Thornburg International Growth Strategy

Portfolio Manager Commentary
31 December 2025

Thornburg

Market Review

International equities posted strong returns in the fourth quarter of 2025, shaped by a notable inflection in U.S. monetary policy and diverging central-bank paths elsewhere, amid persistent geopolitical risk. In December, the Federal Reserve delivered its second rate cut of the year, citing cooling inflation, a softening labor-market, and tighter financial conditions. Importantly, the Fed had ended its quantitative tightening one month earlier, and investors widely interpreted its subsequent balance-sheet guidance—renewed liquidity injections and reinvestment flexibility—as a shift back to quasi–"quantitative easing."

Outside the U.S., monetary policy was less synchronized. The ECB signaled a cautious bias toward further easing as growth softened in the Eurozone and inflation drifted toward target. The Bank of Japan kept its gradual normalization, allowing yields to stay more market-driven while emphasizing patience. In China, policy combined targeted fiscal measures with incremental monetary support to stabilize its property markets and bolster domestic consumption, boosting investor sentiment toward Chinese and broader EM equities.

But geopolitical risks also weighed on sentiment. Ongoing conflicts in the Middle East and Russia/Ukraine reinforced energy security and defense spending globally, while strategic competition around advanced technology and supply chains remained a focal point of trade and industrial policy. These dynamics supported select industrial, defense, and infrastructure-related firms, even as headline risk spurred market volatility, which we welcomed.

Equity leadership broadened during the quarter. Cyclical sectors tied to financials and industrials benefited from improving liquidity, while growth stocks with strong balance sheets and visible earnings trajectories regained momentum—particularly in IT and select consumer and health care segments. Currency markets were relatively stable. The U.S. dollar's 7.3% decline on a trade-weighted basis last year helped international equities. As volatility resurfaced around policy shifts and geopolitical developments, we selectively added to high-quality growth businesses at attractive valuations.

> Across sectors, our holdings exhibit the defining traits of quality growth.

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 MAR 07)
Composite (Gross)	-1.36	11.73	11.73	11.38	-0.02	6.66	7.52
Composite (Net)	-1.57	10.79	10.79	10.45	-0.85	5.79	6.48
MSCI ACWI ex-U.S. Growth Index	2.56	25.65	25.65	14.61	4.01	7.92	4.90

CALENDAR YEAR RETURNS (%)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Composite (Gross)	11.73	3.44	19.56	-25.29	-3.25	35.63	27.54	-15.90	36.23	-3.75
Composite (Net)	10.79	2.57	18.57	-25.91	-4.03	34.55	26.53	-16.59	35.14	-4.53
MSCI ACWI ex-U.S. Growth Index	25.65	5.07	14.03	-23.05	5.09	22.20	27.34	-14.43	32.01	0.13

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 Growth Strategy is from the International Growth Composite, inception date of 1 March 2007. The International Growth Composite includes non-wrap discretionary accounts invested in the International Growth 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 -1.57%, -413 basis points behind the MSCI ACWI ex-U.S. Growth Index. Year to date the portfolio (net of fees) returned 10.79%, -1486 basis points behind the MSCI ACWI ex-U.S. Growth Index.
- The portfolio's leading contributors to fourth-quarter relative performance by sector were stock picking in and an overweight allocation to Health Care, followed by the portfolio's overweight in Information Technology. Stock selection in Consumer Discretionary and both allocation and selection effects in Communication Services were the main drags on relative results.
- From a geographic perspective, strong stock picking in the U.K., an overweight to Taiwan and an underweight to Australia led relative performance in the fourth quarter. Both allocation and selection effects in Singapore and Italy were the largest detractors.

Current Positioning and Outlook

While the portfolio continues to differ meaningfully from the benchmark in pursuit of high-conviction opportunities, it remains broadly diversified and resilient across economic environments. Over the course of 2025, we increased exposure to financials, reflecting improving earnings visibility and attractive risk-reward profiles. This exposure extends well beyond traditional banking franchises to include stock and derivatives exchanges, fintech platforms, and payments networks, where secular growth, operating leverage, and rising transaction volumes support durable earnings compounding across market cycles.

We also added exposure to industrials, particularly within aerospace and defense, emphasizing companies with meaningful commercial end markets alongside defense-related revenues. Against a backdrop of rising global defense budgets and renewed focus on supply-chain security, these businesses benefit from long-cycle demand visibility while maintaining diversified revenue streams tied to commercial aviation and advanced manufacturing. We believe this combination supports a multi-year runway for earnings growth without reliance on purely military spending.

The portfolio remains constructive on the AI investment cycle and selectively increased exposure to the high-bandwidth memory (HBM) ecosystem. HBM has become a critical bottleneck in AI inference, particularly during the decode phase of token generation where performance is constrained by the bandwidth required to repeatedly load model weights from memory rather than compute throughput. As models scale in size, context length, and user concurrency, AI systems require both materially higher HBM bandwidth and greater on-package memory capacity to accommodate expanding KV-cache storage. With demand well ahead of supply, this imbalance continues to support strong pricing and utilization, while reinforcing a favorable outlook for semiconductor capital equipment as memory manufacturers expand and upgrade fab capacity to meet next-generation HBM requirements.

Within e-commerce, AI adoption is increasingly translating into tangible economic value. Leading platforms are optimizing advertising placement and targeting with machine learning tools that enhance conversion rates and monetization efficiency. These improvements effectively require minimal incremental capital investment, driving returns on invested capital that approach 100% as revenue per user and per merchant rises without commensurate increases in fixed costs.

Overall, the portfolio remains positioned around high-quality growth businesses with strong competitive advantages, expanding end markets, and visible earnings trajectories. While macro and geopolitical uncertainties persist, we continue to believe that disciplined fundamental research and a focus on company-specific drivers—rather than top-down forecasting—provide the most reliable path to attractive long-term outcomes for international growth investors.

TEN LARGEST EQUITY HOLDINGS (%) AS OF 30 NOVEMBER 2025	REP. ACCT.
Taiwan Semiconductor Manufacturing Co. Ltd.	10.0
Tencent Holdings Ltd.	7.6
AstraZeneca plc	5.3
Mastercard, Inc.	4.6
MercadoLibre, Inc.	3.3
Lonza Group AG	3.1
Air Liquide S.A.	3.1
Hoya Corp.	3.0
E.ON SE	3.0
ASML Holding N.V.	2.9

TOP 5 CONTRIBUTORS (%) REP. ACCT. (GROSS) | 4Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
Taiwan Semiconductor Manufacturing Co. Ltd.	10.17	1.38
AstraZeneca plc	5.07	1.01
Advanced Micro Devices, Inc.	2.30	0.41
ASML Holding N.V.	2.86	0.30
Hoya Corp.	3.10	0.25

BOTTOM 5 DETRACTORS (%) REP. ACCT. (GROSS) | 4Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
Sea Ltd.	3.01	-1.05
Tencent Holdings Ltd.	7.74	-0.80
Ferrari N.V.	2.92	-0.75
MercadoLibre, Inc.	3.29	-0.51
SMG Swiss Marketplace Group AG	1.72	-0.35

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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BASKET ALLOCATION (%)	REP. ACCT.
Growth Industry Leaders	39.0
Consistent Grower	35.1
Emerging Growth	23.6
Cash & Equivalents	2.3

Cash and Equivalents includes cash, short-term securities, other assets less liabilities, accruals, derivatives and forwards. It may also include investments in money market or similar funds managed by Thornburg that are not offered to the public.

Important Information

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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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Growth Industry Leaders: often have leadership positions in growing markets. These firms tend to be larger, more established, and have dominant market share.

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.

Emerging Growth Companies: are often addressing a new market or carving out a niche in an existing market. Companies in this basket tend to be smaller, earlier-stage companies. Successful emerging growth companies are often reclassified as their businesses mature.

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

The MSCI ACWI ex-U.S. Growth Index (MSCI ACWI ex US Growth NTR) is a market capitalization weighted index that includes growth companies in developed and emerging markets throughout the world, excluding the United States.

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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