

# EMERGING MARKETS EQUITY STRATEGY

QUARTERLY FACT SHEET | 30 JUNE 22



## INVESTMENT STRATEGY

The Strategy employs a bottom-up, fundamental approach to investing, and targets a core return profile across the market cap spectrum, focusing on the strongest businesses that are attractively valued and have well identified paths to success. A defining aspect of the strategy is a three-basket approach to portfolio construction which mitigates benchmark-relative risk, ensures a balanced style exposure and allows stock selection to be the main alpha driver.

## PORTFOLIO MANAGERS

**Charles Wilson, PhD**  
Began with firm in 2012.  
Industry experience since 2006.

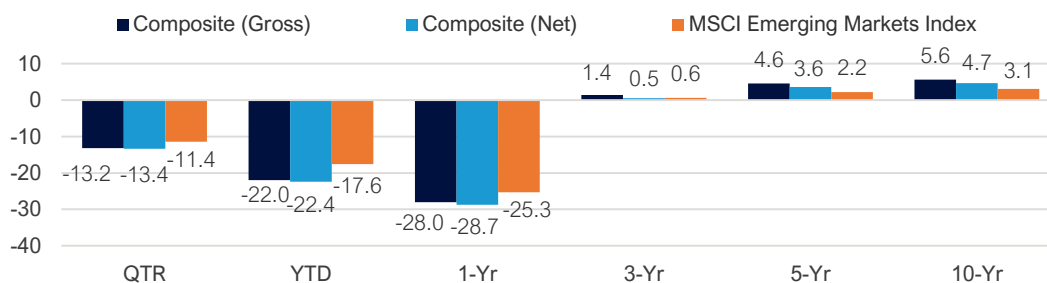
**Josh Rubin**  
Began with firm in 2017.  
Industry experience since 2001.

**Ben Kirby, CFA**  
Began with firm in 2008.  
Industry experience since 2006.

Supported by the entire Thornburg investment team.

## INVESTMENT RESULTS

### ANNUALIZED RETURNS (%)



CALENDAR YEAR RETURNS (%)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Composite (Gross)	24.66	17.37	-1.45	-14.17	4.20	37.26	-13.94	30.88	24.44	-1.61
Composite (Net)	23.69	16.36	-2.30	-14.91	3.28	36.12	-14.72	29.67	23.29	-2.53
MSCI Emerging Markets Index	18.22	-2.60	-2.19	-14.92	11.19	37.28	-14.58	18.42	18.31	-2.54
Excess Return (Gross)	6.44	19.97	0.73	0.75	-6.98	-0.03	0.63	12.46	6.14	0.93

In US\$ terms. Returns may increase or decrease as a result of currency fluctuations. Periods less than one year are not annualized.

Performance data for the Emerging Markets Equity Strategy is from the Emerging Markets Equity Composite, inception date of 1 January 2010. The Emerging Markets Equity Composite includes discretionary accounts invested in the Emerging Markets Equity Strategy. Returns are calculated using a time-weighted and asset-weighted calculation including reinvestment of dividends and income. Periods less than one year are not annualized. Individual account performance will vary. The performance data quoted represents past performance; it does not guarantee future results. Gross of fee returns are net of transaction costs. Net of fee returns are net of transaction costs and investment advisory fees. For periods prior to 2011, net returns for some accounts in the composite also reflect the deduction of administrative expenses. Thornburg Investment Management Inc.'s fee schedule is detailed in Part 2A of its ADV brochure. Performance results of the firm's clients will be reduced by the firm's management fees. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual management fee of 0.75%, this increase would be 142%.

## STRATEGY PROFILE

**BENCHMARK**  
MSCI Emerging Markets Index

**eVESTMENT UNIVERSE**  
Global Emerging Markets All Cap Core Equity

**EXPECTATIONS**  
Excess return 200-300 bps annualized over a market cycle with similar or less volatility than MSCI Emerging Markets Index.

Tracking error range 4-6%

**HOLDINGS INFORMATION**  
Typically 40-60 holdings

Active weight usually 1-5%

**EXPECTED TURNOVER RANGE**  
40-60%

Target 3+ years (growth basket)

Target 18-24 months (value basket)

**MARKET CAPITALIZATION**  
Typically greater than \$1B USD

**CASH EXPOSURE**  
<10% under normal conditions

**INDUSTRY EXPOSURE**  
Maximum of 25%

**COUNTRY EXPOSURE**  
Maximum of 50%

**DEVELOPED MARKETS EXPOSURE**  
Maximum of 10%

**CURRENCY HEDGING**  
Permitted but not utilized under normal market conditions

## AVAILABLE VEHICLES

Separate Account  
U.S. Mutual Fund  
UCITS  
Institutional Pooled Vehicles

# PORTFOLIO CHARACTERISTICS

## RISK STATISTICS

(GROSS VS. MSCI EMERGING MARKETS INDEX)

	3-YR	5-YR
Annualized Alpha	1.01%	2.44%
Beta	1.07	1.04
Standard Deviation	19.48%	18.01%
Tracking Error	4.02%	3.97%
Sharpe Ratio	0.04	0.19
Information Ratio	0.21	0.61
Up Capture	113.84%	113.65%
Down Capture	110.12%	103.90%

Past performance does not guarantee future results.

## PORTFOLIO STATISTICS

	REP. ACCT.	MSCI EMERGING MARKETS INDEX
Active Share	74.1%	--
Weighted Average Market Cap.	\$104.2B	\$107.4B
Median Market Cap	\$21.2B	\$6.8B
Price to Earnings (Forecast 1-Fiscal Year)	12.4x	10.7x
Est 3-5 Yr EPS Growth	18.4%	14.4%
Price-to-Book	2.3x	1.6x
Price-to-Cash Flow	9.1x	6.5x
Return on Assets	7.9%	7.9%

SECTOR ALLOCATION (%)	REP. ACCT.	RELATIVE WEIGHT
Financials	24.2	3.0
Consumer Discretionary	20.8	5.9
Information Technology	17.9	-1.3
Communication Services	9.9	-0.7
Materials	5.4	-3.0
Consumer Staples	4.9	-1.3
Industrials	4.7	-1.0
Energy	4.6	-0.4
Utilities	2.7	-0.2
Health Care	1.5	-2.5
Cash	3.4	

## TEN LARGEST HOLDINGS (%)

(AS OF 31 MAY 22)

	REP. ACCT.
Taiwan Semiconductor Manufacturing Co. Ltd.	9.1
Tencent Holdings Ltd.	4.9
Petroleo Brasileiro S.A.	4.2
Samsung Electronics Co. Ltd.	4.0
Yum China Holdings, Inc.	3.4
AlA Group Ltd.	2.9
First Quantum Minerals Ltd.	2.6
Bank Rakyat Indonesia Persero Tbk PT	2.5
Micron Technology, Inc.	2.4
Hon Hai Precision Industry Co. Ltd.	2.4

FIVE LARGEST COUNTRIES† (%)	REP. ACCT.	RELATIVE WEIGHT
China	36.3	1.0
Taiwan	11.6	-2.9
India	9.2	-3.5
Brazil	7.2	2.3
South Korea	5.6	-5.7

TOP REGIONS† (%)	REP. ACCT.	RELATIVE WEIGHT
Emerging Asia	69.7	-10.0
Emerging Latin America	13.8	5.9
North America	5.8	5.8
Emerging EMEA	4.2	-8.0
Pacific ex-Japan	3.1	3.1

† Holdings are classified by country of risk as determined by MSCI and Bloomberg.

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## Our client teams are here to support you:

### Principal Office

us@thornburg.com  
(800) 276-3930

### London

emea@thornburg.com  
+44 7905 708 239

### Shanghai

asia@thornburg.com  
+ 86-21-61577596

### Hong Kong

asia@thornburg.com  
+852 3965-3264

### Melbourne

www.terrainplacement.com  
Mobile: +61 417 163 260  
Mobile: +61 432 887 707

### Americas

americas@thornburg.com  
(505) 467-7103

Signatory of:



www.thornburg.com



The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

\*Includes assets under management (\$40.1B) and assets under advisement (\$1.5B).

## IMPORTANT INFORMATION

Source: FactSet, and Thornburg.

Unless otherwise noted, all data is as of 30 June 22.

Investments in the Strategy carry risks, including possible loss of principal. Carefully consider the Strategy's investment objectives, risks, and expenses before investing. There is no guarantee that the portfolio will meet its investment objectives.

Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses. Portfolio characteristics are derived using currently available data from independent research resources that are believed to be accurate. Portfolio attributes can and do vary. Portfolios invested in a limited number of holdings may expose an investor to greater volatility. There is no guarantee that the Strategy will meet its investment objectives or expectations. Cash may also include cash equivalents and currency forwards.

Portfolio holdings and characteristics shown herein are from a representative account managed within the investment composite. The representative account is selected based on account characteristics that Thornburg believes accurately represent the investment strategy as a whole. Should these characteristics change materially, Thornburg may select a different representative account. Holdings may change daily and may vary among accounts, which may contribute to different investment results. The representative account information is supplemental to the strategy's composite and GIPS compliant presentation.

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The MSCI Emerging Markets Net Total Return USD Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets 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.

Portfolio construction will have significant differences from that of a benchmark index in terms of security holdings, industry weightings, asset allocations and number of positions held, all of which may contribute to performance, characteristics and volatility differences. Investors may not make direct investments into any index.

Active Share – A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

Alpha – A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio performed better than its beta would predict. In contrast, a negative alpha indicates under-performance, given the expectations established by the beta.

Beta – A measure of market-related risk. Less than one means the portfolio is less volatile than the index, while greater than one indicates more volatility than the index.

P/E – Price/Earnings ratio (P/E ratio) is a valuation ratio of a company's current share price compared to its per-share earnings. P/E equals a company's market value per share divided by earnings per share. Forecasted P/E is not intended to be a forecast of the fund's future performance.

Sharpe Ratio – A risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Geometric Sharpe ratio is calculated for the past three-year period by dividing a fund's annualized excess returns by its annualized standard deviation.

Return on Assets (ROA) – An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings.

Information Ratio – A measure of the consistency of excess returns over the benchmark. It is the excess return divided by the tracking error (or standard deviation of excess return). The higher the information ratio, the higher the expected return of the portfolio given the amount of risk taken.

Tracking Error – A measure of how closely a portfolio follows its benchmark. Typically, it's the standard deviation of the difference in returns between a portfolio and the benchmark. Actively managed portfolios tend to have a higher tracking error compared to passively managed investments.

Standard Deviation - A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Values within one standard deviation of the mean represent approximately two-thirds of the data set, assuming a normal distribution.

Upside/Downside Capture Ratio - A ratio that shows whether a given fund has outperformed - gained more or lost less than - a broad market benchmark during periods of market strength and weakness, and if so, by how much.

Price/Book ratio (P/B ratio) - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Price/Cash Flow - The measure of the market's expectations regarding a firm's future financial health. It is calculated by dividing price per share by cash flow per share.

Earnings per Share (EPS) - The total earnings divided by the number of shares outstanding.

All MPT statistics (alpha, beta, and R-squared) are based on a least-squared regression of the portfolio return over Treasury bills (called excess return) and the excess returns of the benchmark.

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