

Emerging Markets ADR Select SMA

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

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Supported by the entire Thornburg investment team

Note: Effective 1 April 2025, Thornburg Emerging Markets ADR Strategy - Wrap name has been changed to Thornburg Emerging Markets ADR Select Strategy.

ANNUALIZED RETURNS (%)

AS OF 31 DECEMBER 2025

	QTR	YTD	1-YR	3-YR	5-YR	ITD (1 NOV 18)
Composite (Net)	3.15	27.10	27.10	11.82	0.23	5.66
Composite ("Pure" Gross)	3.91	30.84	30.84	15.15	3.24	8.82
MSCI Emerging Markets Index	4.73	33.57	33.57	16.40	4.20	8.07

CALENDAR YEAR RETURNS (%)

	2025	2024	2023	2022	2021	2020	2019
Composite (Net)	27.10	5.61	4.17	-20.34	-9.21	14.51	27.42
Composite ("Pure" Gross)	30.84	8.77	7.29	-17.89	-6.46	17.91	31.16
MSCI Emerging Markets Index	33.57	7.50	9.83	-20.09	-2.54	18.31	18.42

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 ADR Select Strategy is from the Emerging Markets ADR Select Wrap Composite, inception date of November 1, 2018. The Emerging Markets ADR Select Wrap Composite includes broker-sponsored discretionary accounts invested in the Emerging Markets ADR Select Strategy. The composite includes broker-sponsored accounts including those that may pay transactions costs that are not included in a bundled fee. Returns are calculated using a time-weighted and asset-weighted calculation including reinvestment of dividends and income. Returns are annualized for periods greater than one year. Individual account performance will vary. The performance data quoted represents past performance; it does not guarantee future results. "Pure" Gross returns do not reflect the deduction of any expenses, including trading costs and are supplemental to net returns. Net returns reflect the deduction of the maximum total wrap fee which is currently 3% per annum. Net returns are derived from subtracting 1/12th of 3% from each account's monthly gross return. The total wrap fee includes all charges for the trading costs, portfolio management, custody and other administrative fees. The standard fee schedule currently in effect is: 1% to 3% on all assets. Fees may be negotiated in lieu of the standard fee schedule. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available upon request and also may be found in Part II of its Form ADV.

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Fourth Quarter 2025 Performance Highlights

- In 4Q25 the portfolio (net of fees) returned 3.15%, -158 basis points behind the MSCI Emerging Markets Index. Year to date the portfolio (net of fees) returned 27.1%, -647 basis points behind the MSCI Emerging Markets Index.
- Stock selection from Financials, 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 stock selection and an underweight allocation to Communication Services contributed positively to relative results.
- From a geographic perspective, stock selection from U.S. companies with material exposure to emerging markets economies, along with stock selection from Mexico, contributed positively to relative performance. An underweight allocation to Korea, which has limited opportunities available as ADRs, detracted from relative performance.

Current Positioning and Outlook

Entering 2026, we continue to emphasize higher-quality businesses within emerging markets where competitive advantages and management teams that 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.	14.0
Naspers Ltd.	6.8
Micron Technology, Inc.	6.8
AIA Group Ltd.	4.9
Alibaba Group Holding Ltd.	3.5
Bank Central Asia Tbk PT	3.4
ICICI Bank Ltd.	3.3
MercadoLibre, Inc.	3.3
Petroleo Brasileiro SA - Petrobras	3.2
HDFC Bank Ltd.	3.2

TOP 5 CONTRIBUTORS (%)

REP. ACCT. (GROSS) 4Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
Micron Technology, Inc.	6.73	3.76
Taiwan Semiconductor Manufacturing Co. Ltd.	14.04	1.24
Infosys Ltd.	2.32	0.43
Coca-Cola Femsa S.A.B. de C.V.	2.40	0.38
AIA Group Ltd.	4.74	0.31

BOTTOM 5 DETRACTORS (%)

REP. ACCT. (GROSS) 4Q25	AVERAGE WEIGHT	CONTRIB. TO RETURN
Alibaba Group Holding Ltd.	3.65	-0.72
Naspers Ltd.	7.45	-0.68
Coupang, Inc.	2.03	-0.60
MercadoLibre, Inc.	3.36	-0.55
Sea Ltd.	1.51	-0.51

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

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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.

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