

Thornburg Developing World Fund

Portfolio Manager Commentary

31 March 2022



Market Review

Global equities sold off sharply in response to Russia's invasion of Ukraine in late February. In addition to sparking a large scale humanitarian crisis, the situation carries a wide-range of geopolitical and economic implications as well. While rising global inflation was already a growing concern for markets, surging commodity prices spurred by Russia's actions are stoking fears that inflation may persist for longer than anticipated.

While emerging markets declined in aggregate during the quarter, more than two-thirds of the index's country-level constituents saw positive returns despite the rising geopolitical tensions. Russia, which was officially cut from the MSCI EM Index during March, was the largest performance headwind, but China was also an outsized detractor. Beijing's perceived ties to Russia, coupled with new lockdowns in Shanghai and renewed fears around ADR delisting in the U.S., continued to drive risk-off sentiment towards EM's largest economy.

It wasn't all bad news for EM though. Latin American markets, which were net beneficiaries of booming commodities prices, return more than 25% for the quarter. Other commodity net exporters, such as Saudi Arabia and South Africa, also posted strong gains.

First-Quarter 2022 Performance Highlights

- The Thornburg Developing World Fund declined 10.4% (I shares), underperforming its benchmark, the MSCI EM Index, which was down 7.0%.
- The financials and energy sectors both detracted from the fund's relative performance. In both sectors, stock selection was the primary driver of underperformance. Stock selection within materials and consumer discretionary contributed positively to the fund's relative performance.

In this environment, we are focused on identifying a range of possible macro outcomes and are building a portfolio we think can be durable across a variety of those scenarios.

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 Mar 2022)

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares THDAX (Incep: 16 Dec 2009)							
Without Sales Charge	-10.50	-10.50	-14.46	6.25	7.80	4.83	6.17
With Sales Charge	-14.52	-14.52	-18.30	4.63	6.81	4.35	5.78
I Shares THDIX (Incep: 16 Dec 2009)	-10.44	-10.44	-14.16	6.63	8.20	5.27	6.65
MSCI Emerging Markets NTR Index	-6.97	-6.97	-11.37	4.94	5.98	3.36	3.71

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.

THORNBURG DEVELOPING WORLD FUND

Portfolio Manager Commentary

31 March 2022



- On a geographic basis, an underweight allocation to commodities-led economies like the UAE, South Africa and Saudi Arabia detracted from relative performance. Stock selection within Russia was detractive, but the fund's underweight allocation contributed positively to relative performance. Additionally, security selection in China was detractive, while an overweight allocation to Latin America contributed positively to relative performance.
- The financials and consumer staples sectors both detracted from the fund's relative performance. In both sectors, stock selection was the primary driver of underperformance. Stock selection within materials and an underweight allocation to healthcare contributed positively to the fund's relative performance.
- On a geographic basis, stock selection within Brazil and the Philippines both detracted from the fund's relative performance. The portfolio's stock selection in India and Korea contributed positively to the fund's relative performance.

Current Positioning and Outlook

Prior to the Russia-Ukraine crisis, our base case was the continuation of a broad-based global recovery across EM. We were cautious to the potential impact of inflation across markets, but generally viewed it as an outcome of demand recovering faster than idled supply restarts versus certain segments truly getting overheated. While a global shift from policy easing to tightening remains a risk to equities markets, we believed the backdrop for EM remained attractive due to strong corporate earnings, a healthy consumer base, and low valuations both on a historical basis and relative to developed markets.

In light of recent events, there is an elevated level of uncertainty at play and no one can predict with any reasonable amount of certainty exactly how the geopolitical situation will unfold. In this environment, we are focused on identifying a range of possible macro outcomes and are building a portfolio we think can be durable across a variety of those scenarios. As bottom-up investors, we're anchoring to fundamentals and asking ourselves which companies most control their own outcomes—regardless of what happens geopolitically. In areas of the market where things may be less clear, we are working to identify where are we being properly compensated to take external risk in areas.

While our shorter-term outlook has shifted, we believe current market forces remain favorable for our active approach and orientation toward identifying strong businesses durable enough to not to survive periods of EM volatility.

Top Performers (1Q22)

Name	Contrib. (%)	Avg. Weight (%)
First Quantum Minerals Ltd.	1.18	3.18
Sociedad Química	0.99	1.92
B3 - Brasil, Bolsa, Balcão	0.93	2.00
Grupo Aeroportuario del Pacífico	0.40	2.17
Telefônica Brasil	0.32	1.12

Top Detractors (1Q22)

Name	Contrib. (%)	Avg. Weight (%)
PJSC LUKOIL	-1.21	1.41
Tencent Holdings Ltd.	-1.14	5.44
PAO NOVATEK	-1.07	0.94
Taiwan Semiconductor Manufacturing Co	-0.68	8.91
Hygeia Healthcare	-0.62	0.91

Ten Largest Holdings (as of 28 Feb 2022)

Holding	Weight (%)
Taiwan Semiconductor Manufacturing Co. Ltd.	8.7%
Tencent Holdings Ltd.	5.6%
Samsung Electronics Co. Ltd.	3.9%
First Quantum Minerals Ltd.	3.6%
Yum China Holdings, Inc.	3.4%
AIA Group Ltd.	2.9%
Micron Technology, Inc.	2.9%
HDFC Bank Ltd.	2.8%
Alibaba Group Holding Ltd.	2.3%
Grupo Aeroportuario del Pacifico S.A.B. de C.V.	2.3%

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.

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.

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.

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.