

# Thornburg International Equity Fund

## Portfolio Manager Commentary

31 March 2025



### Market Review

Let's acknowledge the shared challenges faced by both portfolio managers and clients as we navigate today's volatile market landscape. With headlines dominated by inflation concerns, recession fears, and tariff tensions, it is no surprise investors are feeling uneasy. Uncertainty causes doubt. Yet, it is precisely in these moments of uncertainty that opportunities emerge, especially in international markets.

For the past decade and a half, U.S. equities have taken center stage. But now, international markets—often underappreciated—are revealing compelling potential. As the U.S. contends with persistent inflation, China faces deflation and plans a massive stimulus, Japan moves beyond a decades-long deflationary environment, and Europe begins to assert greater economic independence, international markets offer a diverse set of investment conditions worth exploring.

While tariffs remain a topical issue for the U.S., they are far less of a focus among other regions. It's important not to project the U.S. experience onto other economies—each operates under its own unique set of circumstances.

Market swings can be unsettling, but volatility is not inherently negative. For long-term investors, it can be a powerful ally. Volatility creates windows of opportunity—periods when patience, discipline, and a long-term mindset can pave the way for positive outcomes. During the recent bouts of market turbulence, We have been actively capitalizing on select opportunities.

Every economic cloud has a silver lining. Our team is here to help our clients navigate through uncertain waters—with perspective, conviction, a steady hand, and some grey hairs, too.

Our active positioning has enabled us to anticipate and navigate a variety of complex environments effectively.

### Portfolio Managers

**Lei Wang, CFA**

Portfolio Manager

**Matt Burdett**

Head of Equities

Supported by the entire Thornburg investment team

#### AVERAGE ANNUAL TOTAL RETURNS (%)

AS OF 31 MARCH 2025

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares TGVAX (Incep: 28 May 98)							
Without sales charge	9.84	9.84	13.54	9.62	13.87	6.66	7.53
With sales charge	4.89	4.89	8.42	7.95	12.83	6.17	7.35
I Shares TGVIX (Incep: 30 Mar 01)*	9.92	9.92	13.84	9.92	14.22	7.01	7.96
MSCI ACWI ex-U.S. Index	5.23	5.23	6.09	4.48	10.92	4.98	4.87

#### EXPENSE RATIOS (%)

GROSS	NET
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1.28	1.28
0.98	0.90

\*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.

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 2026, 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.*

# THORNBURG INTERNATIONAL EQUITY FUND

## Portfolio Manager Commentary

31 March 2025



### First Quarter 2025 Performance Highlights

- In 1Q25 the portfolio (I share class) returned 9.92%, 469 basis points ahead of the MSCI ACWI ex-U.S. Index and 992 basis points ahead of the MSCI EAFE Index. Year to date the portfolio (I share class) returned 9.92%, 469 basis points ahead of the MSCI ACWI ex-U.S. Index and 992 basis points ahead of the MSCI EAFE Index.
- On a geographic basis in the first quarter, strong stock selection in Germany and the Netherlands, as well as allocation and selection effects in France, led contributions to relative performance. The biggest detractors came from allocation and selection effects in Japan and the United Kingdom, while strong stock picking and currency effect were not enough to offset a material drag from China.
- Of note, the portfolio's allocation to the U.S. created a 1.93% drag, and another drop came from currency effect of -0.05, but thanks to strong stock-picking the U.S. allocation still contributed a positive 0.06 to total relative return over the January-March period.
- From a sector perspective in the period, sound stock picking and currency effects in financials more than offset a negative allocation effect to lead contributions to relative performance. Solid stock picking in utilities and health care also lead relative returns. Selection effects in consumer staples and consumer discretionary were the main drags to it.

### Current Positioning and Outlook

Based on our fundamental, stock-focused research, we continue to see compelling prospects in select, high-quality industrial, financial and information technology stocks that have competitive advantages in their respective geographies, and in some cases, globally. These include companies in Japan, France and Germany, among other jurisdictions. We also have meaningful allocations to attractively valued opportunities among utilities and health care, given their strong fundamentals and earnings profiles.

The Trump administration telegraphed its intention to employ tariffs to rebalance global trade long ago. Our active positioning has enabled us to anticipate and navigate a variety of complex environments effectively. It is a basic part of our risk management process.

We have strategically managed tariff-related risks, intentionally avoiding excessive exposure to companies whose business models depend heavily on factors beyond their control, particularly shipping products into the U.S.

We invest from the bottom up but are always cognizant of the operating environments of our portfolio holdings. We are aware of macro, foreign exchange, and geopolitical dynamics, including tariff and trade-war risks. But we believe it is most effective to focus on the nature, durability and visibility of earnings, along with rigorous valuation analysis and, at times, cost-effective FX hedges. This is how our strategies have negotiated general market volatility over many years.

This high-conviction, yet diversified portfolio aims to deliver superior risk-adjusted returns through market and economic cycles by participating in market upswings, as we saw in the first half of 2024, as well as by protecting in the downturns, such as in the first quarter of 2025. We appreciate that broad market swings often cause share prices to deviate sharply from our assessment of business fundamentals and intrinsic value. We are always ready to take advantage of opportunities as they arise.

Our focus on a concentrated set of diverse international stocks that demonstrate high-quality management, solid fundamentals and a clear path to value realization, has served us well both in turbulent and fair-weather conditions, in the short and long term. This flexible and, we find, repeatable process should help us navigate the unpredictable policy and economic volatility in 2025.

#### TEN LARGEST HOLDINGS

AS OF 28 FEBRUARY 2025

% FUND

Mitsubishi UFJ Financial Group, Inc.	3.2
TotalEnergies SE	3.1
Linde plc	3.0
Sony Group Corp.	3.0
NN Group N.V.	2.8
Safran S.A.	2.8
Canadian Pacific Kansas City Ltd.	2.8
Roche Holding AG	2.7
Galaxy Entertainment Group Ltd.	2.7
Hitachi Ltd.	2.7

#### TOP 5 CONTRIBUTORS (%)

1Q25

AVERAGE

WEIGHT

CONTRIB.

TO RETURN

Rheinmetall AG	1.72	1.53
Orange SA	2.48	0.68
NN Group NV	2.70	0.67
E.ON SE	2.40	0.63
BNP Paribas SA	1.88	0.59

#### BOTTOM 5 DETRACTORS (%)

1Q25

AVERAGE

WEIGHT

CONTRIB.

TO RETURN

Recruit Holdings Co Ltd	1.83	-0.59
Taiwan Semiconductor Manufacturing Co Ltd	2.29	-0.31
Disco Corp	1.35	-0.29
Galaxy Entertainment Group Ltd	2.69	-0.25
NVIDIA Corp	1.25	-0.23

Source: FactSet

#### BASKET ALLOCATION

% FUND

Basic Value	47.1
Consistent Earner	40.9
Emerging Franchise	4.6
Cash	7.3

# THORNBURG INTERNATIONAL EQUITY FUND

## Portfolio Manager Commentary | 31 March 2025

### Important Information

Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of 31 March 2025.

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. 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.

Basic Value: Companies generally operating in mature industries and which generally exhibit more economic sensitivity and/or higher volatility in earnings and cash flow.

Consistent Earners: Companies which generally exhibit predictable growth, profitability, cash flow and/or dividends.

Emerging Franchises: Companies with the potential to grow at an above average rate because of a product or service that is establishing a new market and/or taking share from existing participants.

Basis Point (bp) – A unit equal to 1/100th of 1%. 1% = 100 basis points (bps).

The MSCI ACWI ex-U.S. Index (MSCI ACWI ex US NTR) is a market capitalization weighted index representative of the market structure of 46 developed and emerging market countries in North and South America, Europe, Africa, the Middle East, and the Pacific Rim, excluding securities of United States' issuers. The index is calculated with net dividends reinvested in U.S. dollars.

The MSCI EAFE Index (MSCI EAFE NTR) is an unmanaged index. It is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas developed markets on a U.S. dollar adjusted basis. The index is calculated with net dividends reinvested in U.S. dollars.

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 \$46.6\* billion in total assets across mutual funds, institutional accounts, separate accounts and UCITS.

\*Includes assets under management (\$45.5B) and assets under advisement (\$1.2B).

