

Thornburg Small/Mid Cap Growth Fund

Portfolio Manager Commentary

30 September 2025



Market Review

Markets delivered solid gains in the third quarter, extending the recovery that began in late spring, buoyed by renewed optimism over easing monetary policy, solid corporate earnings, and resilient investor sentiment. The Federal Reserve delivered its long-anticipated rate cut in September, lowering rates by 25 basis points in response to signs of a cooling labor market and broader economic moderation. While uncertainty surrounding the U.S. election cycle and the Trump administration's ongoing trade negotiations remained an overhang, the broad economic backdrop proved supportive for risk assets.

Small and mid-cap equities outperformed large caps during the quarter, benefiting from expectations of lower rates and increased investor appetite for domestic cyclical. At the sector level, information technology delivered another strong quarter, with semiconductor and software companies supported by increased spending on data centers and power infrastructure tied to AI adoption. Industrials also outperformed as companies with exposure to transportation, aerospace supply chains, and specialized manufacturing reported improving order trends. The consumer staples sector, with a bias towards companies with more defensive characteristics, lagged during the risk on rally.

We see a constructive outlook but expect near-term sentiment swings to persist.

Portfolio Managers

Steven Klopukh, CFA

Portfolio Manager

Tim McCarthy, CFA

Portfolio Manager

Supported by the entire Thornburg investment team

AVERAGE ANNUAL TOTAL RETURNS (%)

AS OF 30 SEPTEMBER 2025

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares THCGX (Incep: 27 Dec 00)							
Without sales charge	5.30	2.25	5.16	14.51	1.05	7.88	6.49
With sales charge	0.57	-2.33	0.44	12.77	0.12	7.39	6.30
I Shares THIGX (Incep: 3 Nov 03)*	5.46	2.66	5.70	15.06	1.50	8.33	7.00
Russell 2500 Growth Index	10.73	9.95	12.62	15.97	7.76	10.93	8.23

EXPENSE RATIOS (%)

	GROSS	NET
A Shares THCGX (Incep: 27 Dec 00)		
Without sales charge	--	--
With sales charge	1.42	1.42
I Shares THIGX (Incep: 3 Nov 03)*	1.08	0.95

*Prior to inception of this share class, performance is hypothetical and was calculated from actual returns of the class A shares adjusted for the expenses of the newer share class.

Returns for less than one year are not annualized. ITD is inception to date.

Class I shares may not be available to all investors. Minimum investments for the I share class may be higher than those for other classes.

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. Thornburg Investment Management and/or Thornburg Securities LLC have contractually agreed to waive fees and reimburse expenses through at least 1 February 2026, for some of the share classes; these are reflected in the net expense ratio. For more detailed information on fund expenses and waivers/reimbursements, please see the fund's prospectus.

THORNBURG SMALL/MID CAP GROWTH FUND

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Third Quarter 2025 Performance Highlights

- In 3Q25 the portfolio (I share class) returned 5.46%, -527 basis points behind the Russell 2500 Growth Index. Year to date the portfolio (I share class) returned 2.66%, -729 basis points behind the Russell 2500 Growth Index.
- Stock selection within industrials and financials hampered relative performance. Stock selection within information technology and consumer staples contributed positively to relative results.
- The portfolio's stock selection in companies within the larger cap segment of the universe (greater than 12B market cap) detracted from relative results. However, an overweight to the large cap segment of the universe contributed positively to relative results.

Current Positioning and Outlook

We continue to maintain a bias toward the larger end of the small- and mid-cap universe, with an emphasis on higher-quality companies that exhibit durable growth characteristics, strong balance sheets, and more resilient business models. Over a market cycle, we believe this quality and defensive orientation will contribute to attractive risk-adjusted returns, but these factor exposures have faced stiff headwinds in more recent periods.

As equity markets have become more macro driven, we continue to look for opportunities to high-grade the portfolio on any market driven dislocations, i.e., buy what we view as durable, high-growth companies at more reasonable valuations.

We expect to see shorter-term periods where equities vacillate between "risk-on" and "risk-off" sentiment. To help hedge this volatility, we are managing more of a barbell portfolio—balancing higher beta exposure with more defensive, consistent earners. We're maintaining a long-term perspective focusing on companies which possess earnings visibility and are less likely to be victimized by macroeconomic factors outside of their control. We continue to maintain a large overweight to information technology and industrials. Recently, we modestly decreased our exposure to consumer discretionary and have added a bit more economic sensitivity within our financials exposure.

Looking ahead, we remain constructive on the outlook for small and mid-cap equities, even as the macro backdrop continues to evolve. The relative valuation discount versus large caps remains historically wide, and we believe improving market breadth and clearer visibility into Federal Reserve policy are supportive of a continued normalization in performance across market capitalizations. Importantly, many companies in the SMID universe continue to display resilient demand trends and are less dependent on complex global supply chains, which may help buffer them from potential trade-related volatility.

At the same time, we recognize that the near-term environment is likely to remain choppy. Shifts in expectations around interest rates, fiscal policy, and the post-election regulatory landscape have contributed to episodic swings in investor sentiment. In this context, we believe focusing on quality remains essential. Businesses with durable competitive advantages, strong balance sheets, and the ability to fund growth internally are, in our view, better positioned to navigate uncertainty and sustain earnings power across market conditions.

TEN LARGEST HOLDINGS

AS OF 31 AUGUST 2025	% FUND
CyberArk Software Ltd.	4.4
Casella Waste Systems, Inc.	3.7
SharkNinja, Inc.	3.5
Credo Technology Group Holding Ltd.	3.4
Pure Storage, Inc.	3.4
Insmed, Inc.	3.2
Agilysys, Inc.	3.2
Argan, Inc.	3.1
Vertiv Holdings Co.	3.1
Celsius Holdings, Inc.	2.8

TOP 5 CONTRIBUTORS (%) 3Q25

	AVERAGE WEIGHT	CONTRIB. TO RETURN
Credo Technology Group Holding Ltd.	3.69	1.78
Rambus, Inc.	2.86	1.51
Pure Storage, Inc.	2.85	1.15
Insmed, Inc.	2.79	1.09
SiTime Corp.	2.02	0.87

BOTTOM 5 DETRACTORS (%) 3Q25

	AVERAGE WEIGHT	CONTRIB. TO RETURN
Monday.com Ltd.	2.29	-1.31
Casella Waste Systems, Inc.	3.86	-0.82
Ryan Specialty Holdings, Inc.	1.85	-0.67
Shift4 Payments, Inc.	2.52	-0.60
Inspire Medical Systems, Inc.	0.96	-0.55

Source: FactSet

BASKET ALLOCATION

	% FUND
Emerging Franchise	62.5
Consistent Grower	23.9
Disruptor	13.2
Cash	0.5

THORNBURG SMALL/MID CAP GROWTH FUND

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Important Information

Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of 30 September 2025.

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.

Consistent Growers: generally exhibit steady earnings and revenue growth, often with subscription or other recurring revenue profiles. These firms tend to buoy the portfolio in weak markets.

Disruptors: Companies which are at the early stages of growth; which usually possess highly innovative or differentiated products and services, but which may require substantial additional time or investment to capitalize on market opportunities and achieve profitability.

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).

The Russell 2500 Growth Index (Russell 2500 Growth TR) is designed to measure the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

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.

Not FDIC Insured. May lose value. No bank guarantee.

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.

Active by Design

Thornburg is a privately owned, global investment firm delivering active, high-conviction portfolios to institutions, advisors, and investors. Founded in 1982, we specialize in income and global equity strategies—each designed to support long-term goals and deliver alpha—available through institutional strategies, mutual funds, ETFs, closed-end funds, managed accounts, CITs, and UCITS.

