

# HIGH YIELD STRATEGY

QUARTERLY FACT SHEET | 31 MARCH 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

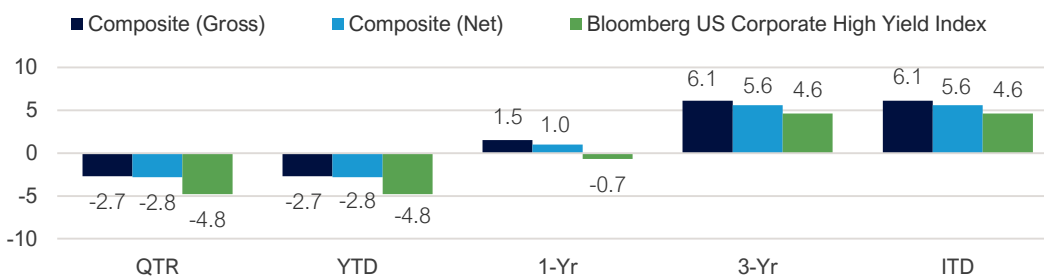
**Christian Hoffman, CFA**  
Began with firm in 2012.  
Industry experience since 2004.

**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%.

## STRATEGY PROFILE

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

**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 year vs. Bloomberg Corporate U.S. High Yield Bond Index

## AVAILABLE VEHICLES

Separate Accounts

\*Includes assets under management (\$44.2B) and assets under advisement (\$1.7B).

\*\*Includes U.S. Mutual Fund, UCITS, Separate Accounts and Institutional Accounts.

# PORTFOLIO CHARACTERISTICS

## RISK STATISTICS

(GROSS VS. BLOOMBERG US CORPORATE HIGH YIELD INDEX)

	1-YR	INCEPTION
Annualized Alpha	1.83%	2.93%
Beta	0.60	0.65
Standard Deviation	2.63%	5.91%
R-Squared	91.39%	97.15%
Sharpe Ratio	0.53	0.90
Information Ratio	1.13	0.44
Up Capture	81.44%	80.84%
Down Capture	49.23%	50.39%

Past performance does not guarantee future results.

ASSET CLASS (%)	REP. ACCT.
Corporate	76.5
Basic Materials	2.8
Communications	6.6
Consumer, Cyclical	8.3
Consumer, Non-Cyclical	22.4
Diversified	0.0
Energy	6.5
Financial	7.8
Industrial	10.2
Technology	10.4
Utilities	0.9
Asset Backed	7.2
Bank Loans	5.9
Collateralized Mortgage Obligation	2.5
Comm. Mortgage-backed Securities	1.6
Preferred Stock	0.5
Cash & Cash Equivalents	5.9

TOP FIVE COUNTRIES† (%)	REP. ACCT.
United States	88.1
Canada	6.4
Ireland	2.4
Guatemala	0.8
Australia	0.8

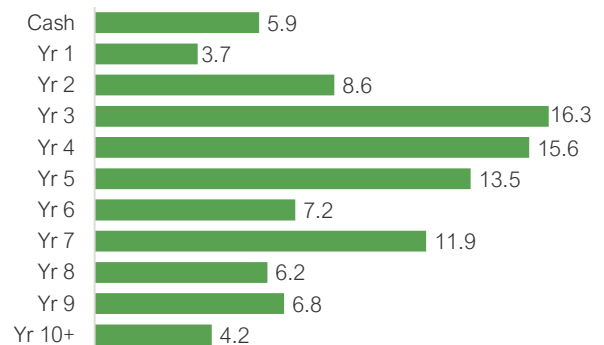
† Holdings are classified by country of risk as determined by MSCI and Bloomberg.

PORTFOLIO STATISTICS	REP. ACCT.
Weighted Average Coupon	4.9%
Weighted Average Price	97.5
Average Effective Maturity	4.3 Yrs
Average Effective Duration	2.8 Yrs
Average Credit Quality	BB-
Yield to Worst	5.3%
Number of Countries	7

CREDIT QUALITY RATINGS (%)*	% OF FIXED INCOME
U.S. Government	1.8
AAA	0.4
AA	0.1
A	0.4
BBB	8.3
BB	49.7
B	24.7
CCC	0.7
NR	6.9
Cash & Cash Equivalents	5.9

‡ 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 (%)



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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  
+86-21-6133 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

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\*Includes assets under management (\$44.2B) and assets under advisement (\$1.7B).

# IMPORTANT INFORMATION

Source: FactSet, and Thornburg.

Unless otherwise noted, all data is as of 31 March 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.

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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.

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.

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