

Thornburg International Equity Fund

Portfolio Manager Commentary

31 March 2022



Market Review

- The 1st quarter was a losing one for international markets, with the MSCI ACWI ex USA Index down 5.44% and the MSCI EAFE Index down 5.91%. Emerging Markets lost 6.97% led by China, which was down 14.19% (MSCI Emerging Markets and MSCI China Indices).
- It was a quarter with a lot of macro crosswinds that impacted market performance and caused large dispersions in country and sector performance. The biggest macro drivers in the quarter were the war in Ukraine, the beginning of Fed tightening, and the continued rise in U.S. interest rates, with the 10-year Treasury yield rising 83 basis points and the 2-year yield rising 160 basis points - both ended the quarter at 2.34%. The yield curve is now flat from 2's to 10's, with an inverted yield curve traditionally seen as an indicator of a slowing economy.
- Given the impact of the war and the rise in interest rates Energy, Materials, and Financials outperformed in the 1st quarter while MSCI ACWI ex USA Value Index outperformed Growth by 11.0%. Among major markets the Eurozone and China underperformed while the UK, Canada, Brazil, Australia and most oil producers (excluding Russia) outperformed. The U.S. (S&P 500) lost 4.6% and Russia was removed from MSCI Indices during the quarter.

Global macro crosswinds led to a difficult 1st quarter, but will ultimately create interesting valuation opportunities, particularly in international markets.

Portfolio Managers

Matt Burdett
Portfolio Manager

Lei Wang, CFA
Portfolio Manager

Supported by the entire Thornburg investment team

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

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares TGVAX (Incep: 28 May 1998)							
Without Sales Charge	-10.88	-10.88	-8.23	9.21	7.07	5.76	7.27
With Sales Charge	-14.91	-14.91	-12.37	7.55	6.09	5.28	7.06
I Shares* TGVIX (Incep: 30 Mar 2001)	-10.76	-10.76	-7.87	9.57	7.43	6.15	7.72
MSCI EAFE NTR Index	-5.91	-5.91	1.16	7.78	6.72	6.27	4.50
MSCI ACWI ex US (GR/NR) Index	-5.44	-5.44	-1.48	7.51	6.76	5.55	4.92

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, 1.25%; I shares, 0.90%. For more detailed information on fund expenses and waivers/reimbursements please see the fund's prospectus.

THORNBURG INTERNATIONAL EQUITY FUND

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First-Quarter 2022 Performance Highlights

- The 1st quarter was not a good one for fund performance with the fund (I share class) losing 10.76%, 532 basis points behind the ACWI ex USA Index and 485 basis points behind the EAFE.
- As noted above macro factors drove a wide dispersion in performance between countries and sectors in the 1st quarter, not unlike the pandemic in the 1st quarter of 2020, and in many cases that dispersion negatively impacted the fund's relative performance. For the fund the two biggest drivers of underperformance were country allocation and bottom-up stock selection.
- The fund was underweight the UK and Canada and zero weight Brazil, Australia, and Saudi Arabia/UAE/Qatar/Kuwait, all of which outperformed, and overweight the Eurozone and China, both of which underperformed. A zero weight in Russia was a big positive.
- On a sector basis the fund was underweight Energy, Materials and Financials, which outperformed, and overweight Industrials and Information Technology, which underperformed. An average 5% in Cash was a positive.
- Most of the fund's underperformance in stock selection occurred in the fund's Basic Value basket, to which we had an average 50% allocation during the quarter. Many of our Basic Value stocks are higher quality (more consistent earnings or profitability, lower leverage, usually higher valuations) and they underperformed during a quarter where Value outperformed by 11%. We were underweight Emerging Franchise (about 9%) in a quarter where Growth underperformed, but many of those stocks also performed poorly. Our Consistent Earners (36%) did relatively well and a 5% allocation to Cash also helped.

Current Positioning and Outlook

During the quarter we trimmed Basic Value and Emerging Franchise exposure modestly, adding to Consistent Earner and Cash. Basic Value ended the quarter at 47%, Consistent Earner 39%, Emerging Franchise 7% and Cash 7%. While we view China as relatively cheap after a 43% decline since its peak in February of last year, we are cautious there for the moment given the potential economic and political impacts of an ongoing COVID outbreak, the conflict in Ukraine, and an ongoing dispute with the US over the listing of Chinese companies there and have cut our exposure by about 3.5% to near index weight.

As we said last quarter, we continue to favor slightly more "boring" companies with pricing power, more consistent earnings and profitability, or discounted stocks with attractive valuations and rerating potential. A number of those names were good relative performers for the fund in the 1st quarter. While we thought international equities began the year cheap to the U.S. given nearly 15 years of U.S. outperformance, relative valuations only got cheaper in the 1st quarter given the conflict in

Top Performers (1Q22)

Name	Contrib. (%)	Avg. Weight (%)
Mitsubishi UFJ Financial Group, Inc.	0.36	3.06
Canadian Pacific Railway	0.35	2.31
AstraZeneca PLC	0.32	1.98
Nintendo Co.	0.14	1.82
Orange	0.12	1.35

Top Detractors (1Q22)

Name	Contrib. (%)	Avg. Weight (%)
ING Groep	-0.65	2.43
Infineon Technologies	-0.60	2.23
Shopify, Inc.	-0.58	0.78
Recruit Holdings Co.	-0.57	1.95
NIO, Inc.	-0.53	0.64

Ten Largest Holdings (as of 28 Feb 2022)

Holding	Weight (%)
TotalEnergies SE	3.8%
Mitsubishi UFJ Financial Group, Inc.	3.1%
China Merchants Bank Co. Ltd.	3.1%
CME Group, Inc.	3.0%
LVMH Moet Hennessy Louis Vuitton SE	2.8%
ABB Ltd.	2.7%
Kuehne + Nagel International AG	2.6%
Tencent Holdings Ltd.	2.5%
E.ON SE	2.4%
Intesa Sanpaolo SpA	2.4%

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Ukraine, with the relationship between 12-month forward P/E ratios on the S&P 500 and the ACWI ex USA now 2.2 standard deviations cheap to its 15-year average. We note that the Eurozone and China in particular got cheaper during the quarter with the Eurozone likely on hold given the economic impacts of the conflict and China likely to ease monetary, fiscal and regulatory policy while the U.S. has just begun to tighten. None of this is a call for a market turn just yet and we are still cautious, but it might be a call for investors who remain underweight International vs. the U.S. to re-examine their positioning.

Important Information

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

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.

Basic Value: Companies generally operating in mature industries and which generally exhibit more economic sensitivity and/or higher volatility in earnings and cash flow.

Consistent Earners: Companies which generally exhibit predictable growth, profitability, cash flow and/or dividends.

Emerging Franchises: Companies with the potential to grow at an above average rate because of a product or service that is establishing a new market and/or taking share from existing participants.

Basis Point (bp) – A unit equal to 1/100th of 1%. 1% = 100 basis points (bps).

Emerging EMEA (Europe, Middle East, Africa) - Includes but is not limited to the Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa, and Turkey. Classifications are subject to change. Portfolio and benchmarks may or may not be invested in the named countries, depending upon the date and time period.

Yield Curve - A line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates.

The MSCI ACWI ex USA Growth Net Total Return USD Index is a market capitalization weighted index that includes growth companies in developed and emerging markets throughout the world, excluding the United States.

The MSCI China Index captures large- and mid-cap representation across China H shares, B shares, Red chips, P chips, and foreign listings (e.g. ADRs). With 461 constituents, the index covers about 85% of this China equity universe.

The MSCI ACWI ex USA Net Total Return USD Index is a market capitalization weighted index representative of the market structure of 46 developed and emerging market countries in North and South America, Europe, Africa, the Middle East, and the Pacific Rim, excluding securities of United States' issuers. The index is calculated with net dividends reinvested in U.S. dollars.

The MSCI EAFE (Europe, Australasia, Far East) Net Total Return USD Index is an unmanaged index. It is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas developed markets on a U.S. dollar adjusted basis. The index is calculated with net dividends reinvested in U.S. dollars.

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.