

The logo consists of a blue square with an orange border, containing a stylized tree silhouette.

Thornburg

The Future of Asset Management

A Self-Help Guide

Spring Due Diligence
Santa Fe, NM | 8–9 March 2023

Jason Brady, CFA | President & CEO

Is this the “Future of Asset Management?”

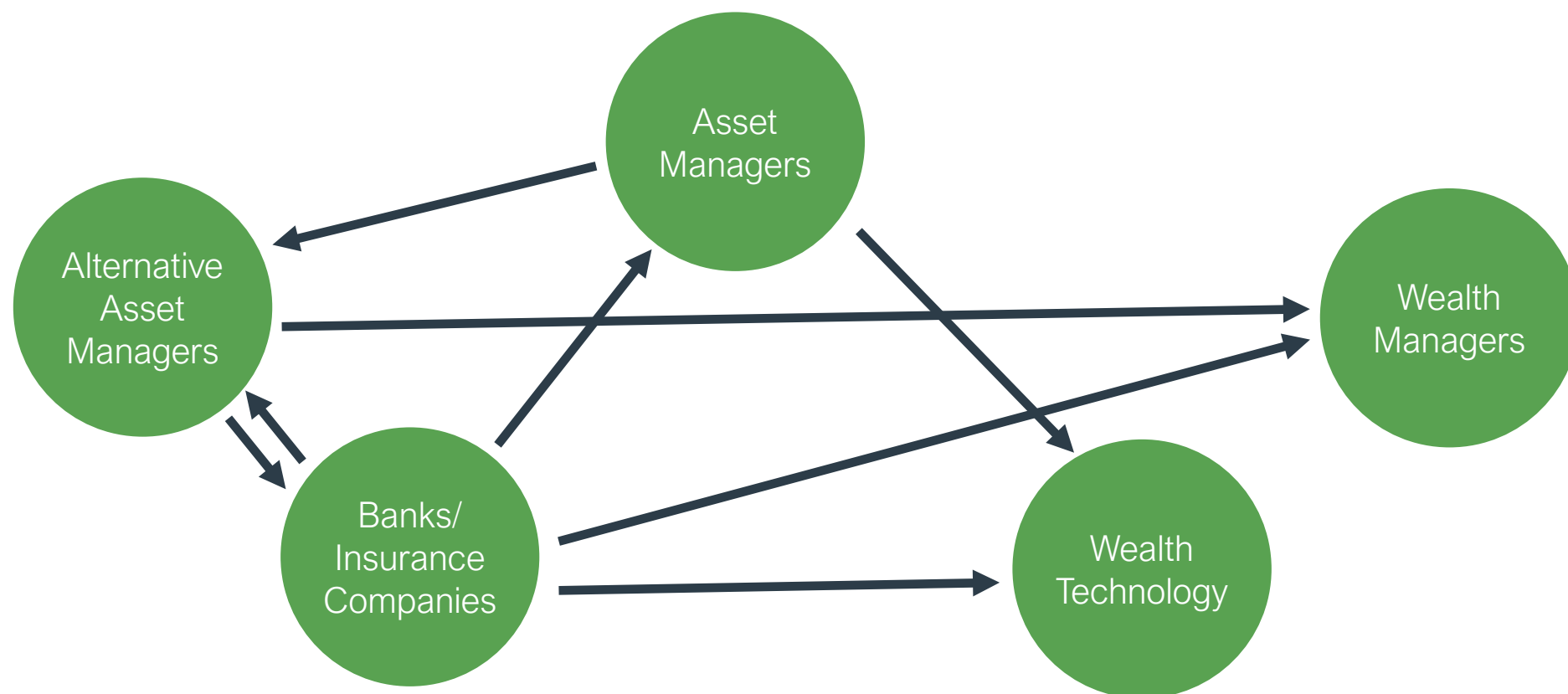


Warren Buffett reads
a 10-K in his office.

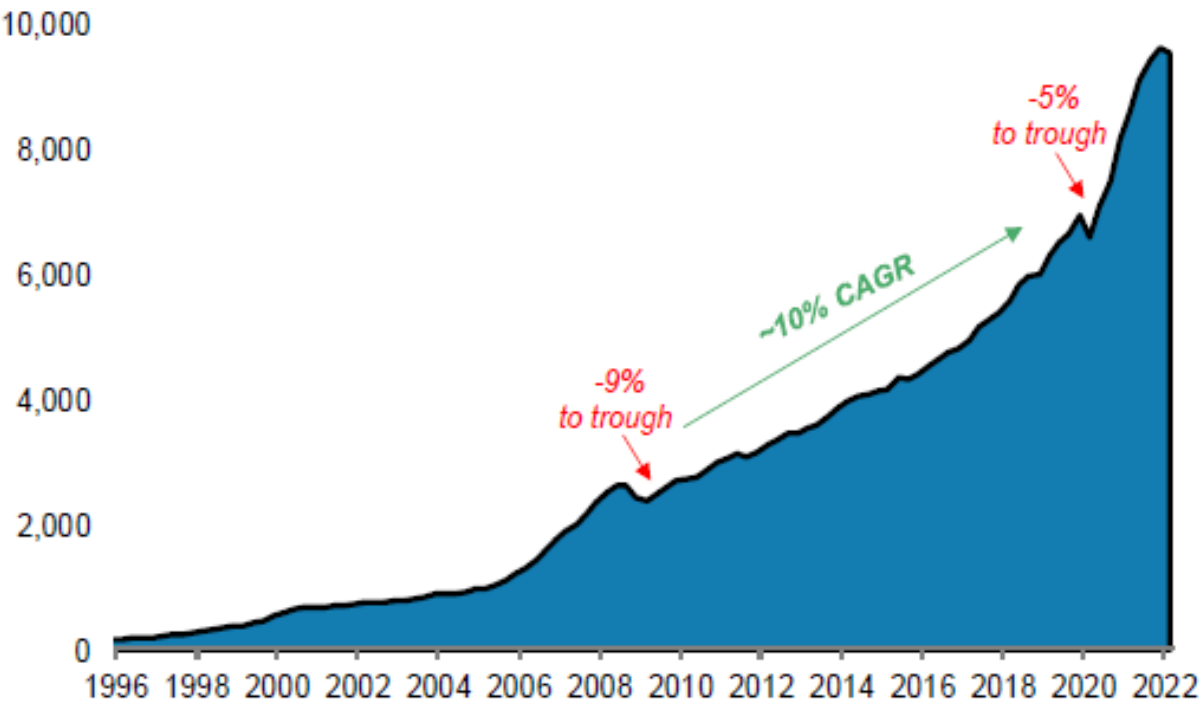
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A View of the Right Now

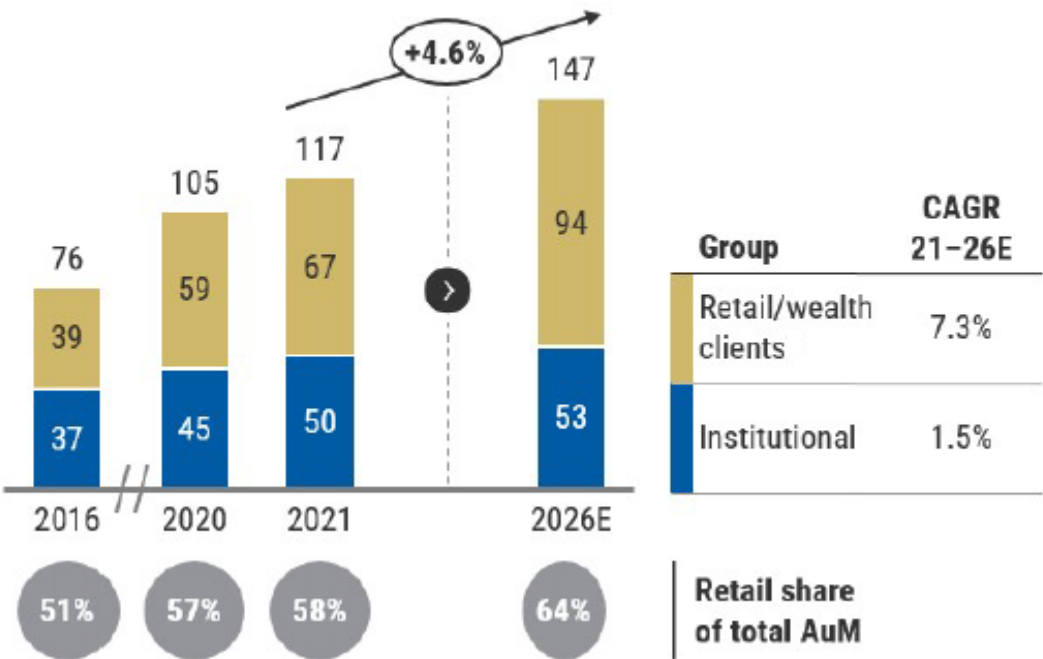
Everyone is going after **Everyone Else's Turf**



Private Markets AUM (\$b)

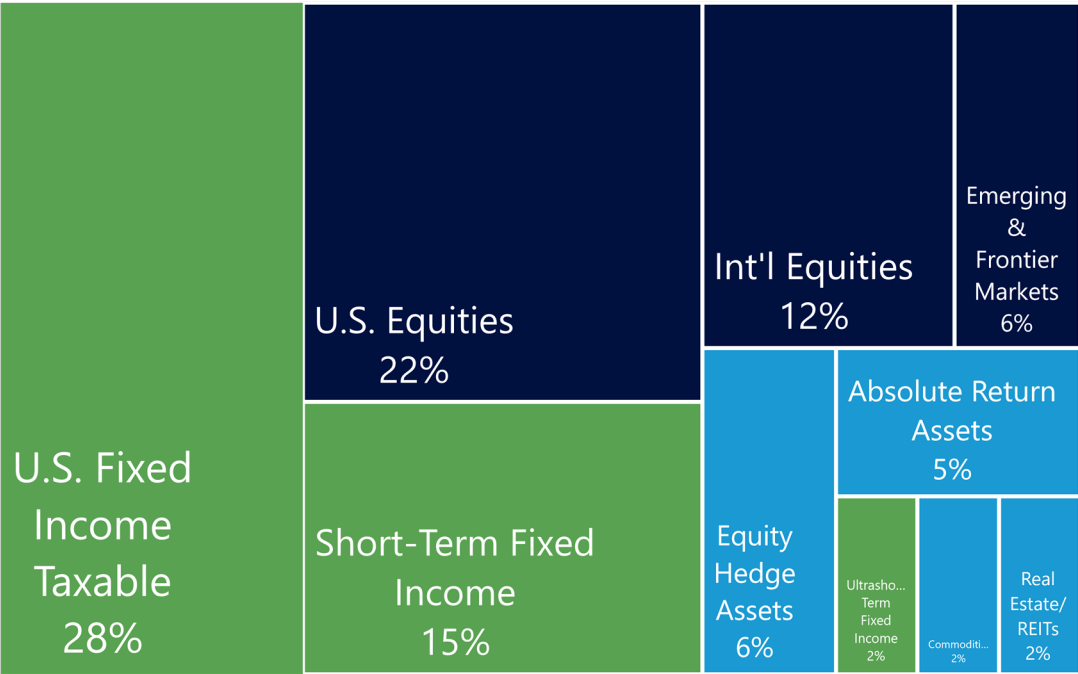


Retail's Share of Private Market Industry AUM (\$Tr)

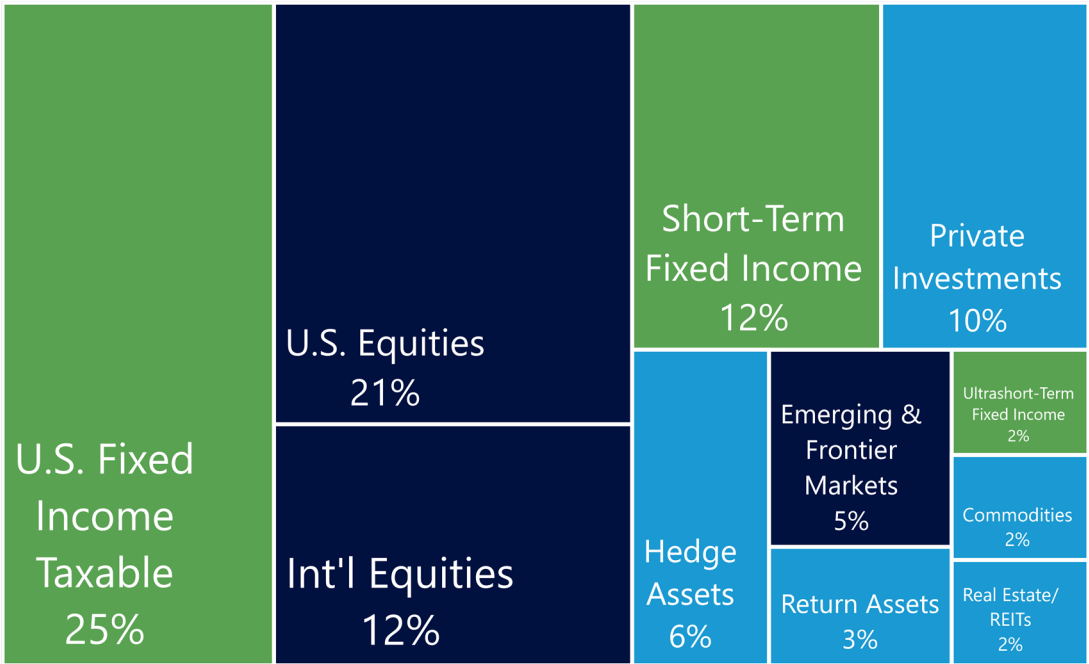


Source: Morgan Stanley

BALANCED GROWTH model recommended for investors **with up to \$25 million** in investable assets

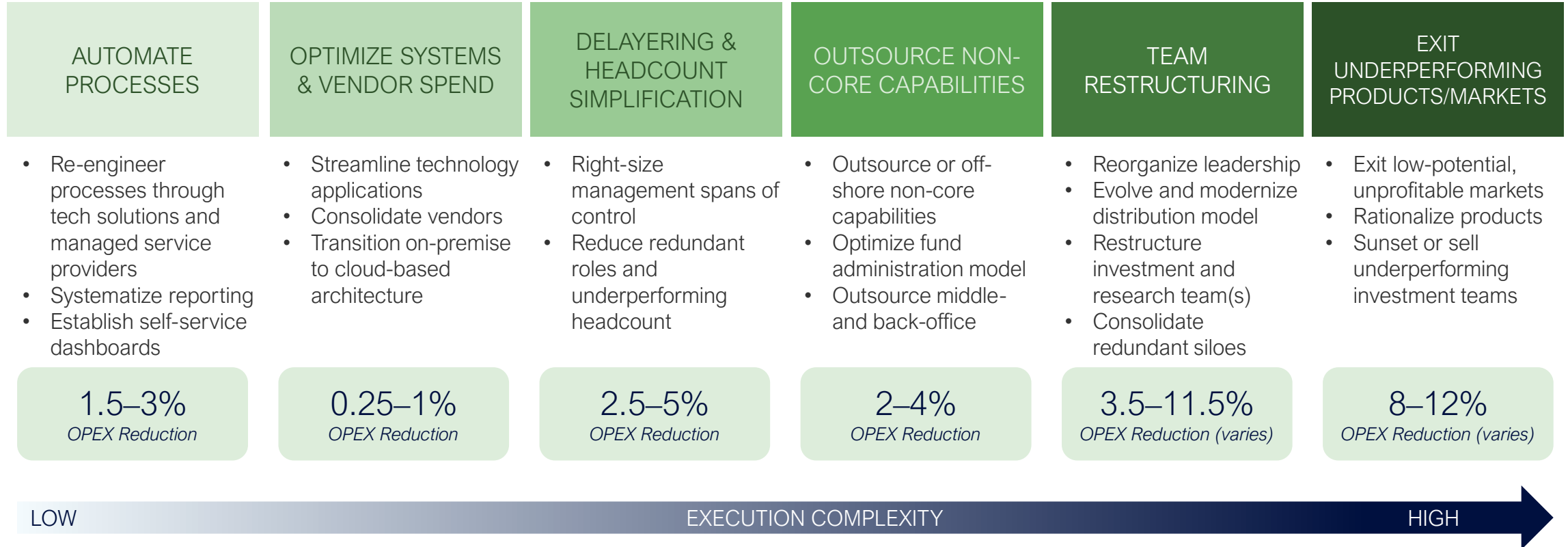


BALANCED GROWTH model recommended for investors **with over \$25 million** in investable assets



Source: PwC, Apollo

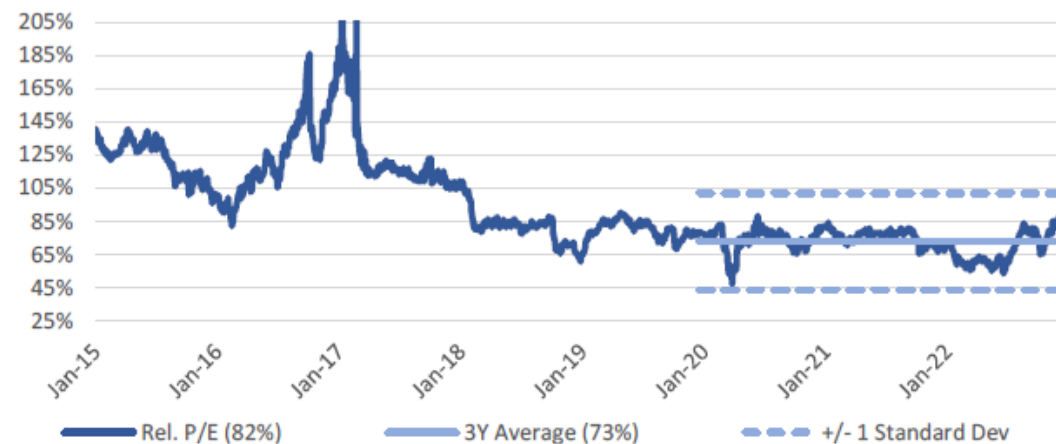
Long-Term Modernization and Scalability Initiatives



Source: Casey Quirk

	Year-over-Year LT Organic Growth					
Ticker	2019A	2020A	2021A	2022E	2023E	2024E
AMG	-7.1%	-9.2%	-2.4%	-3.5%	-0.5%	1.2%
APAM	-3.0%	5.2%	-0.3%	-4.9%	0.2%	1.3%
BLK	5.4%	3.8%	5.3%	3.8%	3.5%	4.0%
FHI	-1.9%	3.4%	4.2%	-2.2%	0.9%	2.4%
BEN	0.0%	0.0%	-7.3%	-8.6%	-8.0%	1.7%
IVZ	-3.8%	-1.6%	6.4%	0.7%	2.6%	3.2%
JHG	-7.7%	-6.9%	-3.8%	-9.6%	-4.1%	-2.3%
TROW	1.2%	0.4%	-1.8%	-4.3%	-0.9%	-0.4%
VCTR	3.5%	-8.6%	-2.4%	1.0%	0.4%	1.7%
WT	1.1%	0.0%	6.9%	13.1%	9.2%	8.4%
Average	-1.2%	-1.4%	0.5%	-1.5%	0.3%	2.1%
Median	-1.0%	0.0%	-1.0%	-2.9%	0.3%	1.7%

Relative P/E: S&P 500



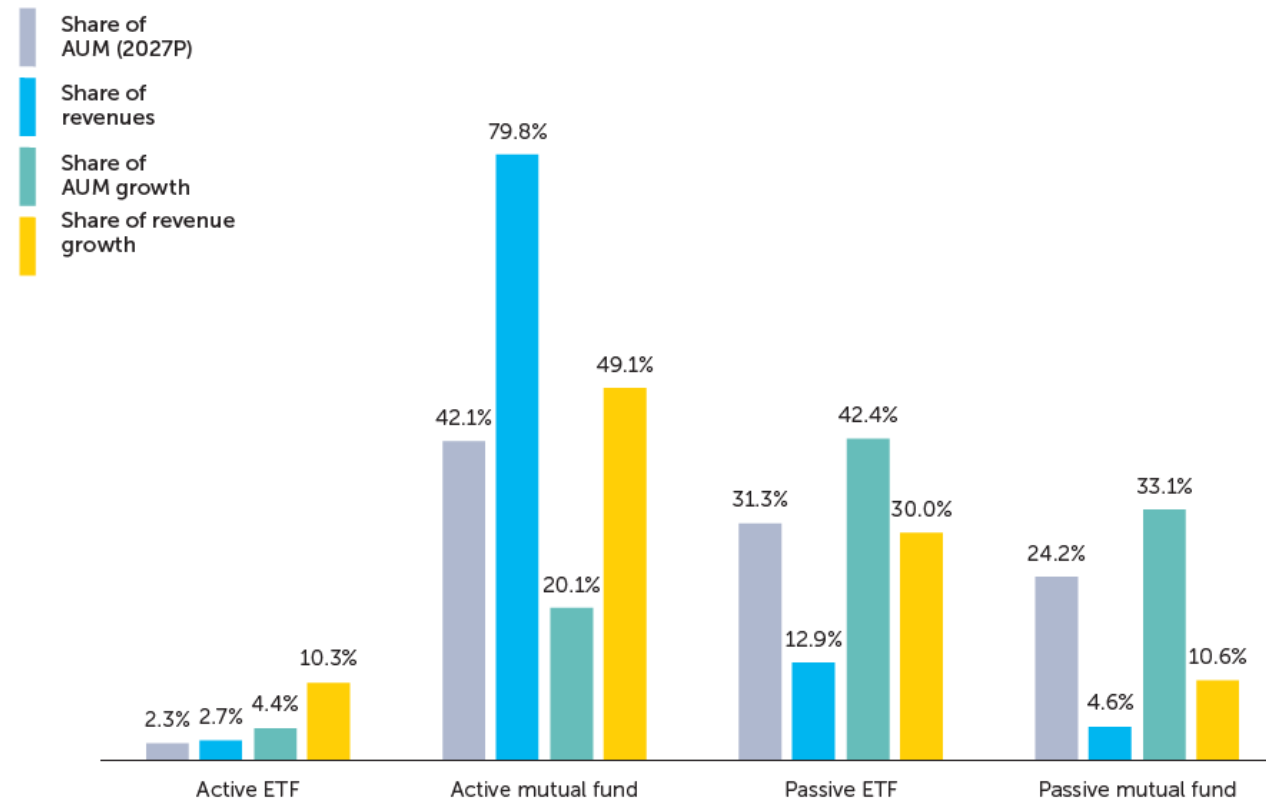
Source: KBW

Ask yourself two questions:

1. Is it true?

Is it true?

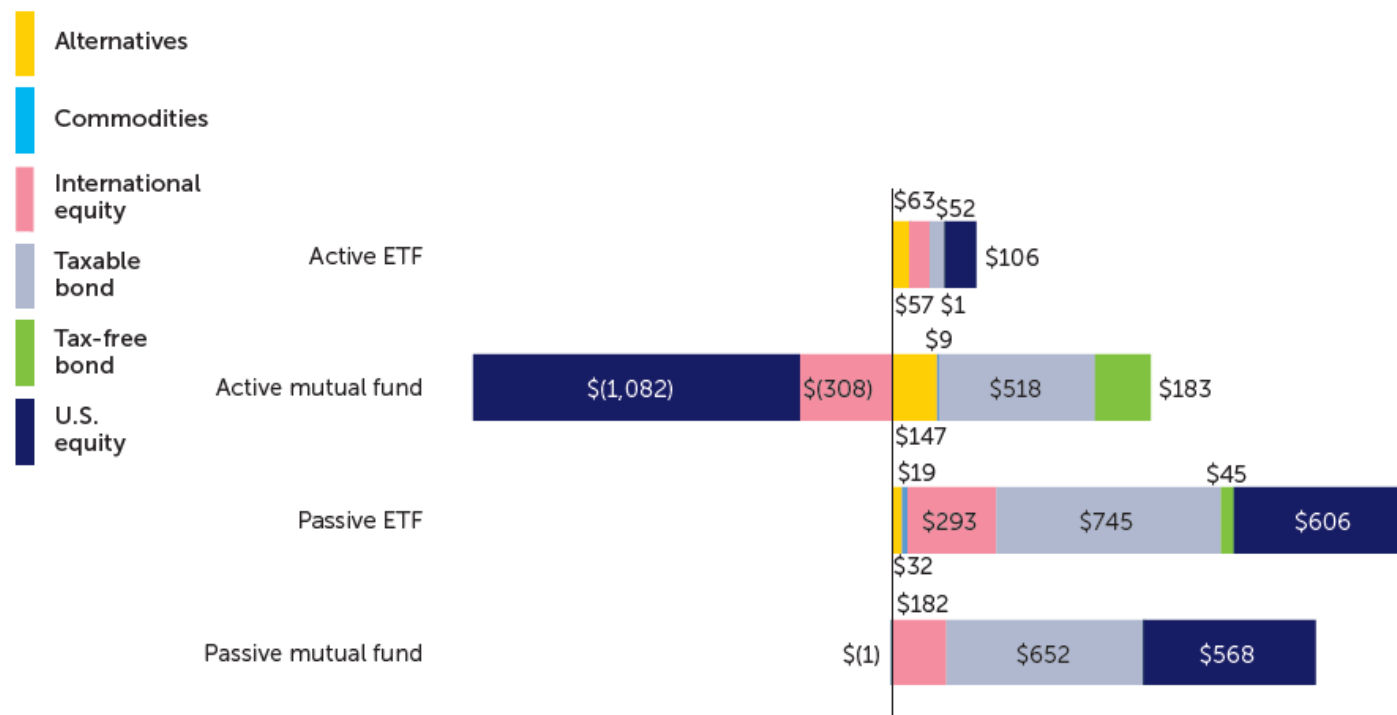
Active Management is in True Decline



Source: ISS

Is it true?

ETFs will Rule the World

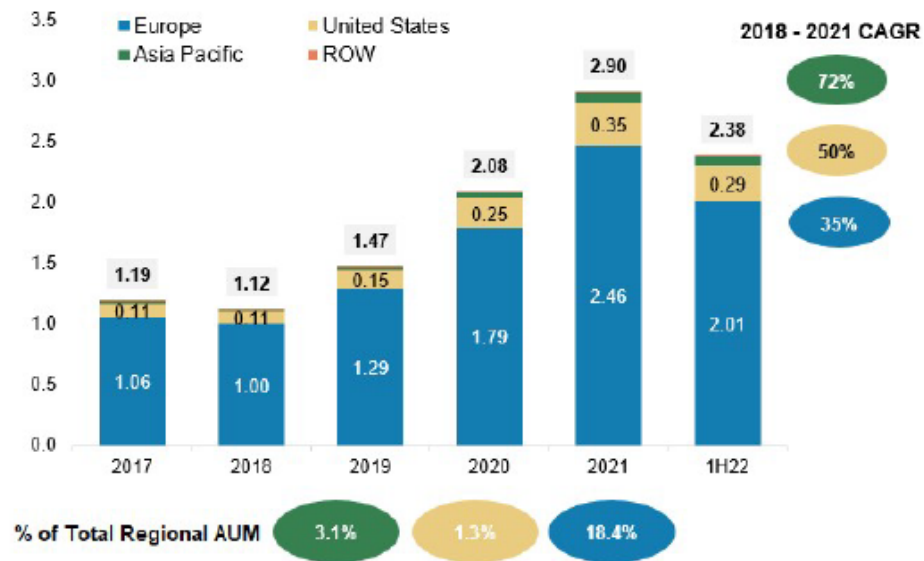


Source: ISS (Flows by YE 2027)

Is it true?

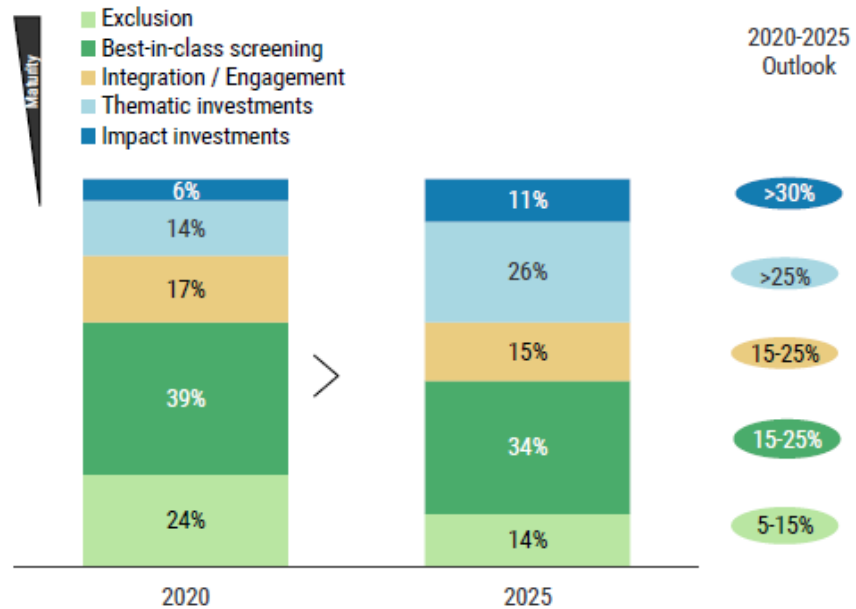
ESG is Stupid/Dead...the Way Forward/Required

ESG AUM remains heavily skewed toward Europe, with growth accelerating in US and Asia (\$Tn)



Note: Charts inclusive of global Open-End Funds and ETFs that have been categorized as Sustainable Investments by Morningstar
"Other" category includes Alternatives, Convertibles, Property, and Commodities

ESG AUM by Strategy still skewed toward equities, specifically active equities

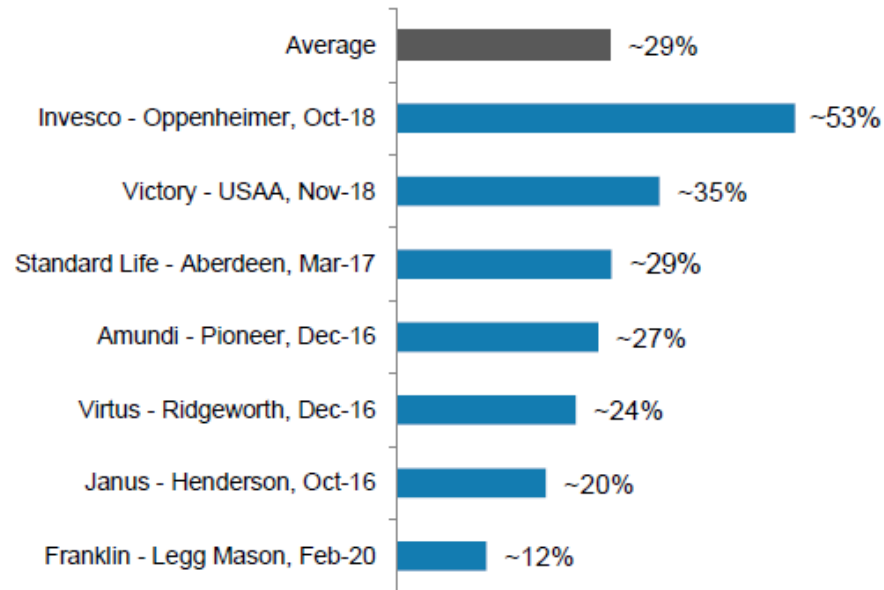


Source: Morningstar, Morgan Stanley

Scale is the Only Way to Compete

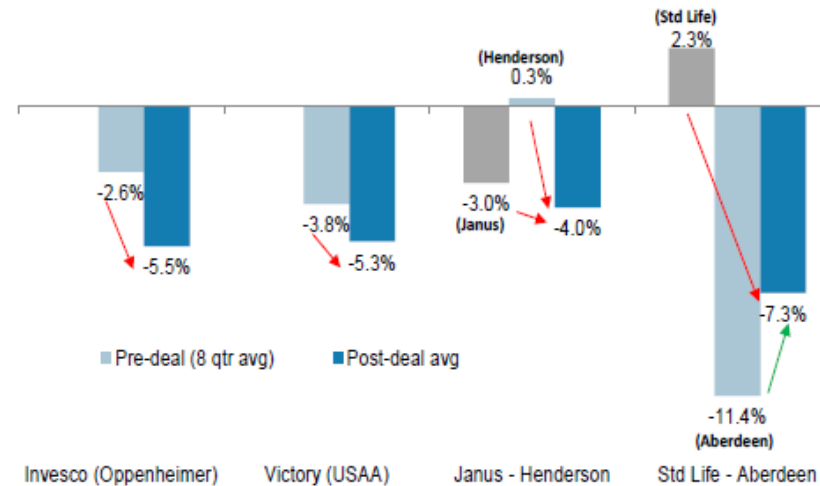
Attractive cost synergies; Nearly ~30% of acquired cost base taken out from prior deals on average

% of Acquired Costs Taken Out in Prior Deals



Revenue outcomes mixed; Comparison of Net New Money growth rates pre and post deal highlight the challenges

Organic Growth (Quarterly LT annualized, pre and post-deal avg)



Source: Morgan Stanley

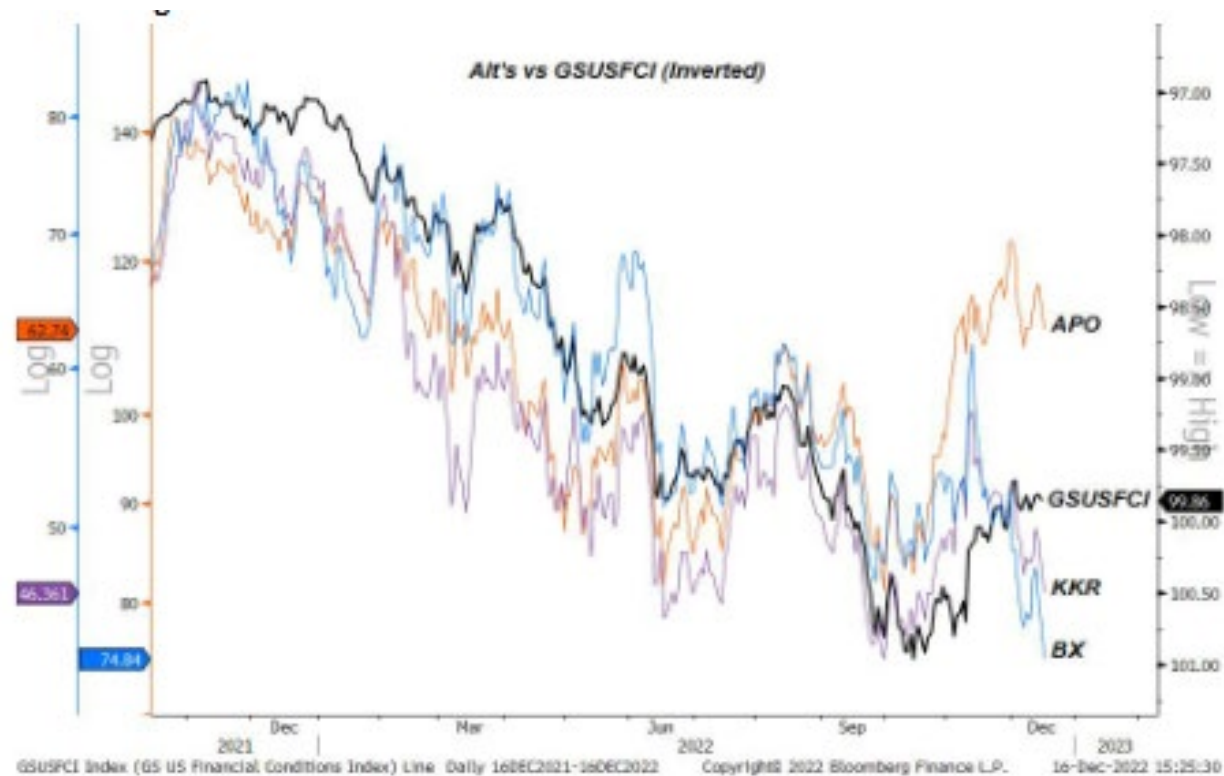
Ask yourself two questions:

2. What am I going to do about it?

What am I going to do about it?

Distinguish the Cyclical from the Secular

Easing of Financial Conditions



Source: Bloomberg, Rich Ross, Evercore ISI Research

Find your “Why”: Sustainable Competitive Advantage

$$1! = 1$$

$$2! = 2$$

$$3! = 6$$

$$4! = 24$$

...

$$15! = 1,307,674,368,000$$

Is there more value in
isolation, or in
combination?

Are you a “stock picker”
or a portfolio manager?

Simplicity or complexity?

Focus on Differentiated Identity

We continue to evolve the organization with a set of specific initiatives towards an overarching strategy focused on our strengths, driven by our identity.

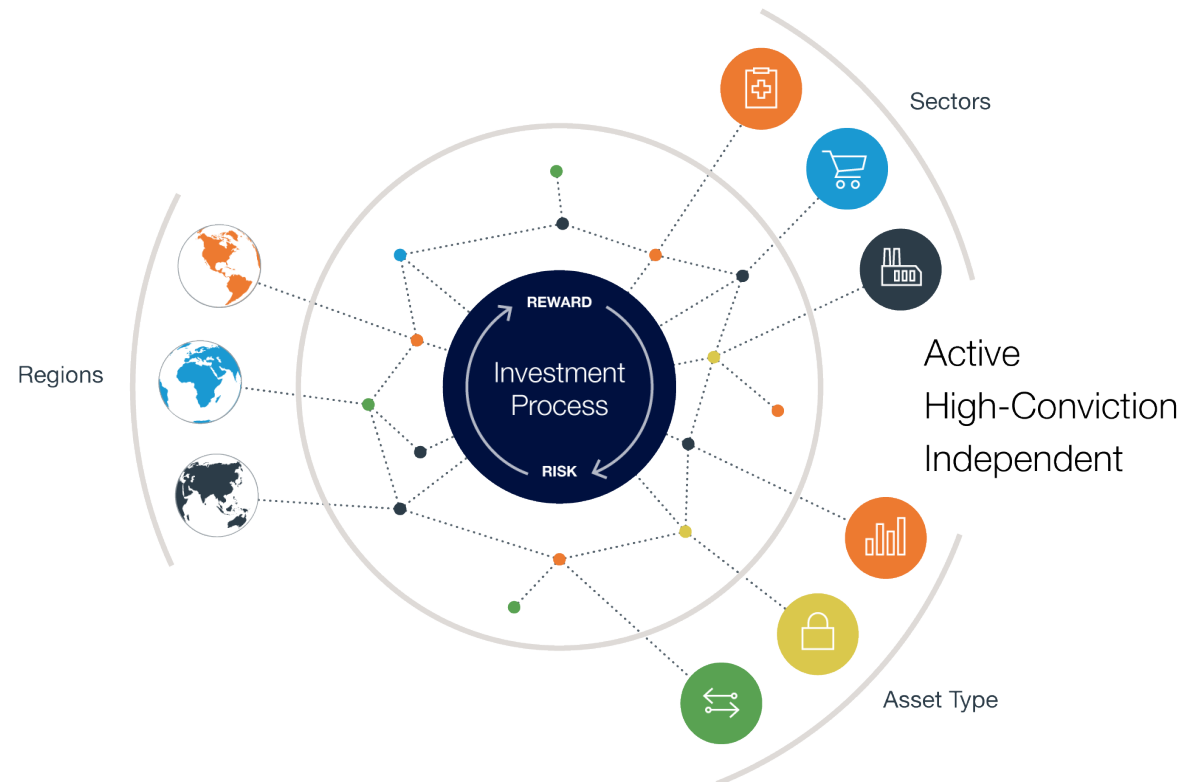
“On strategy means exploiting the inefficiencies that come from the traditional siloed approach to markets through a collaborative, generalist and active approach in complex markets to provide better client outcomes.”

Other undifferentiated items, that while important, are not going to drive a unique business strategy include transparency, integrity, focus on fundamentals

Collaborative Global Generalist Investment Platform

A non-siloed structure provides unique insight to improving risk-adjusted returns

Global investment generalists bring expertise across geographies, sectors and asset classes, offering a flexible perspective to see market inefficiencies and identify value where others may not. Generalists see an expansive opportunity set, considering the potential risks and rewards across global, interconnected economies and markets.



Thornburg Advantage

Active. Global. Independent.

We are **ACTIVE INVESTORS**



Thornburg is a leading global asset manager **that seeks to deliver on the promise of active investment management** to consistently outperform passive strategies, net of fees.

Our active, fundamental approach seeks to capitalize on market inefficiencies across all our investment strategies.

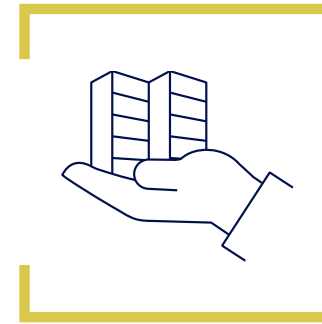
We bring a **GLOBAL PERSPECTIVE**



Our team of global investment generalists brings expertise across geographies, sectors and asset classes to ensure that all ideas are vetted and shared across all our investment strategies.

We believe this approach of working with range - across silos - provides us a flexible, holistic perspective to identify opportunities and risks that others may miss.

We are an **INDEPENDENT** and **PRIVATE** company



We are a privately held, employee-owned firm founded in 1982 with the belief that investors deserved a better investment experience and that continues to be our singular focus today.

Our private company status allows us to take the long view which ensures alignment of interests with our clients and focus on the delivery of excellent client outcomes.

ESG Investing at Thornburg

Environmental, social and governance (ESG) issues influence investment risk and return and, therefore, our ESG-integrated strategies seek to incorporate ESG factors that materially impact the investment outcome within our proprietary fundamental investment process.

CORE COMPETENCIES



ESG is an organic extension of our core competencies as a fundamental, bottom-up, active manager

No outsourcing of ESG decision

FIRMWIDE EFFORT



Analysts and Portfolio Managers challenge, educate, and support one another

No ESG 'silo' – ESG is in the hands of those making the investment decision

FOCUS ON MATERIALITY



Focused on what matters; substantiated through research to create outcomes for clients

Grounded in robust materiality standards from the Sustainability Accounting Standards Board (SASB)



STRONG GOVERNANCE



ESG-integration standard overseen by the ESG Committee

ESG Committee comprised solely of investment team staff

Process ensures integrity of approach and decision usefulness to Portfolio Managers

Is this the “Future of Asset Management?”



Old white man in a suit and tie with thick glasses reads a 10-K in a dark office by himself pensive in a photojournalist style

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Thornburg Investment Management

Active strategies to help investors achieve their investment objectives



ASSETS BY TYPE

Multi-Asset	\$11.7B
Global Equity	\$1.5B
U.S. Equity	\$0.9B
Global Equity ex-U.S.	\$5.2B
Emerging Markets Equity	\$1.2B
Global Fixed Income	\$14.4B
Municipal Fixed Income	\$6.8B

AMERICAS | EMEA | ASIA-PACIFIC

Santa Fe, New Mexico | Hong Kong | Shanghai



INVESTMENT VEHICLES

- Institutional Separate Accounts
- Mutual Funds
- UCITS Funds
- Retail Managed Accounts
- Collective Funds
- Closed-End Funds

*Includes assets under management (\$40.6B) and assets under advisement (\$1.1B), as of 31 January 2023.

EQUITY

- Global Equity
- Global Equity ex-U.S.
- U.S. Equity
- Emerging Markets

FIXED INCOME

- Ultra-Short & Short
- Intermediate & Long
- Multi-Sector Credit
- High Yield
- Municipal Bonds

MULTI-ASSET

- Global Income
- Multi-Asset

REAL ESTATE

- Opportunistic
- Core Plus / Income

ESG

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

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Investments carry risks, including possible loss of principal.

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