

Thornburg Municipal Bond Funds

Portfolio Manager Commentary

31 March 2025



Market Review

The first quarter of 2025 was characterized by significant volatility and complexity across global financial markets that was not driven by a singular trend but was a tug-of-war between multiple forces. Aggressive fiscal measures, particularly new tariffs, injected uncertainty and inflationary pressures, initially steepening the yield curve. However, the Federal Reserve maintained a patient stance, signaling potential rate cuts later in the year amid concerns of slowing economic momentum. This dovish tilt capped longer-term yields and supported risk assets, including corporate credit, which saw modest spread tightening despite the macro headwinds. Inflation-linked bonds also garnered attention as tariff-induced price pressures became a focal point. The quarter concluded with markets closely watching inflation data and central bank rhetoric for clearer signals on the future path of rates and the ultimate impact of fiscal policy on the broader economy.

We actively adjusted portfolio positioning as volatility driven by record issuance coincided with market outflows that were amplified by policy uncertainty

First Quarter 2025 Performance Highlights

- The Thornburg Municipal portfolios posted mixed total returns during the quarter as muni yields unexpectedly rose, especially for bonds with longer maturities in March. The market may have been understandably nervous about holding longer bonds with talk about potential policy changes impacting tax exemption
- The yield curve steepened during the quarter, driven by the greater rise in longer maturity bonds versus shorter maturity bonds. As a result of the inverse relationship between bond yields and prices, longer maturity portfolios underperformed shorter maturity portfolios as duration drove absolute total returns.
- Despite the sell-off in yields, it was not accompanied by spread widening as investors continued to reach for yield across the credit spectrum. The portfolios' absolute and relative performance benefited from the sector/quality allocations during the quarter.

Portfolio Managers

David Ashley, CFA

Portfolio Manager

Eve Lando, JD

Portfolio Manager

Craig Mauermann, ChFC

Portfolio Manager

Supported by the entire Thornburg investment team

Current Positioning and Outlook

The first quarter of 2025 marked a significant adjustment for the U.S. Municipal Bond market. The ICE BofA U.S. Municipal Securities Index posted a total return of -0.49% as overwhelming technical pressure in March, stemming from record issuance coinciding with outflows from the space, were amplified by policy uncertainty. This dynamic overshadowed stable credit fundamentals and the initially constructive macro backdrop, leading to underperformance.

Favorable initial conditions, supported by declining U.S. Treasury yields, shifted in March as substantial technical pressures emerged, dominating the market. While falling Treasury yields initially aided municipals, a significant divergence occurred in March. Despite stable or falling Treasury yields, municipal yields rose, particularly at intermediate and long maturities which caused a pronounced steepening of the tax-exempt yield curve. Consequently, a key outcome is the notable improvement in relative valuations.

The technically driven correction adjusted municipal yields and ratios to levels appearing considerably more attractive, particularly for intermediate and longer durations. Consistent with our mandates, we actively adjusted portfolio positioning throughout the quarter in response to evolving market conditions and relative value opportunities. Our active management approach proved crucial in navigating the quarter's volatility as security selection, driven by our bottom-up fundamental credit research, was a key contributor, allowing us to identify resilient issuers across various sectors.

The performance data quoted represents past performance; it does not guarantee future results.

THORNBURG MUNICIPAL BOND FUNDS

Portfolio Manager Commentary

31 March 2025



Spreads on investment-grade municipal bonds remained largely unchanged throughout the quarter. This resilience suggests that the market stress was primarily attributable to technical imbalances and interest rate fluctuations rather than widespread credit deterioration concerns. Most issuers continue to benefit from healthy reserve fund balances, although ongoing monitoring of sector-specific pressures remains prudent. High-yield municipal spreads also exhibited resilience, tightening modestly throughout the quarter which led to a slightly positive return for the sector.

As we look forward to the second quarter, the technically driven market correction has adjusted municipal yields and relative value metrics to much more attractive levels. While headline risk associated with potential tax policy persists and warrants continued attention, the fundamental credit outlook for the majority of investment-grade issuers remains sound. We look forward to an environment which may present strategic opportunities to selectively add duration or credit exposure to the portfolios at much more attractive yield levels.

Thank you for your continued trust and support investing alongside of us in the Thornburg municipal strategies.

AVERAGE ANNUAL TOTAL RETURNS (AS OF 31 MARCH 2025)

THORNBURG SHORT DURATION MUNICIPAL FUND	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	EXPENSE RATIOS (%)	
								GROSS	NET
A Shares TLMAX (Incep: 30 Dec 13)									
Without sales charge	0.94	0.94	3.31	2.30	1.09	0.87	0.81	--	--
With sales charge	-1.30	-1.30	1.02	1.51	0.78	0.72	0.67	1.23	0.70
I Shares TLMIX (Incep: 30 Dec 13)	0.99	0.99	3.52	2.50	1.29	1.07	1.00	0.63	0.50
ICE BofA 1-3 Year U.S. Municipal Securities Index (Since: 30 Dec 13)	1.01	1.01	3.62	2.43	1.50	1.38	1.31		
THORNBURG LIMITED TERM MUNICIPAL FUND	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	GROSS	NET
A Shares LTMFX (Incep: 28 Sep 84)									
Without sales charge	0.95	0.95	2.41	1.89	0.86	1.12	4.14	--	--
With sales charge	-1.32	-1.32	0.12	1.11	0.55	0.97	4.10	0.77	0.77
I Shares LTMIX (Incep: 5 Jul 96)	1.01	1.01	2.59	2.13	1.08	1.38	4.48	0.51	0.51
ICE BofA 1-10 Year U.S. Municipal Securities Index (Since: 28 Sep 84)	0.63	0.63	2.42	2.09	1.31	1.70	N/A*		
THORNBURG INTERMEDIATE MUNICIPAL FUND	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	GROSS	NET
A Shares THIMX (Incep: 22 Jul 91)									
Without sales charge	0.35	0.35	1.81	2.11	1.32	1.64	4.03	--	--
With sales charge	-1.67	-1.67	-0.22	1.42	0.91	1.43	3.97	0.93	0.72
I Shares THMIX (Incep: 5 Jul 96)	0.41	0.41	2.05	2.33	1.56	1.90	4.33	0.67	0.48
ICE BofA 3-15 Year U.S. Municipal Securities Index (Since: 22 Jul 91)	0.18	0.18	1.49	1.89	1.23	2.05	N/A*		
THORNBURG STRATEGIC MUNICIPAL INCOME FUND	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	GROSS	NET
A Shares TSSAX (Incep: 1 Apr 09)									
Without sales charge	0.33	0.33	2.52	2.01	1.38	1.67	4.09	--	--
With sales charge	-1.71	-1.71	0.46	1.32	0.97	1.46	3.97	1.27	0.81
I Shares TSSIX (Incep: 1 Apr 09)	0.38	0.38	2.75	2.24	1.60	1.90	4.36	1.01	0.59
ICE BofA U.S. Municipal Securities Index (Since: 1 Apr 09)	-0.49	-0.49	1.44	1.46	1.12	2.18	3.68		

*Index not inception yet.

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 or call 877-215-1330. Short Duration Municipal and Limited Term Municipal: The maximum sales charge for the Fund's A shares is 2.25%. Intermediate Municipal and Strategic Municipal Income: The maximum sales charge for the Fund's A shares is 2.00%. 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 MUNICIPAL BOND FUNDS

Portfolio Manager Commentary

31 March 2025



AVERAGE ANNUAL TOTAL RETURNS (AS OF 31 MARCH 2025)

THORNBURG CALIFORNIA LIMITED TERM MUNICIPAL FUND

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	EXPENSE RATIOS (%)	
								GROSS	NET
A Shares LTCAX (Incep: 19 Feb 87)									
Without sales charge	0.75	0.75	2.08	1.90	0.75	0.88	3.56	--	--
With sales charge	-1.48	-1.48	-0.24	1.13	0.44	0.73	3.52	0.96	0.74
I Shares LTCIX (Incep: 1 Apr 97)	0.81	0.81	2.25	2.15	1.00	1.15	3.90	0.71	0.49
ICE BofA U.S. Municipal Securities Index (Since: 19 Feb 87)	-0.49	-0.49	1.44	1.46	1.12	2.18	N/A*		

THORNBURG NEW MEXICO INTERMEDIATE MUNICIPAL FUND

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	EXPENSE RATIOS (%)	
								GROSS	NET
A Shares THNMX (Incep: 18 Jun 91)									
Without sales charge	0.47	0.47	1.20	1.20	0.45	1.08	3.56	--	--
With sales charge	-1.53	-1.53	-0.79	0.51	0.04	0.87	3.50	1.06	0.99
I Shares THNIX (Incep: 1 Feb 07)	0.47	0.47	1.44	1.49	0.77	1.40	3.91	0.75	0.67
ICE BofA U.S. Municipal Securities Index (Since: 18 Jun 91)	-0.49	-0.49	1.44	1.46	1.12	2.18	N/A*		

THORNBURG NEW YORK INTERMEDIATE MUNICIPAL FUND

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD	EXPENSE RATIOS (%)	
								GROSS	NET
A Shares THNYX (Incep: 5 Sep 97)									
Without sales charge	-0.01	-0.01	1.19	1.62	0.73	1.15	3.05	--	--
With sales charge	-1.98	-1.98	-0.87	0.93	0.33	0.95	2.98	1.39	0.99
I Shares TNYIX (Incep: 1 Feb 10)	0.07	0.07	1.51	1.91	1.05	1.48	3.38	1.12	0.67
ICE BofA U.S. Municipal Securities Index (Since: 5 Sep 97)	-0.49	-0.49	1.44	1.46	1.12	2.18	4.32		

*Index not inception yet.

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 or call 877-215-1330. California Limited Term Municipal: The maximum sales charge for the Fund's A shares is 2.25%. New Mexico Intermediate Municipal and New York Intermediate Municipal: The maximum sales charge for the Fund's A shares is 2.00%. 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 MUNICIPAL BOND FUNDS

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. Portfolios investing in bonds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds. The value of bonds will fluctuate relative to changes in interest rates, decreasing when interest rates rise. This effect is more pronounced for longer-term bonds. Unlike bonds, bond funds have ongoing fees and expenses. Investments in lower rated and unrated bonds may be more sensitive to default, downgrades, and market volatility; these investments may also be less liquid than higher rated bonds. Investments in derivatives are subject to the risks associated with the securities or other assets underlying the pool of securities, including illiquidity and difficulty in valuation. Investments in the Funds 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.

There is no guarantee that investment objectives will be met.

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

Income earned from municipal bonds is exempt from regular federal and in some cases, state and local income tax. Income may be subject to the alternative minimum tax (AMT).

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

A bond credit rating assesses the financial ability of a debt issuer to make timely payments of principal and interest. Ratings of AAA (the highest), AA, A, and BBB are investment-grade quality. Ratings of BB, B, CCC, CC, C and D (the lowest) are considered below investment grade, speculative grade, or junk bonds.

Credit Spread/Quality Spread – The difference between the yields of securities with different credit qualities.

Duration – A bond's sensitivity to interest rates. Bonds with longer durations experience greater price volatility than bonds with shorter durations.

Yield Curve – A line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates.

The ICE BofA 1-3 Year U.S. Municipal Securities Index (ICE BofA 1-3 Yr US Muni) is a subset of the ICE BofA U.S. Municipal Securities Index including all securities with a remaining term to final maturity less than 3 years.

The ICE BofA 1-10 Year U.S. Municipal Securities Index (ICE BofA 1-10 Yr US Muni) is a subset of the ICE BofA U.S. Municipal Securities Index including all securities with a remaining term to final maturity less than 10 years.

The ICE BofA 3-15 Year U.S. Municipal Securities Index (ICE BofA 3-15 Yr US Muni) is a subset of the ICE BofA U.S. Municipal Securities Index including all securities with a remaining term to final maturity greater than or equal to three years and less than 15 years.

The ICE BofA U.S. Municipal Securities Index (ICE BofA US Muni) tracks the performance of U.S. dollar-denominated investment grade tax-exempt debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market.

The performance of any index is not indicative of the performance of any particular investment. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index.

Not FDIC Insured. May lose value. No bank guarantee.

Before investing, carefully consider the Fund's investment goals, risks, charges and expenses. For a prospectus or summary prospectus containing this and other information, contact your financial advisor or visit thornburg.com. 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 (\$45.4B) and assets under advisement (\$1.2B).