reduction in shares outstanding.

Citigroup's deposits increased at an annual rate of +5.3% from 2018 to 2023, strongly supported by its treasury services operations for corporate clients. Core Tier 1 capital appears strong at 13.3%, offering the prospect of interesting capital returns to shareholders as the restructuring progresses.

### CITIGROUP (USD)



Citigroup is a global diversified financial services holding company offering financial products and services in nearly 160 countries and jurisdictions with an aim to be a key banking partner for institutions with cross-border operations, a leader in global wealth management, and a significant consumer bank in the U.S. Citigroup has been undergoing a significant restructuring under CEO Jane Fraser, exiting consumer banking businesses in 9 countries with at least 4 additional countries being sold or wound down. While these changes appear to be strategically sound, the noisy reported results of recent years caused a steady erosion in Citi's share price, culminating in the shares trading below 40% of tangible book value/share in Q4'2023.

*Past performance does not guarantee future results.*

Source: Bloomberg

Any securities, sectors, or countries mentioned are for illustrative purposes only. Holdings are subject to change.

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

Citi Group was 2.9% of the Fund as of 31 March 2024.

## 8. ENEL SpA

€59 billion Mkt Capitalization, €60 billion net debt and €137 billion enterprise value; 7.3% Dividend Yield.

ENEL Group has installed electricity generation capacity of 89GW, from which 64% of power generated in 2023 was emission free. The 2022 spike in oil, gas, and coal prices increased the cost competitiveness of renewable electricity generation. Hydrocarbon prices declined in 2023 and European power prices continued to drop in Q1'2024.

ENEL's share price declined -33% in \$US terms in calendar 2022 on concerns about debt increases to support a large working capital expansion in the face of higher energy hedge requirements, increased customer receivables, and ongoing capex to build new renewables assets. The share price rose +22.6% in the 5 quarters ending 3/31/24 as working capital recovered and cash flows from operations increased.

2023 adjusted EBITDA of €20.25 billion was +2% y/y. ENEL guides to +5% annual EBITDA growth through 2026 with grid operations being the primary driver of growth as power generation becomes more fragmented from renewable sources with ENEL distributing approximately 500 TWh of power to more than 70 million customers.

### ENEL (EUR)



ENEL is a multinational integrated provider of electricity for business & household users. ENEL is one of the world's largest renewable energy generators, with more than 60 GW of green energy in operation in 2023 and plans to continue to increase this capacity. In the 5 years through 12/31/23 ENEL increased EBITDA from continuing operations and dividends/share at compound annual growth rates of +6.8% and +8.9%, respectively.

*Past performance does not guarantee future results.*

Source: Bloomberg

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ENEL SpA was 2.8% of the Fund as of 31 March 2024.



## 9. Samsung Electronics

USD \$369 Billion Equity Mkt Capitalization, \$316 Billion Enterprise Value, \$61 Billion Net Cash. 1.9% Dividend Yield.

2023 Result: Revenue -15%, EBITDA -46% Y/Y to \$34 Billion, Share Price Dropped -29% in 2022, but recovered +49% in the 5 quarters ending 3/31/24 as Samsung solidified its competitive position in key end markets for its products and visibility increases for a demand recovery in calendar 2024 and beyond.

Current consensus analyst estimates project that Samsung EBITDA will recover strongly in 2024 and may surpass the calendar 2022 level of \$64 billion in 2025. Various digital device end markets, including memory for artificial intelligence applications are expected to drive future growth.

### SAMSUNG (KRW)



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 were +5% and +2% per year, 2017-2022, before declining in 2023 due to inventory adjustments that appear to have bottomed. Samsung capex exceeded \$30 billion \$US/year in recent years, making it a leading global semiconductor producer for memory components, communications infrastructure, and connected devices.

*Past performance does not guarantee future results.*

Source: Bloomberg

Any securities, sectors, or countries mentioned are for illustrative purposes only. Holdings are subject to change.

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

Samsung was 2.7% of the Fund as of 31 March 2024.

## 10. AT&T Inc.

AT&T: \$123 Billion Market Capitalization, \$129 Billion net financial debt, \$43.4 billion 2023 EBITDA, \$17.9 billion 2023 capex, 6.3% Dividend Yield.

AT&T share price declined more than 50% from end 2019 to Q3'23 as value destructive acquisitions totaling more than \$150 billion were unwound, accompanied by a -47% dividend cut.

Now refocused on wireless and terrestrial broadband connectivity, AT&T's wireless customer base has grown over the last 3 years and its broadband customer base is stabilizing at fiber customer adds offset legacy DSL customer losses. ARPUs are stable to slightly higher in recent quarters.

AT&T debt shows a 15-year weighted average maturity; 3.9% weighted average coupon, just over 4% weighted average net cost of debt. Net debt/adjusted EBITDA now dropping below 3x, good visibility to drop to 2.5x in 2025 at which point distributions to shareholders should increase.

### AT&T (USD)



AT&T is a major U.S. telecommunications and broadband internet connectivity services provider with annual revenue of more than \$120 billion, more than 85 million wireless handset customers, approximately 13.7 million consumer broadband customers, and a business segment that is gradually replacing declining legacy wireline connectivity with modern digital solutions. Following a series of unsuccessful acquisitions (mainly DirecTV and Time Warner), AT&T has refocused on connectivity services.

*Past performance does not guarantee future results.*

Source: Bloomberg

Any securities, sectors, or countries mentioned are for illustrative purposes only. Holdings are subject to change.

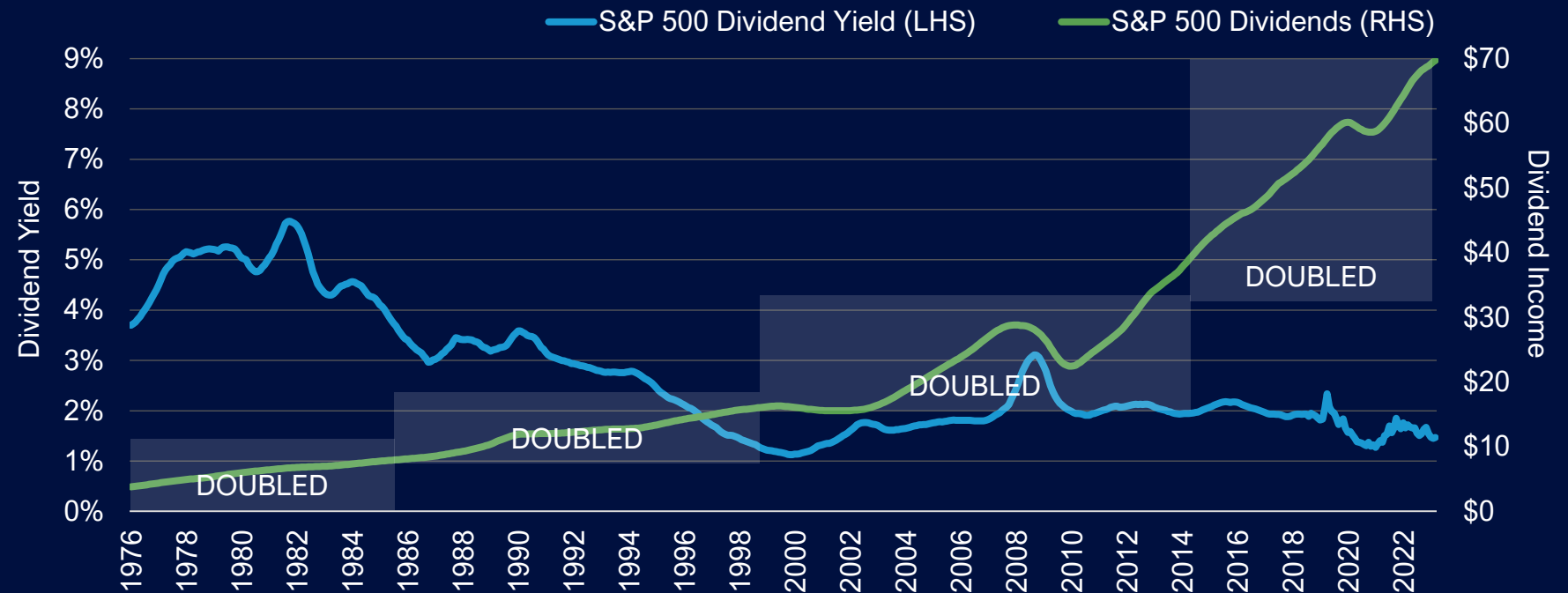
Under no circumstances does the information contained within represent a recommendation to buy or sell any security.

AT&T was 2.7% of the Fund as of 31 March 2024.

## A Stock's Yield is Not the Same as Income

Dividends income can grow even when yields fall... an attribute bond income cannot provide

- Capital appreciation may suppress a stock's current yield
- Dividend growth increased the "yield on cost"



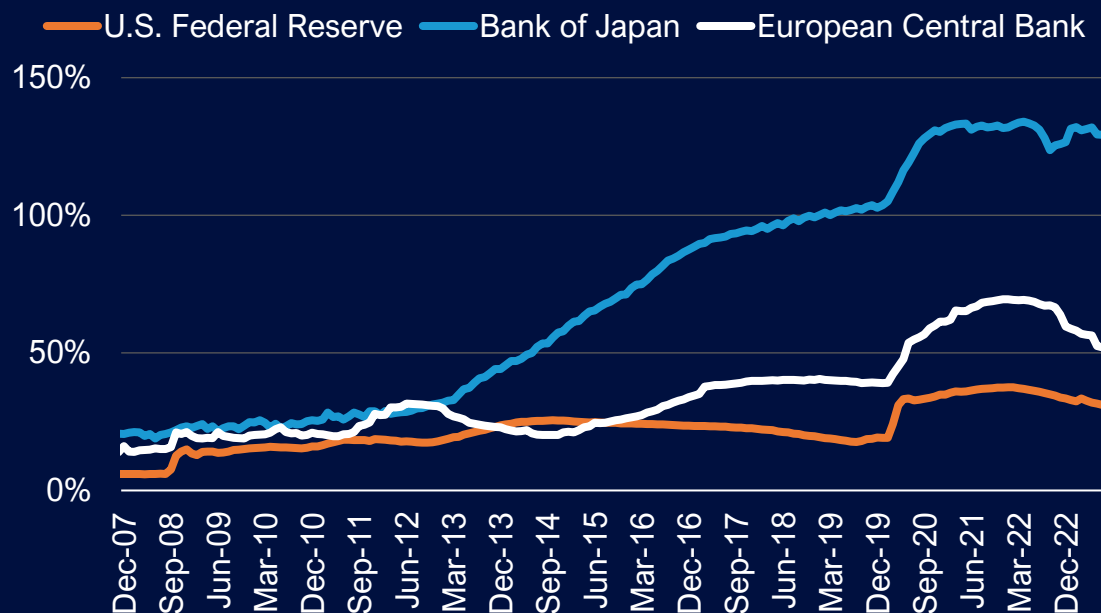
Past performance does not guarantee future results.

Source: Bloomberg, as of 2/29/2024

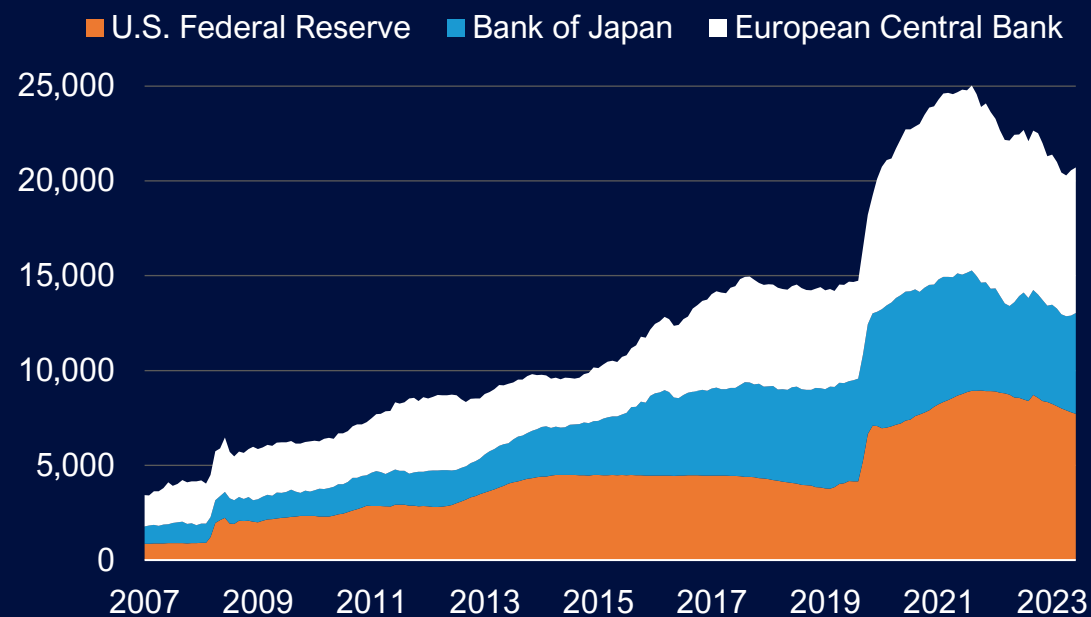
# The Expansion of Central Bank Balance Sheets

Quantitative easing was a global phenomenon

## CENTRAL BANK BALANCE SHEETS AS A % OF GDP



## CENTRAL BANK BALANCE SHEET ASSETS (\$ BILLIONS)

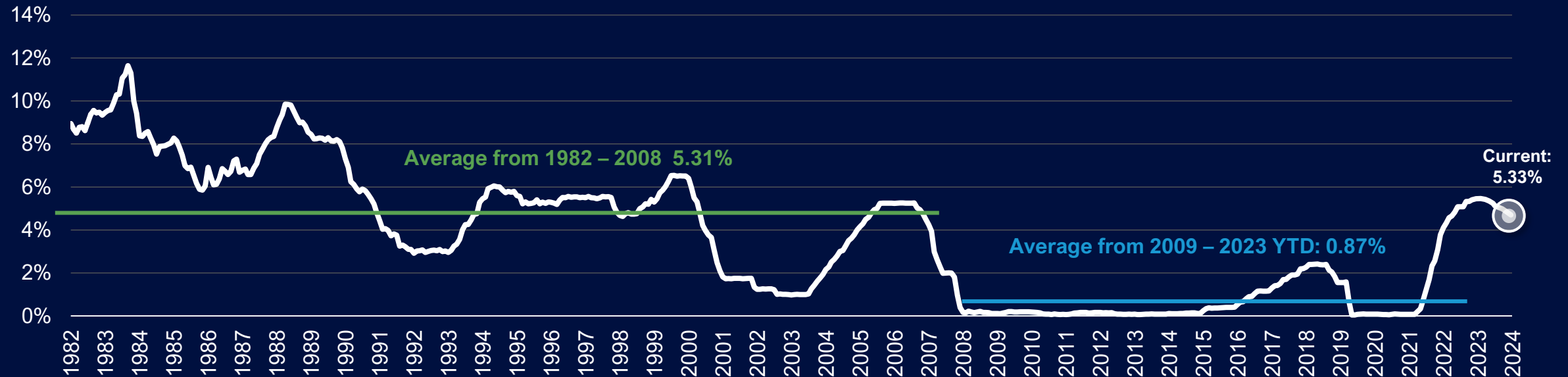




## A Cost of Capital Normalization is Underway

Higher rates favor companies with positive cash flow and better stewardship of investor capital

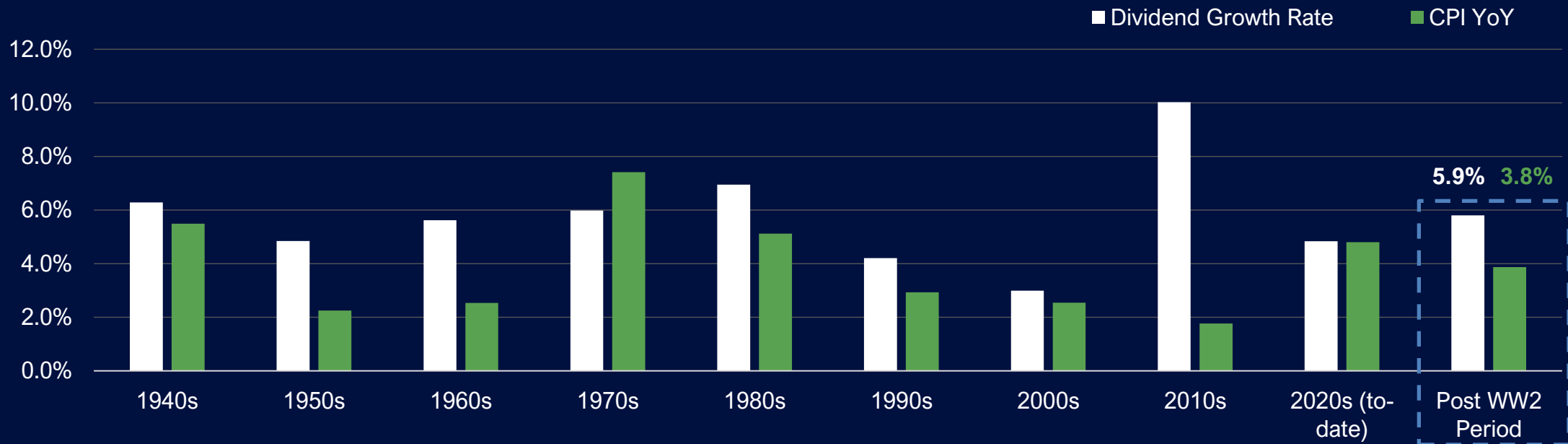
### EFFECTIVE FED FUNDS RATE



## Dividends are an Effective Hedge against Inflation

Dividend growth has consistently outpaced inflation since WW2, and in every decade except the 1970s

### S&P 500: Annualized Dividend Growth vs. CPI by Decade



## Market Leadership Can Last Many Years

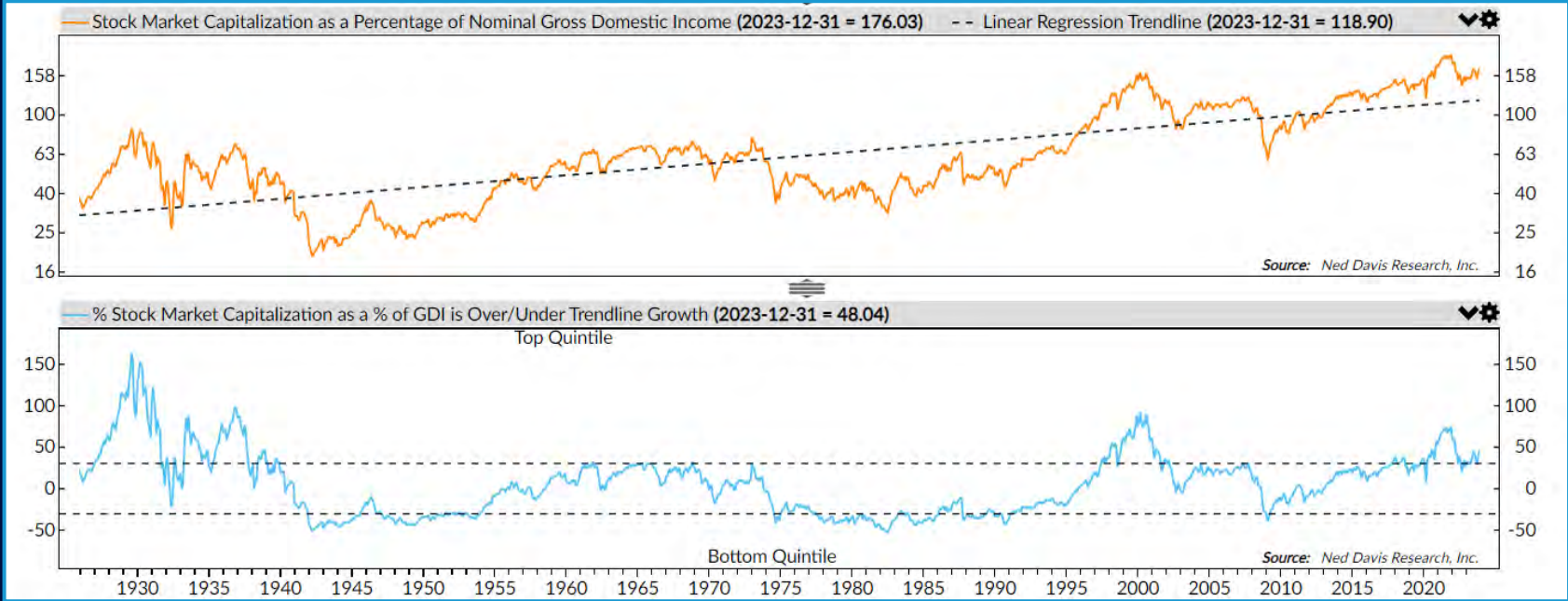
### INTERNATIONAL VS. U.S.: ROLLING 3-YEAR ANNUALIZED RETURNS FROM 1972 – 2023



Past performance does not guarantee future results.

Source: Bloomberg  
International represented by MSCI ACWI ex-US Index  
U.S. represented by S&P500 Index

# Expected Returns: A Sanity Check



Average % Change in S&P 500 (1925-12-31 - 2023-12-31)	% Market Cap / GDI Over/Under Trendline is:	Years Later:					
		1-Year	3-Years	5-Years	7-Years	9-Years	11-Years
	Above 30.33	-0.60	-3.94	-13.46	-9.14	-4.19	-2.05
	Below -30.36	16.17	43.81	74.69	120.50	178.75	241.28

Past performance does not guarantee future results.

Source: Ned Davis Research, Inc.

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# Q&A



# www.thornburg.com



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