

Thornburg International Equity Strategy

Portfolio Manager Commentary

31 December 2025



The Thornburg International Equity Strategy produced a total return of 4.49% (net of fees) for the three-month period ended December 31, 2025, underperforming its MSCI ACWI-ex U.S. benchmark, which gained 5.05%. Over the 12 months to December 31, the strategy outperformed with a 34.39% (net) gain, versus the index return of 32.39%.

Various economic and market indicators pointed to both challenges and resilience across major economies and markets in the last leg of 2025, extending the dynamic on display throughout the year. Trade tensions remained a significant theme, with continuing negotiations between the U.S. and its major trade partners, including China, which is also in contentious trade talks and tit-for-tat tariff and procurement walls with the European Union.

But technology-related industries showed strength, particularly in Northeast Asia and the U.S., where chip stocks rallied on AI optimism. The fourth quarter's macro developments impacted global equities and kept investors both optimistic about the U.S. market backdrop, but also on edge. The U.S. Federal Reserve cut its target rate 25 basis points in December. The Bank of Japan followed suit, lifting its rate a quarter point as well. But the ECB stood pat last month.

While policy rate stability in Europe, combined with fiscal stimulus, boosted investor sentiment in the region, the BOJ's incremental rate normalization came amid spikes in Japanese government 30–40 year bond yields to record highs, as re-priced global rate differentials played out in currency markets. The U.S. dollar treaded water against the euro in the fourth quarter but strengthened vs the yen. Political risk was also prevalent as France's governing instability fueled economic uncertainty, while tensions between Japan and China intensified amid a more nationalist turn in Japan, where concern over Beijing's

Our active positioning has effectively enabled us to anticipate and navigate a variety of complex environments.

Portfolio Managers

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Supported by the entire Thornburg investment team

Average Annual Returns (% , as of 31 Dec 2025)

	QTD	YTD	1-YR	3-YR	5-YR	10-YR	ITD
International Equity Composite (Gross)	4.68	35.38	35.38	21.25	10.23	10.24	9.50
International Equity Composite (Net)	4.49	34.39	34.39	20.34	9.40	9.43	8.42
MSCI ACWI ex-U.S. Index Index	5.05	32.39	32.39	17.33	7.91	8.41	5.68
MSCI EAFE Index Index	4.86	31.22	31.22	17.22	8.92	8.18	5.34

Annual Return Performance Summary (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
International Equity Composite (Gross)	16.97	16.80	-4.62	6.87	-1.48	26.55	-19.11	30.32	23.92	8.62	-15.95	16.98	12.55	35.38
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009	2011
	-	65.92	-0.03	-9.12	-9.03	42.15	19.56	19.30	27.24	29.12	-41.58	33.55	15.19	-12.23
International Equity Composite (Net)	16.26	16.09	-5.22	6.15	-2.16	25.68	-19.70	29.38	23.01	7.82	-16.58	16.09	11.70	34.39
	-	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	-	63.38	-1.57	-10.52	-10.45	40.01	17.81	17.90	25.84	27.81	-42.22	32.17	14.02	-12.79
MSCI ACWI ex-U.S. Index	16.83	15.29	-3.87	-5.66	4.50	27.19	-14.20	21.51	10.65	7.82	-15.99	15.62	5.53	32.39
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	-	30.91	-15.09	-19.73	-14.95	40.83	20.91	16.62	26.65	16.65	-45.53	41.45	11.15	-13.71
MSCI EAFE Index	17.32	22.78	-4.90	-0.81	1.00	25.03	-13.79	22.01	7.82	11.26	-14.45	18.24	3.82	31.22
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	-	26.96	-14.17	-21.44	-15.94	38.59	20.25	13.54	26.34	11.17	-43.38	31.78	7.75	-12.14

Source: CAPS

In US\$ terms. Returns may increase or decrease as a result of currency fluctuations.

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

Performance data for the International Equity Strategy is from the International Equity Composite, inception date of 1 June 1998. The International Equity Composite includes discretionary accounts invested in the International Equity Strategy, with the exception of accounts in which currency hedging is not allowed. Returns are calculated using a time-weighted and asset-weighted calculation including reinvestment of dividends and income. 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. For periods prior to 2011, net returns for some accounts in the composite also reflect the deduction of administrative expenses. 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%.

Taiwan policy grew. We welcomed the volatility induced by macro events.

We are now in the 28th year of managing Thornburg International Equity Strategy. From its inception on June 1, 1998, through December 31, 2025, the Thornburg International Equity Strategy has outperformed the MSCI ACWI ex-U.S. Index by an average margin of nearly 3% per annum.

As of December 31, 2025, the trailing average price/earnings ratio for the equity investments of Thornburg International Equity Strategy was 20.9x, compared to an average multiple of 18.5x for the MSCI ACWI ex-U.S. Index. We believe our focused, yet diversified portfolio of highly-select, attractively priced firms with strong fundamentals and earnings power has been key to the Thornburg International Equity Strategy's long-term outperformance. The quality of this portfolio is also reflected in the aggregate metrics shown in Table 1.

The strategy's top 10 positions comprised 28% of the strategy's total assets as of December 31, 2025, while its cash position constituted 8.1% and the other 39 equities comprised a total of 63.9% of strategy assets. We believe the roughly 50 businesses in the portfolio are world class. They have proven records in successfully navigating economic shocks, volatile market cycles, and ultimately strengthening their competitive positions. We consider them attractively valued relative to their earnings power.

The strategy has highly select exposures to firms in industrials, utilities, financials and information technology, whether overweight relative to the index, as in the case of the first two, or underweight, as with the latter two. On a regional basis, it remains overweight France, Japan and Germany based on our bottom-up, fundamental assessments of individual companies within the broader opportunity set.

We made various position adjustments over the course of the fourth quarter for portfolio diversification purposes and to better balance the downside risk and upside capital appreciation potential of individual positions. These changes included one new position, three eliminations, 14 increases and 32 decreases in position sizes. The following table shows sector weightings within the International Equity Strategy portfolio as of December 31, 2025.

Table 2 | International Equity Strategy Sector Weights (as of 31 December 2025)

Sector	12/31/23	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25	6/30/25	9/30/25	12/31/25	YoY% Change
Industrials	20.29	21.95	22.73	23.54	24.05	22.95	24.73	23.93	23.30	3.1%
Financials	16.62	16.29	16.07	13.55	14.58	16.31	14.62	15.07	16.30	12%
Information Technology	9.92	10.92	12.35	11.81	13.47	10.72	9.42	10.22	9.43	-30%
Consumer Staples	9.24	9.38	9.29	8.99	6.75	5.61	5.79	6.31	5.98	-11%
Utilities	7.90	7.63	7.62	7.97	8.41	9.01	8.61	9.15	9.23	9.8%
[Cash]	6.77	4.33	5.81	4.59	3.67	7.16	8.09	8.20	8.14	122%
Materials	6.39	5.78	5.42	5.76	5.99	6.35	6.65	5.80	6.44	7.5%
Communication Services	6.12	6.99	3.89	3.90	3.92	3.16	2.89	2.80	2.92	-26%
Health Care	5.87	5.76	6.83	5.87	6.31	6.78	8.00	6.26	7.60	20%
Energy	5.53	5.30	4.82	4.18	4.12	4.47	3.88	3.63	3.57	13%
Consumer Discretionary	5.47	5.67	5.06	9.93	8.71	7.48	7.33	8.63	7.09	-19%
Real Estate	--	--	--	--	--	--	--	--	--	--
[Unassigned]	--	--	--	--	--	--	--	--	--	--
[Currency Forward]	-0.11	--	0.11	-0.08	--	--	--	--	--	--

May not add up to 100% due to rounding.

Global Economic Outlook

Global economic growth is projected to slow to 2.9% in 2026 from an estimated 3.2% in 2025, according to Bloomberg composite forecasts, driven by U.S. trade tariffs, policy uncertainty and regional challenges. The European Union is expected to grow a modest 1.4% this year, supported by stable monetary policy and fiscal stimulus. Japan's growth is projected to decelerate to 0.8%, amid rising rates. China's growth, on the other hand, is losing steam, despite Beijing's monetary and fiscal stimulus. While inflation in the U.S., Europe and Japan is running above target by varying degrees, inflation is generally moving lower in these regions. On the other hand, China has been fighting outright deflation and prices are seen rising modestly this in 2026.

Table 1 | International Equity Strategy Metrics

	PE Forward 2-Yr Est	Price/Cash Flow	Historic 3-Yr EPS Growth	Debt/Equity	Net Debt/EBITDA
International Equity Strategy	15.4x	6.7x	33.9%	93.7%	0.84x
MSCI ACWI ex-U.S. Index	14.6x	10.1x	14.4%	110%	1.9x

Source: Factset, 12/31/2025

Past performance does not guarantee future results.

Our Investment Framework

Thornburg International Equity Strategy seeks to identify the premier foreign producers of goods and services. We aim to understand the underlying drivers of corporate earnings and strive to take advantage of market volatility, when share prices can deviate meaningfully from business fundamentals. We monitor our portfolio companies' ability to manage cost inflation and maintain revenue and profit margins consistent with our expectations.

Our portfolio intends to provide investors with long-term capital appreciation from a focused, yet diversified portfolio of compelling international equity investments. We focus on identifying the most attractive risk-reward opportunities at the company level. Our investment approach is rooted in bottom-up analysis, consistently seeking stocks that are trading at a discount to intrinsic value.

We urge investors of the strategy to maintain a long-term perspective. Most portfolio businesses have managed well through varying economic environments across business cycles. The strategy seeks to generate superior risk-adjusted returns through a full market cycle and provide investors with differentiated access to international markets. Stock selection has historically been the key driver of portfolio returns.

Thank you for being an investor of Thornburg International Equity Strategy. You can monitor the holdings of Thornburg International Equity Strategy and obtain more information on our website, www.thornburg.com.

Important Information

The performance data quoted represents past performance; it does not guarantee future results.

Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc., as of 31 December 2025.

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.

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Portfolios invested in a limited number of holdings may expose an investor to greater volatility.

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

The MSCI ACWI ex-U.S. Index (MSCI ACWI ex US NTR) 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 returns reflect the reinvestment of dividends and other earnings, are net of withholding taxes, and do not include any trading costs, management fees or other expenses.

The MSCI EAFE Index (MSCI EAFE NTR) 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.

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. The index shown is unmanaged, reflect total returns and assume the reinvestment of all income in U.S. dollars. It does not reflect any management fees or brokerage expenses associated with a portfolio's returns. Returns for an actual portfolio may differ from those of an index due to (among other things) differences in timing and the amount invested and fees and expenses. Investors may not make direct investments into any index.

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