

Thornburg International Equity Fund

Portfolio Manager Commentary
30 June 2022



Market Review

- The 2nd quarter was another difficult one for global equity markets, with the MSCI ACWI ex USA Index down 13.7% and the MSCI EAFE Index losing 14.5%. That marks the worst start to a year ever for both indices, which are now down 18.4% and 19.6% respectively year to date. Along with international markets the S&P 500 suffered its worst first-half loss in more than 50 years, losing 20.0%.
- The same global macro factors which impacted markets in the 1st quarter continued into the 2nd with the war in Ukraine helping drive energy prices and commodity indices to levels not seen since 2008 and US inflation (CPI year-on-year) to levels not seen since the 70's. In response the US Federal Reserve delivered its largest rate increase since 1994 and the Treasury yield curve moved upwards and flattened, with 10-year yields touching 3.50% (up from 1.5% at year-end) before falling into the end of the quarter on increasing recession fears.
- In response most equity markets fell with the notable exception of China, which had fallen more than 50% from its peak in February of last year before rebounding to return 3.4% for the quarter. Emerging Markets outperformed developed mostly due to China, which is almost 1/3 of the index. The dollar continued to strengthen and all 11 sectors of the ACWI ex USA Index were down, with Energy continuing to outperform (-4.7%) despite a late quarter drop and Information Technology continuing to underperform (-22.6%).

International equity markets had another difficult quarter but with prices down 18% and valuations (P/E ratios) down 23% interesting opportunities are emerging.

Portfolio Managers

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Portfolio Manager

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Supported by the entire Thornburg investment team

Average Annual Returns (% , as of 30 Jun 2022)

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares TGVAX (Incep: 28 May 1998)							
Without Sales Charge	-12.04	-21.62	-22.51	3.16	2.60	5.17	6.62
With Sales Charge	-15.99	-25.16	-26.00	1.58	1.66	4.69	6.42
I Shares* TGVIX (Incep: 30 Mar 2001)	-11.94	-21.41	-22.18	3.52	2.96	5.55	7.07
MSCI ACWI ex US (GR/NR) Index	-13.73	-18.42	-19.42	1.35	2.50	4.83	4.23
MSCI EAFE NTR Index	-14.51	-19.57	-17.77	1.07	2.20	5.40	3.77

ITD = Inception to Date

Periods less than one year are not annualized.

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

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. 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, 1.25%; I shares, 0.90%. For more detailed information on fund expenses and waivers/reimbursements please see the fund's prospectus.

Second Quarter 2022 Performance Highlights

- In the 2nd quarter the fund (I share class) lost 11.94%, outperforming the ACWI ex USA Index by 179 basis points and the EAFE by 257. Year to date the fund is down 21.4%, 299 and 184 basis points behind its respective benchmarks.
- In the 2nd quarter the fund's relative performance versus its benchmarks rebounded, regaining some of the ground it lost in a difficult 1st quarter where macro factors drove most of the underperformance. Country allocation and currency, which were significant negatives in the 1st quarter, were positives in the 2nd with an underweight in Canada and zero weights in Australia, Brazil, India, and Saudi Arabia/UAE/Qatar all contributing. An average 8% in cash along with the currency impact of a 6% allocation to the U.S. were also positives.
- Sector allocation was positive, as an overweight in Utilities and an underweight in Materials were positives, while an overweight in Information Technology and an underweight in Health Care and Energy were negatives. Security selection was also positive on a sector basis, with companies in the Consistent Earners and Emerging Franchise baskets doing relatively well and our Basic Value companies underperforming the continued Value rally given our bias towards higher quality cyclicals.

Current Positioning and Outlook

During the quarter we trimmed Basic Value, adding to Consistent Earners and Emerging Franchise as interest rates peaked during the quarter and recession concerns increased. Our basket weights ended the quarter at 43% Basic Value, 41% Consistent Earner, 8% Emerging Franchise, and 8% Cash. We trimmed Japan modestly and added to China/Hong Kong, which as noted above had declined more than 50% from its 2021 peak and at March 31st traded at a 20% P/E discount to the ACWI ex USA Index and an almost 50% discount to the S&P 500 despite loosening of monetary, fiscal and regulatory policy in China and tightening in the U.S.

While the outlook remains uncertain for the 2nd half of the year and we remain somewhat conservatively positioned (almost 50% in Consistent Earners and cash), markets are considerably cheaper than at the beginning of the year with the MSCI ACWI ex USA Index down 18.4% and valuations (forward P/E) down 20%. In market conditions like these interesting opportunities always emerge as quality companies cheapen along with the rest of the market – an ideal environment for a high conviction active manager. We also believe that investors who have been underweight international equities given the long run of U.S. outperformance should consider rebalancing given the outlook for continued tightening in the U.S., the greater concentration of U.S. markets in mega cap growth stocks, and international's higher diversification and 30% discount to the U.S.

Top Performers (2Q22)

Name	Contrib. (%)	Avg. Weight (%)
Meituan	0.47	2.12
Kweichow Moutai Co. Ltd.	0.37	2.91
HKEX	0.29	1.03
TotalEnergies SE	0.15	4.35
Kanzhun Ltd. ADR	0.08	0.97

Top Detractors (2Q22)

Name	Contrib. (%)	Avg. Weight (%)
Recruit Holdings Co.	-0.67	1.70
Keyence Corp.	-0.64	2.05
Schneider Electric SE	-0.62	1.88
Infineon Technologies	-0.60	1.95
E.On SE	-0.55	2.05

Ten Largest Holdings (as of 31 May 2022)

Holding	Weight (%)
TotalEnergies SE	4.9%
Linde plc	2.9%
Kweichow Moutai Co. Ltd.	2.9%
CME Group, Inc.	2.8%
LVMH Moet Hennessy Louis Vuitton SE	2.7%
Meituan	2.7%
ABB Ltd.	2.7%
Canadian Pacific Railway Ltd.	2.5%
AstraZeneca plc	2.5%
Roche Holding AG	2.5%

Important Information

Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of 30 Jun 2022.

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.

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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).

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 MSCI ACWI ex USA Net Total Return USD Index 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 (Europe, Australasia, Far East) Net Total Return USD Index 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.

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.