Thornburg Emerging Markets Equity Strategy

Portfolio Manager Commentary
31 December 2025

Thornburg

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

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Supported by the entire Thornburg investment team

ANNUALIZED RETURNS (%) AS OF 31 DECEMBER 2025	**QTR**	**YTD**	**1-YR**	**3-YR**	**5-YR**	**10-YR**	**ITD (1 JAN 10)**
Composite (Gross)	4.67	29.13	29.13	14.12	1.95	8.24	7.37
Composite (Net)	4.43	27.91	27.91	13.05	0.99	7.25	6.36
MSCI Emerging Markets Index	4.73	33.57	33.57	16.40	4.20	8.42	4.70

CALENDAR YEAR RETURNS (%)	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Composite (Gross)	29.13	6.89	7.68	-24.69	-1.61	24.44	30.88	-13.94	37.26	4.20
Composite (Net)	27.91	5.89	6.67	-25.41	-2.53	23.29	29.67	-14.72	36.12	3.28
MSCI Emerging Markets Index	33.57	7.50	9.83	-20.09	-2.54	18.31	18.42	-14.58	37.28	11.19

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 Emerging Markets Equity Strategy is from the Emerging Markets Equity Composite, inception date of 1 January 2010. The Emerging Markets Equity Composite includes discretionary accounts invested in the Emerging Markets Equity Strategy. 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%.

Fourth Quarter 2025 Performance Highlights

- In 4Q25 the portfolio (net of fees) returned 4.43%, -30 basis points behind the MSCI Emerging Markets Index. Year to date the portfolio (net of fees) returned 27.91%, -566 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 EQUITY HOLDINGS (%) AS OF 30 NOVEMBER 2025	REP. ACCT.
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 (%) REP. ACCT. (GROSS) | 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 (%) REP. ACCT. (GROSS) | 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

Past performance does not guarantee future performance. Performance characteristics are reported gross of fees and do not reflect the deduction of all fees and expenses that an investor has paid or would have paid. Gross data could appear better in comparison to net data. The net and gross performance of the total portfolio from which the data was calculated is included on page one.

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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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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.

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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