

Thornburg Developing World Fund

Portfolio Manager Commentary

31 December 2022



Market Review

Emerging market equities ended a difficult year on a positive note as two key headwinds began to unwind: China's Zero-COVID policies and U.S. dollar strength.

China unexpectedly loosened COVID restrictions, earlier and more quickly than expected. Additional positive developments – such as Presidents Biden-Xi's constructive meeting in November, the reduction of ADR delisting risk after Public Company Accounting Oversight Board (PCAOB) was granted full access to Chinese firms and easing property regulations – led to strong performance by Chinese equities in November and December.

Compared to North Asia markets' strength in the fourth quarter, equity performance was mixed across the rest of Emerging Markets as commodity prices, political crosswinds, and investors' portfolio rebalancing drove dispersion in share prices.

China's accelerated reopening is a welcome development, potentially enabling the country to become the engine of global growth in 2023.

Fourth-Quarter 2022 Performance Highlights

- The Thornburg Developing World Fund rose 8.98% (I shares), underperforming its benchmark, the MSCI Emerging Markets NTR Index, which rose 9.70%
- Stock selection within communication services, consumer staples, and consumer discretionary contributed positively to the fund's relative performance. Information technology and financials detracted from the fund's relative performance. In each sector, stock selection was the primary driver of underperformance. While the fundamental outlook for many detractors remains healthy, their share prices were particularly volatile during the quarter.

Portfolio Managers

Ben Kirby, CFA

Co-Head of Investments

Charles Wilson, PhD

Portfolio Manager

Josh Rubin

Portfolio Manager

Supported by the entire Thornburg investment team

Average Annual Returns (% , as of 31 Dec 2022)

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares THDAX (Incep: 16 Dec 2009)							
Without Sales Charge	8.90	-25.78	-25.78	-4.06	-0.68	2.44	4.30
With Sales Charge	3.99	-29.11	-29.11	-5.52	-1.59	1.97	3.93
I Shares THDIX (Incep: 16 Dec 2009)	8.98	-25.50	-25.50	-3.71	-0.32	2.85	4.77
MSCI Emerging Markets NTR Index	9.70	-20.09	-20.09	-2.69	-1.40	1.44	2.30

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 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, 1.43%; I shares, 1.15%. Thornburg Investment Management and/or Thornburg Securities Corporation have contractually agreed to waive fees and reimburse expenses through at least 01 February 2023, for some of the share classes, resulting in net expense ratios of the following: I shares, 1.04%. For more detailed information on fund expenses and waivers/reimbursements please see the fund's prospectus.

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- On a geographic basis, stock selection and an overweight allocation to Hong Kong contributed positively to relative results. Stock selection within Brazil, as well as stock selection and an underweight allocation to Korea, detracted from relative performance.

Current Positioning and Outlook

China's accelerated reopening is a welcome development, potentially enabling the country to become the engine of global growth in 2023. A new growth engine would be welcome in the face of a pending economic slowdown in developed markets. The fund was already positioned to take advantage of such a unique event in fourth quarter, and we believe those specific tailwinds will continue to provide alpha in the first half of 2023.

The last few years have seen fundamental challenges to the last 40+ years' global economic liberalism. De-globalization, rising protectionism, higher commodity prices, and higher rates mean that the drivers of success in 2023 (and beyond) could be drastically different than before. Companies with particularly durable business models, with strong management, leading positions in their value chain, and can internally fund their own growth in a world with a higher cost of capital are particularly well-positioned to outperform. Share prices were more volatile than business fundamentals in 2022, but we believe 2023 should see equity markets reward differentiated companies in a still-dynamic global environment.

Top Performers (4Q22)

Name	Contrib. (%)	Avg. Weight (%)
Aia	1.16	3.69
Tencent	1.00	4.30
Naspers	0.87	2.00
Dino Polska	0.86	2.36
Yum China	0.68	3.90

Top Detractors (4Q22)

Name	Contrib. (%)	Avg. Weight (%)
The Saudi National Bank	-0.66	2.58
Fertiglobe Company Pjsc	-0.33	1.00
Sbi Cards And Payment Services	-0.32	1.86
Gland Pharma	-0.29	0.87
Xp Ci	-0.28	1.16

Ten Largest Holdings (as of 30 Nov 2022)

Holding	Weight (%)
Taiwan Semiconductor Manufacturing Co. Ltd.	6.9
Tencent Holdings Ltd.	4.4
Yum China Holdings, Inc.	4.0
AIA Group Ltd.	3.9
Samsung Electronics Co. Ltd.	3.5
Alibaba Group Holding Ltd.	3.1
HDFC Bank Ltd.	2.9
Bank Rakyat Indonesia Persero Tbk PT	2.8
Hon Hai Precision Industry Co. Ltd.	2.7
Postal Savings Bank of China Co. Ltd.	2.6

Important Information

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

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.

MSCI Emerging Markets NTR Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets NTR Index consists of the following 24 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

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.