

# Thornburg Developing World Fund

## Portfolio Manager Commentary

31 December 2025



### Market Review

Global equity markets finished the year on a strong note in the fourth quarter, supported by increasing optimism for easier monetary policy, lower-than-expected inflation trends, and generally resilient corporate earnings. At the same time, signs of a softening, but still expanding, global economy helped ease recession concerns and supported a broader risk-on tone into year-end. Across developed regions, investors broadened their focus beyond narrow market leaders, driving renewed interest in sectors like financials, industrials, and consumer-oriented companies tied to economic activity. The U.S. dollar weakened, reflecting confidence that the Federal Reserve's tightening has ended. This benefited non-U.S. assets, with international and emerging markets outperforming U.S. stocks.

Emerging markets returned nearly 5% during the fourth quarter, bringing full-year gains to more than 33%, the strongest calendar-year return since 2017. During the quarter, Korea and Taiwan were among the strongest contributors, reflecting their heavy exposure to global semiconductor and technology cycles. As investors broadened beyond U.S. mega-cap tech, these markets emerged as key beneficiaries. Chinese equities underperformed, as ongoing property-sector stress and soft domestic consumption offset policy support measures. As a result, investor positioning remained cautious despite historically attractive valuation levels.

Sector-level performance during the quarter reflected notable dispersion across sectors, with leadership driven by economically sensitive and technology-oriented areas of the market. Information Technology was the largest contributor to returns, supported by continued strength in semiconductor and hardware-related names. Materials also added meaningfully, benefitting from improving sentiment around global manufacturing and demand trends. Industrials and Financials contributed positively as well, reflecting a more constructive backdrop for cyclical activity. In contrast, more defensive and interest-rate-sensitive sectors lagged. Consumer Discretionary, Health Care, and Communication Services were among the weakest contributors.

The environment remains complex, but we believe conditions are increasingly conducive for bottom-up stock picking.

### Portfolio Managers

**Pablo Echavarria, CFA**

Portfolio Manager

**Di Zhou, CFA, FRM®**

Portfolio Manager

Supported by the entire Thornburg investment team

#### AVERAGE ANNUAL TOTAL RETURNS (%)

AS OF 31 DECEMBER 2025

	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
A Shares THDAX (Incep: 16 Dec 09)							
Without sales charge	4.29	27.31	27.31	12.47	0.48	6.67	5.78
With sales charge	-0.40	21.58	21.58	10.76	-0.44	6.19	5.48
I Shares THDIX (Incep: 16 Dec 09)	4.41	27.82	27.82	12.96	0.89	7.11	6.25
MSCI Emerging Markets Index	4.73	33.57	33.57	16.40	4.20	8.42	4.80

#### EXPENSE RATIOS (%)

	GROSS	NET
A Shares THDAX (Incep: 16 Dec 09)		
Without sales charge	--	--
With sales charge	1.62	1.62
I Shares THDIX (Incep: 16 Dec 09)	1.29	1.04

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](http://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 2027 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.*

## Fourth Quarter 2025 Performance Highlights

- In 4Q25 the portfolio (I share class) returned 4.41%, -32 basis points behind the MSCI Emerging Markets Index. Year to date the portfolio (I share class) returned 27.82%, -575 basis points behind the MSCI Emerging Markets Index.
- Stock selection from Industrials, along with stock selection and an overweight allocation to Consumer Discretionary, detracted from relative performance. On a sector basis, stock selection within Information Technology as well as an underweight allocation to Communication Services contributed positively to relative results.
- From a geographic perspective, stock selection within South Africa and Brazil were headwinds to relative performance. An underweight allocation to China, along with India and Mexico, contributed positively to relative performance.

## Current Positioning and Outlook

Entering 2026, we continue to emphasize higher-quality businesses within emerging markets where competitive advantages and management teams have demonstrated an ability to navigate challenging environments. Balance sheet strength and consistent free cash flow generation remain central to our underwriting discipline. While this quality bias has, at times, faced headwinds during more speculative phases of the market, we believe it positions the portfolio to deliver attractive risk-adjusted returns over a full market cycle.

As emerging market equities remain sensitive to shifts in global risk appetite, policy expectations, and currency dynamics, we anticipate ongoing periods of volatility marked by rotations between “risk-on” and “risk-off” sentiment. In response, we are increasingly managing the portfolio with a more deliberate balance between higher-growth opportunities and more defensive, consistent earners. Across this framework, our focus remains on businesses with earnings visibility and idiosyncratic drivers that are less dependent on macroeconomic outcomes outside of their control. We have also been moving toward greater portfolio concentration—targeting approximately 40–50 holdings—and tighter risk parameters, reflecting higher conviction in our best ideas.

Looking ahead, we remain constructive on the outlook for emerging market equities, even as global growth and policy dynamics continue to evolve. Valuations across many EM markets remain attractive relative to developed peers, and improving breadth has begun to highlight a wider opportunity set. In addition, select EM economies and companies are benefitting from structural tailwinds tied to technology adoption, domestic consumption, and supply chain realignment.

### TEN LARGEST HOLDINGS

AS OF 30 NOVEMBER 2025	% FUND
Taiwan Semiconductor Manufacturing Co. Ltd.	14.6
Naspers Ltd.	7.0
AIA Group Ltd.	4.0
SK hynix, Inc.	3.5
Alibaba Group Holding Ltd.	3.2
Samsung Electronics Co. Ltd.	3.2
ICICI Bank Ltd.	3.2
Bid Corp. Ltd.	3.2
Arca Continental S.A.B. de C.V.	2.9
Bank Central Asia Tbk PT	2.7

### TOP 5 CONTRIBUTORS (%)

4Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
Taiwan Semiconductor Manufacturing Co. Ltd.	14.81	2.16
SK hynix, Inc.	3.48	2.11
Samsung Electronics Co. Ltd.	3.27	1.16
BBB Foods, Inc.	1.26	0.32
Reliance Industries Ltd.	2.17	0.28

### BOTTOM 5 DETRACTORS (%)

4Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
Alibaba Group Holding Ltd.	3.38	-0.74
Naspers Ltd.	7.56	-0.66
Sea Ltd.	1.29	-0.44
LIG Nex1 Co. Ltd.	1.59	-0.27
Nien Made Enterprise Co. Ltd.	1.27	-0.26

Source: FactSet

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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 31 December 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.

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

The MSCI Emerging Markets Index (MSCI Emerging Markets NTR) is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

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](http://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.

