Thornburg Small/Mid Cap Growth Fund

Portfolio Manager Commentary
30 June 2022

Thornburg

Market Review

The strength of an economic rebound became an open question in the second quarter as signs of a slowdown mixed with poor economic data. The Fed continued with interest rates hikes, including a rare 75bps hike, and maintained a hawkish tone given the backdrop of persistently high inflation readings. War in Ukraine continues, further dampening hopes of a swift resolution of supply chain issues and creating a further spike in some commodities, namely oil and gas. Furthermore, a spike in COVID variants and subvariants caused temporary slowdowns around the world. These factors contributed to a negative market environment for small and mid-cap stocks, building on a weak first quarter. In particular, these late cycle conditions disproportionately hit returns for growth and smaller stocks within this universe. The Russell 2500 Growth underperformed the Russell 2500 Value by over 400 basis points in the quarter, bringing the total relative underperformance this year to 1,276 basis points. The top performing sectors were utilities (which was still down over 4%) and consumer staples, with no sector providing positive nominal returns during the quarter. The bottom performing sectors were information technology and communication services.

> In later cycle periods, higher quality stocks tend to perform relatively better, which favors our general philosophy targeting higher quality growth stocks.

Portfolio Managers

Steven Klopukh, CFA
Portfolio Manager

Tim McCarthy, CFA
Portfolio Manager

Supported by the entire Thornburg investment team

Second Quarter Performance Highlights

The Thornburg Small/Mid Cap Growth Fund returned negative 24.80% (I shares), underperforming the Russell 2500 Growth Index, which returned negative 19.55%.

- Top performing sectors were consumer staples, materials, and communication services, where overallocation to consumer

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

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares THCGX (Incep: 27 Dec 2000)							
Without Sales Charge	-24.94	-36.10	-39.85	-2.78	3.30	7.91	5.48
With Sales Charge	-28.30	-38.98	-42.56	-4.26	2.35	7.41	5.26
I Shares* THIGX (Incep: 3 Nov 2003)	-24.80	-35.93	-39.59	-2.41	3.67	8.34	5.98
Russell 2500 Growth TR Index	-19.55	-29.45	-31.81	3.68	7.53	10.88	7.29

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, 1.31%; I shares, 1.04%. Thornburg Investment Management and/or Thornburg Securities Corporation have contractually agreed to waive fees and reimburse expenses through at least 1 February 2023, for some of the share classes, resulting in net expense ratios of the following: A shares, 1.31%; I shares, 0.95%. For more detailed information on fund expenses and waivers/reimbursements please see the fund's prospectus.

staples drove most of the outperformance. Top detracting sectors from relative performance were industrials, health care, and information technology, where stock selection within these sectors drove most of the relative returns.

- The Fund's overallocation to companies with market capitalizations over $12 billion helped boost relative performance as larger cap stocks outperformed smaller cap companies. Stock selection across market capitalization ranges was the largest detractor for the quarter.

Current Positioning and Outlook

As PMIs peak, monetary policy becomes tighter, inflation persists, and growth rates wane against tougher comps, our near-term outlook is more defensive as the market begins to exhibit more late-cycle behavior. We are seeing evidence from macro data, as well as our conversations with companies, that the economy is slowing. During these periods, higher quality growth stocks with a defensive bias tend to perform relatively better, which would favor our general philosophy and current positioning. Therefore, we are positioning towards these quality stocks with profitable characteristics, and also favoring stocks with a stable return profile given the heightened market volatility and a more aggressive Fed. In addition, our current expectation is for leadership within the universe to narrow, especially within the smaller cap portion of the universe due to a higher relative exposure to cyclicality and companies that are not currently profitable. The potential for more infrastructure spending and the uncertainty surrounding oil and gas due to war could give a boost to renewables and benefit those companies within the portfolio. There is also growing evidence of dislocations caused by the drawdown which we will be looking to exploit as opportunities arise from heavy selling pressure on higher [or secular] growth stocks, particularly in the technology and healthcare sectors. These higher growth areas typically perform well during slower growth economic periods which is associated with tighter monetary policy. In addition, we are watching for a drawdown in inflation which has historically been a positive environment for smaller cap stocks. The portfolio is exposed to ongoing and emerging investment themes, including animal health, digital payments, analog to digital enablers, energy transition, among other important secular themes. We continue to focus on companies with strong free cash flow prospects and responsible capital allocation, which we believe are increasingly important in a relatively volatile market environment.

Thank for your continued support and for investing alongside us.

Top Performers (2Q22)

Name	Contrib. (%)	Avg. Weight (%)
Celsius Holdings, Inc.	0.47	2.26
Sovos Brands, Inc.	0.17	0.94
Grocery Outlet Holding, Corp.	0.16	0.33
Liberty Media Corp.	0.15	0.94
Black Knight, Inc.	0.14	2.85

Top Detractors (2Q22)

Name	Contrib. (%)	Avg. Weight (%)
Nuvei Corp.	-1.29	1.90
Kornit Digital Ltd.	-1.20	0.83
FreshPet, Inc.	-1.17	1.98
Signature Bank	-1.07	2.24
Shift4 Payments, Inc.	-1.04	1.93

Ten Largest Holdings
(as of 31 May 2022)

Holding	Weight (%)
Avantor, Inc.	4.1%
Chart Industries, Inc.	3.5%
Horizon Therapeutics plc	3.2%
Casella Waste Systems, Inc.	3.0%
Monolithic Power Systems, Inc.	3.0%
Black Knight, Inc.	2.9%
Livent Corp.	2.9%
Entegris, Inc.	2.9%
Calix, Inc.	2.8%
Celsius Holdings, Inc.	2.8%

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.

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 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.

Effective December 18, 2020, Thornburg Core Growth Fund's name changed to Thornburg Small/Mid Cap Growth Fund, and the Fund adopted a policy, under normal conditions, to invest at least 80% of its net assets in small- and mid-capitalization companies. As a result, the Fund's investment benchmark changed from the Russell 3000 Total Return Growth Index to the Russell 2500 Growth Index (Total Return).

Free-Cash-Flow Yield - An overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price.

PMI (Purchasing Managers' Index) - An indicator of the economic health of the manufacturing sector and for the economy as a whole. The PMI Index is based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment. A PMI of 50 or higher generally indicates that the industry is expanding.

The Russell 2500 Growth Total Return Index is designed to measure the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 3000 Growth Total Return Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 Growth or the Russell 2000 Growth indices. Source: Frank Russell Company.

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.