

# HIGH YIELD STRATEGY

QUARTERLY FACT SHEET | 30 JUNE 22



## INVESTMENT STRATEGY

The strategy goal is to outperform the Bloomberg U.S. Corporate High Yield Bond Index over a full market cycle with lower volatility. We invest primarily in high yield corporates, but broaden the opportunity set to take advantage of high yield return opportunities with superior relative value characteristics.

## PORTFOLIO MANAGERS

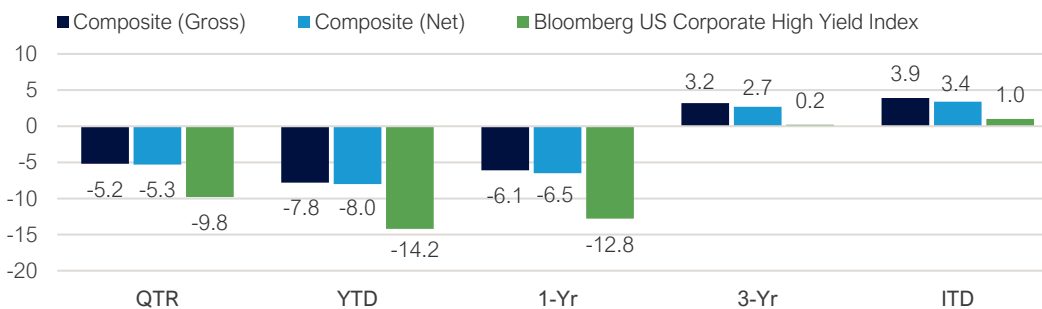
**Christian Hoffman, CFA**  
Began with firm in 2012.  
Industry experience since 2004.

**Ali Hassan, CFA, FRM**  
Began with firm in 2013.  
Industry experience since 2004.

Supported by the entire  
Thornburg investment team.

## INVESTMENT RESULTS

### ANNUALIZED RETURNS (%)



### CALENDAR YEAR RETURNS (%)

|   | 2020 | 2021  |
|---|------|-------|
| Composite (Gross)                       | 8.70 | 5.16  |
| Composite (Net)                         | 8.22 | 4.69  |
| Bloomberg US Corporate High Yield Index | 7.11 | 5.28  |
| Excess Return (Gross)                   | 1.59 | -0.11 |

ITD is Inception to Date. 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 High Yield Strategy is from the High Yield Composite, inception date of 1 April 2019. The High Yield Composite includes all discretionary accounts invested in the High Yield Strategy. Returns are calculated using a time-weighted and asset-weighted calculation. Returns reflect the reinvestment of income and capital gains. 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. 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%.

**\*eVestment ranking based on 3-Yr annualized returns (gross of fees) vs. eVestment U.S. High Yield Fixed Income Universe with 187 products reporting in the Universe. A high ranking does not mean that the strategy had high performance, only that the advisor outperformed its peers. The ranking assessed herein may not have been achieved in all reporting periods.**

## STRATEGY PROFILE

**BENCHMARK**  
Bloomberg Corporate U.S.  
High Yield Bond Index

**ESTVEMENT UNIVERSE**  
U.S. High Yield Fixed Income

**HIGH YIELD EXPOSURE**  
Up to 100%

**INVESTMENT GRADE EXPOSURE**  
Up to 20%

**ABS EXPOSURE**  
Up to 15%

**PREFERRED & COMMON EQUITY**  
Up to 5%

**TYPICAL SIZE POSITION**  
50-150 basis points

**DURATION BAND**  
+/- 1.5 years vs. benchmark

## AVAILABLE VEHICLES

Separate Accounts

## PORTFOLIO CHARACTERISTICS

### RISK STATISTICS

(GROSS VS. BLOOMBERG US CORPORATE HIGH YIELD INDEX)

|                    | 1-YR   | INCEPTION |
|--------------------|--------|-----------|
| Annualized Alpha   | 1.45%  | 3.12%     |
| Beta               | 0.57   | 0.64      |
| Standard Deviation | 4.39%  | 6.25%     |
| R-Squared          | 97.06% | 97.51%    |
| Sharpe Ratio       | -1.42  | 0.50      |
| Information Ratio  | 2.00   | 0.79      |
| Up Capture         | 78.73% | 81.11%    |
| Down Capture       | 51.84% | 51.40%    |

Past performance does not guarantee future results.

### ASSET CLASS (%)

|                                    | REP. ACCT. |
|------------------------------------|------------|
| Corporate                          | 74.9       |
| Basic Materials                    | 3.1        |
| Communications                     | 6.8        |
| Consumer, Cyclical                 | 7.8        |
| Consumer, Non-Cyclical             | 20.4       |
| Diversified                        | 0.0        |
| Energy                             | 6.5        |
| Financial                          | 7.8        |
| Industrial                         | 11.5       |
| Technology                         | 10.1       |
| Utilities                          | 1.0        |
| Asset Backed                       | 7.4        |
| Bank Loans                         | 5.1        |
| Collateralized Mortgage Obligation | 2.1        |
| Comm. Mortgage-backed Securities   | 1.6        |
| Preferred Stock                    | 0.7        |
| Cash                               | 8.1        |

### TOP FIVE COUNTRIES (%)

|               | REP. ACCT. |
|---------------|------------|
| United States | 81.7       |
| Ireland       | 2.0        |
| Guatemala     | 0.7        |
| Australia     | 0.7        |
| Mexico        | 0.6        |

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

### PORTFOLIO STATISTICS

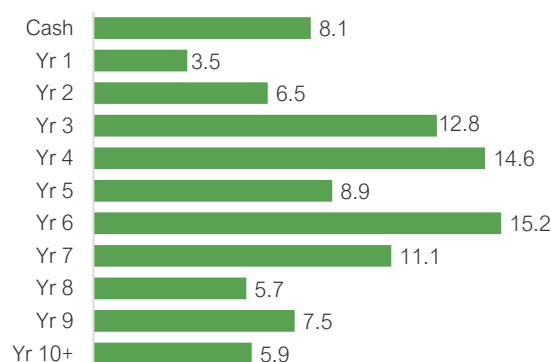
|                            | REP. ACCT. |
|----------------------------|------------|
| Weighted Average Coupon    | 4.8%       |
| Weighted Average Price     | 91.4       |
| Average Effective Maturity | 4.6 Yrs    |
| Average Effective Duration | 3.2 Yrs    |
| Average Credit Quality     | BB-        |
| Yield to Worst             | 7.0%       |
| Number of Countries        | 7          |

### CREDIT QUALITY RATINGS (% EX-EQUITY)

|                 | REP. ACCT |
|-----------------|-----------|
| U.S. Government | 1.5       |
| AAA             | --        |
| AA              | --        |
| A               | 0.4       |
| BBB             | 10.3      |
| BB              | 47.0      |
| B               | 24.7      |
| CCC             | 0.7       |
| NR              | 7.4       |
| Cash            | 8.1       |

A bond credit rating assesses the financial ability of a debt issuer to make timely payments of principal and interest. Ratings of AAA (the highest), AA, A, and BBB are investment grade quality. Ratings of BB, B, CCC, CC, C and D (the lowest) are considered below investment grade, speculative grade, or junk bonds. Credit quality ratings use the highest rating available from either S&P Global Ratings or Moody's Investors Service. Where neither rating is available, we have used ratings from other nationally recognized statistical rating organizations (NRSROs). "NR"= Not Rated.

### MATURITY BREAKDOWN (%)



Thornburg is a global investment firm delivering on strategy for institutions, financial professionals and investors worldwide. The privately held firm, founded in 1982, is an active, high-conviction manager of fixed income, equities, multi-asset solutions and sustainable investments with \$41.6\* billion in total assets across mutual funds, institutional accounts, separate accounts and UCITS.

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  
+86-21-6133 7731

#### 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:



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.

www.thornburg.com



\*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.

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

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.

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.

The Bloomberg US Corporate High Yield Total Return Index Value Unhedged USD measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt.

BLOOMBERG® and the Bloomberg index(es) mentioned in this piece are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Thornburg Investment Management. Bloomberg is not affiliated with Thornburg, and Bloomberg does not approve, endorse, review, or recommend Thornburg. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Thornburg.

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.

eVestment US High Yield Fixed Income Universe: US Fixed Income products that primarily invest in High Yield debt across multiple sectors. Common benchmarks include the BofA ML US High Yield Master II, BofA ML US Cash Pay High Yield, and Bloomberg Barclays US Corporate High Yield.

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.

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.

R Squared - A statistical measure that represents the percentage of a fund's or security's movements that are explained by movements in a benchmark index. For fixed-income securities the benchmark is the T-bill, and for equities the benchmark is the S&P 500.

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.

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.

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.

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.

For United Kingdom: This communication is issued by Thornburg Investment Management Ltd. ("TIM Ltd.") and approved by Robert Quinn Advisory LLP which is authorised and regulated by the UK Financial Conduct Authority ("FCA"). TIM Ltd. is an appointed representative of Robert Quinn Advisory LLP.

This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (the "Act") and the handbook of rules and guidance issued from time to time by the FCA (the "FCA Rules"). This material is for information purposes only and does not constitute an offer to subscribe for or purchase any financial instrument. TIM Ltd. neither provides investment advice to, nor receives and transmits orders from, persons to whom this material is communicated nor does it carry on any other activities with or for such persons that constitute "MiFID or equivalent third country business" for the purposes of the FCA Rules. All information provided is not warranted as to completeness or accuracy and is subject to change without notice.

This communication and any investment or service to which this material may relate is exclusively intended for persons who are Professional Clients or Eligible Counterparties for the purposes of the FCA Rules and other persons should not act or rely on it. This communication is not intended for use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

For Australia: This material has been prepared by Thornburg Investment Management, Inc. (Thornburg). Thornburg is regulated, as a registered investment adviser, by the Securities and Exchange Commission of the United States of America ("US") under U.S. laws which differ from Australian laws. Thornburg holds a foreign AFSL 526689.

This material contains general information only and is intended for viewing only by wholesale clients for the purposes of section 761G of the Corporations Act 2001 (Cth). It must not be distributed to retail clients in Australia (as that term is defined in the Corporations Act 2001 (Cth)) or to the general public. This document may not be reproduced in any form or distributed to any person without the prior written consent of Thornburg.

This material is not intended to provide you with financial product advice. It is for the use of researchers, licensed financial advisers and their authorised representatives. It does not take into account the objectives, financial situation or needs of any person. For this reason, you should, before acting on this material, obtain professional advice and consider whether this information is appropriate having regard to your investment needs, objectives, and financial situation.

Past performance is not an indication of future performance. Any economic or market forecasts are not guaranteed. Any references to particular securities or sectors are for illustrative purposes only. It is not a recommendation in relation to any named securities or sectors.

To the extent permitted by law, no liability is accepted by Thornburg, its officers or directors or any affiliates of Thornburg for any loss or damage as a result of any reliance on this information. While efforts have been made to ensure the information is correct, no warranty of accuracy or reliability is given, and no responsibility is accepted for errors or omissions. Any opinions expressed are those of Thornburg as of the date noted on the material and are subject to change without notice.

For Austria, Belgium, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Lichtenstein, Lithuania, Luxembourg, Netherlands, Norway, Portugal, Poland, Singapore, Slovenia, Spain, South Korea, Sweden, Switzerland, Taiwan and Thailand: This is a marketing communication. This material is directed at and intended for institutional investors (as such term is defined in each jurisdiction). This material does not constitute investment advice or an offer or solicitation to sell or a solicitation of an offer to buy any product or service (nor shall any product or service be offered or sold to any person) in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities law of that jurisdiction. Any products or services referenced in this material may not be licensed in all jurisdictions, and, unless otherwise indicated, no regulator or government authority has reviewed this document, or the merits of the products and services referenced herein. If you receive a copy of this material, you may not treat this as constituting a public offering, and you should note that there may be restrictions or limitations to whom these materials may be made available.

This material is provided on a confidential basis for informational purposes only and may not be reproduced in any form or transmitted to any person without authorization. This material was prepared without considering the specific investment objectives, financial situation or particular needs of any particular person and does not identify all the risks (direct or indirect) or other considerations which might be material to you when entering any financial transaction. Before acting on any information in this material, prospective clients should inform themselves of and observe all applicable laws and regulations of any relevant jurisdictions. Prospective clients should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the ongoing provision of services, and any foreign exchange restrictions that may be relevant thereto. Prospective clients are advised to exercise caution in relation to any information in this document. If you are in doubt about any of the contents of this document, you should seek independent professional advice. Thornburg Investment Management, Inc. does not accept any responsibility and cannot be held liable for any person's use of or reliance on the information and opinions contained herein. Any entity responsible for forwarding this material to other parties takes responsibility for ensuring compliance with applicable securities laws.

Thornburg is regulated by the U.S. Securities and Exchange Commission under U.S. laws, which differ from the above jurisdictions' laws.