

# Thornburg International Equity Fund

## Portfolio Manager Commentary

June 30, 2025



The Thornburg International Equity Fund produced a total return of 10.84% for the three-month period ended June 30, 2025, underperforming its MSCI ACWI-ex U.S. benchmark, which gained 12.03%. Over the 12 months to June 30, the fund outperformed with a 22.32% gain, versus the index return of 17.72%

A mix of economic and market indicators pointed to both challenges and resilience across major economies and markets from March to June. Trade tensions emerged as a significant theme, with continuing negotiations between the U.S. and its major trade partners, including China, where manufacturing activity contracted due to tariffs. But technology sectors showed strength, particularly in Taiwan where chip stocks rallied on AI optimism.

The second quarter began with a swoon in global equities upon the Trump Administration's "Liberation Day" tariffs announcement, then rallied on a U.S. tariff pause, only to repeat the dip-and-recovery dynamic amid the Israeli-U.S. attacks on Iran's nuclear and ballistic missile development infrastructure. South Korea's election of a market friendly president drove the country's equity markets higher, while Germany's coalition agreement between its traditional governing parties boosted the stock market in Europe's largest economy.

The net asset value of fund's I shares increased \$3.11 per share (\$28.70 to \$31.81) over Q2 2025. For the trailing 12-month period ending June 30, 2025, the net asset value of the I share rose from \$27.80 per share at end June 2024 to \$31.81. Your fund paid an ordinary income dividend of \$0.50 per I share in December 2024 and \$1.31 capital gains dividend in Q4 2024, resulting in \$1.81 in total dividends for calendar 2024. The ordinary income dividends per share were lower for A and C shares, to account for varying class-specific expenses.

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 Returns (% , as of June 30, 2025)

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
<b>A Shares TGVAX (Incep: 28 May 1998)</b>							
Without Sales Charge	10.74	21.64	21.91	18.37	12.35	7.24	7.86
With Sales Charge	5.77	16.16	16.41	16.57	11.31	6.74	7.68
<b>I Shares TGVIX (Incep: 30 Mar 2001)*</b>							
	10.84	21.83	22.32	18.68	12.69	7.58	8.30
<b>MSCI ACWI ex-U.S. Index Index</b>							
	12.03	17.90	17.72	13.99	10.13	6.12	5.26
<b>MSCI EAFE Index Index</b>							
	11.78	19.45	17.73	15.97	11.16	6.51	5.06

Prior to inception of class I shares, performance is calculated from actual returns of the class A shares adjusted for the lower Institutional expenses.

ITD = Inception to Date

Periods less than one year are not annualized.

*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. The total annual fund operating expenses are as follows: A shares, 1.28%; I shares, 0.98%. 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. I shares, 0.90%. For more detailed information on fund expenses, please see the fund's prospectus.*

## THORNBURG INTERNATIONAL EQUITY FUND

### Portfolio Manager Commentary June 30, 2025



We are now in the 28th year of managing Thornburg International Equity Fund. From its inception on May 28, 1998, through June 30, 2025, Thornburg International Equity Fund has outpaced the MSCI ACWI ex-U.S. Index by an average margin of around 2.6% per annum, resulting in a total cumulative return since inception of 416.7% (I shares) versus 316% for the MSCI ACWI ex-U.S. Index. Performance comparisons of Thornburg International Equity Fund to its benchmark over various periods are shown on page 1.

As of June 30, 2025, the trailing average price/earnings ratio for the equity investments of Thornburg International Equity Fund was 16.9x, compared to an average multiple of 16.5x for the MSCI ACWI ex-U.S. Index. We believe our strategy of owning a high-conviction, yet diversified portfolio of attractively priced firms with strong fundamentals and earnings power has been a key ingredient to Thornburg International Equity Fund's long-term outperformance.

Listed in Table 1, in descending order, are the 10-largest equity holdings in the fund as of June 30, 2025, along with their total returns in Q2 and 1H 2025. Returns are shown in U.S. dollars, assuming reinvestment of dividends in shares of the firm. The quality of this portfolio is also reflected in the aggregate metrics shown in Table 2.

Together, these 10 firms comprised 28.4% of the fund's total assets as of June 30, 2025, while its cash position constituted 8.1% and the other 38 equities comprised a total of 63.5% of fund assets. Individual position sizes of the fund's top holdings ranged from approximately 3.1% (Samsung) to around 2.7% for those near the bottom of the above list.

We believe all four dozen of our businesses are world class. They have proven records in successfully navigating economic shocks, volatile market cycles, and ultimately strengthening their competitive positions. We consider them attractively valued relative to their earnings power.

The fund has highly select exposures to firms in industrials, utilities, financials and information technology, whether overweight relative to the index, as in the case of the first two, or underweight, as with the latter two. On a regional basis, it remains overweight France, Japan and Germany based on our bottom-up, fundamental assessments of individual companies within the broader opportunity set.

**Table 1 | International Equity Fund—Top 10 Equity Holdings**

Name of Company	Q2 25 & 1H 25 Total Returns (\$US)	FY 2026 Est EPS Growth	FY 2026 Est P/E
<b>Samsung Electronics</b>	12.7%; [23%]	24%	10.9x
Manufactures consumer & industrial electronic products, leading semiconductor producer.			
<b>Galaxy Entertainment Group</b>	15.3%; [6.4%]	8.6%	14.4x
Operates casinos, luxury hotels, & entertainment facilities in Macau.			
<b>Mitsubishi UFJ Financial Group</b>	2.5%; [19.3%]	16.2%	11.2x
MUFG is the largest and most diversified Japanese financial group			
<b>Total Energies SE</b>	-3.5% [15.8%]	4.3%	8.4x
Global oil & gas producer and distributor and low carbon electricity supplier			
<b>Canadian Pacific Kansas City</b>	13.1%; [10%]	15%	20.2x
Railroads operator transporting goods across Canada, the U.S. and Mexico			
<b>Hitachi</b>	26.4%; [17%]	32%	24.9x
Japanese industrial conglomerate focusing on IT infrastructure, power and green energy			
<b>Schneider Electric</b>	18.5%; [8.3%]	11.9%	22.3x
A global leader in electrical power equipment used in buildings and data centers			
<b>NN Group</b>	24.1%; [58%]	4.5%	7.8x
Life and P&C insurer with a leading position in the Netherlands and international operations			
<b>L'Oreal</b>	17.4%; [23%]	8.5%	26.6x
The world's leading cosmetics company with skincare, makeup and haircare products			
<b>Sony Group</b>	3%; [21%]	-2.5%	21.5x
Japanese entertainment and consumer electronics conglomerate			

Source: Bloomberg

**Table 2 | International Equity Fund Metrics**

	PE FY 2 Est	Price/ Cash Flow	Historic 3-Yr EPS Growth	Debt/ Equity	Net Debt/ EBITDA
<b>International Equity Fund</b>	14.6x	8.8x	37.3%	94.3%	0.86x
<b>MSCI ACWI ex-U.S. Index</b>	13.3x	9.0x	15.2%	109.4%	1.84x

Source: Factset, 6/30/2025

*Past performance does not guarantee future results.*

In terms of contributions to relative performance, 38 equities were positive contributors in the second quarter, while just 11 were negative. Leading contributors to portfolio performance for the quarter included German power utility E.On, Japanese industrial Hitachi, Dutch insurer NN Group, chipmaker Taiwan Semiconductor Manufacturing and French aerospace and defense systems supplier Safran. The biggest detractors were luxury goods group LVMH, energy supermajors Shell and TotalEnergies, eyecare products manufacturer Alcon and Danish pharma giant Novo Nordisk.

We made various position size adjustments over the course of Q2 2025 for portfolio diversification purposes and to better balance the downside risk and upside capital appreciation potential of individual positions. These changes included one new position, two eliminations, 25 increases and four decreases in position sizes.

The following table shows sector weightings within the International Equity Fund portfolio as of June 30, 2025.

**Table 3 | International Equity Fund Sector Weights** (as of June 30, 2025)

Sector	6/30/23	9/30/23	12/31/23	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25	6/30/25	YoY% Change
Industrials	19.04	19.30	20.29	21.33	22.50	22.47	22.62	21.88	23.02	0.52
Consumer Staples	12.14	8.85	9.24	9.38	9.29	8.99	6.75	5.61	5.79	-3.50
Financials	11.78	14.94	16.62	16.29	16.07	13.55	14.58	16.31	14.62	-1.45
Consumer Discretionary	9.14	6.88	5.47	5.67	5.06	9.93	8.71	7.48	7.33	2.27
Utilities	7.95	7.42	7.90	7.63	7.62	7.97	8.41	9.01	8.61	0.99
Information Technology	7.73	9.16	9.92	10.92	12.35	11.81	13.47	10.72	9.42	-2.93
Communication Services	7.33	5.25	6.12	7.61	4.13	4.97	5.36	4.23	4.60	0.47
[Cash]	6.85	9.04	6.77	4.33	5.81	4.59	3.67	7.16	8.09	2.28
Health Care	6.77	5.88	5.87	5.76	6.83	5.87	6.31	6.78	8.00	1.17
Materials	6.50	7.16	6.39	5.78	5.42	5.76	5.99	6.35	6.65	1.23
Energy	4.73	5.72	5.53	5.30	4.82	4.18	4.12	4.47	3.88	-0.94

May not add up to 100% due to rounding.

## Global Economic Outlook

Global economic growth is projected to slow to 2.6% in 2025 from 3.3% in 2024, according to Bloomberg composite forecasts, driven by U.S. trade tariffs, policy uncertainty and regional challenges. The European Union is expected to grow modestly this year, supported by monetary and fiscal stimulus. Japan's growth is projected to accelerate sharply, albeit from a low base, fueled by expanding domestic demand and fiscal expansion. China's growth, on the other hand, is losing steam, despite Beijing's monetary and fiscal stimulus. While inflation in the U.S., Europe and Japan is running above target by varying degrees, inflation is generally moving lower in these regions. On the other hand, China is experiencing outright deflation.

## Our Investment Framework

Thornburg International Equity Fund seeks to identify the premier foreign producers of goods and services. We aim to understand the underlying drivers of corporate earnings and strive to take advantage of market volatility, when share prices can deviate meaningfully from business fundamentals. We monitor our portfolio companies' ability to manage cost inflation and maintain revenue and profit margins consistent with our expectations.

Our portfolio works to provide investors with long-term capital appreciation from a focused, yet diversified portfolio of compelling international equity investments. We focus on identifying the most attractive risk-reward opportunities at the company level. Our investment approach is rooted in bottom-up analysis, consistently seeking stocks that are trading at a discount to intrinsic value.

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We urge shareholders of the fund to maintain a long-term perspective. Most portfolio businesses have managed well through varying economic environments across business cycles. The strategy seeks to generate superior risk-adjusted returns through a full market cycle and provide investors differentiated access to international markets. Stock selection has historically been the key driver of portfolio returns.

Thank you for being a shareholder of Thornburg International Equity Fund. You can monitor the holdings of Thornburg International Equity Fund and obtain more information on our website, [www.thornburg.com](http://www.thornburg.com).

## Important Information

Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of June 30, 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.

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 returns reflect the reinvestment of dividends and other earnings, are net of withholding taxes, and do not include any trading costs, management fees or other expenses.

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.*