

# Thornburg Equity Income Builder Fund

Portfolio Manager Commentary

30 June 2025


**Thornburg**

This note will highlight the results of the Thornburg Equity Income Builder Fund for Q2 2025. It is published amidst the ongoing developments associated with the Russian war with Ukraine, ongoing inflation concerns in the U.S., Mideast violence, and significant government policy changes in the U.S. and elsewhere that are altering global trade and financial flows. Most equity indices worldwide delivered positive returns in the June quarter. Returns from bonds in the U.S. were positive.

The net asset value of Investment Income Builder's I shares increased by +\$6.20 per share (\$26.26 to \$32.46) over the trailing 12 months and increased by \$2.84 per share (\$29.62 to \$32.46) during the June quarter. Equity Income Builder's I share ACC return of 9.59% for Q2 2025 trailed the MSCI World Index return of 11.47% for the June quarter. For the 12-month period ending 30 June 2025, Income Builder's I share return of 23.61% exceeded the MSCI World Index return of 16.26%. Performance comparisons of Equity Income Builder to its benchmark, the MSCI World Index, over various periods are shown elsewhere on this web site.

The quarter ending 30 June 2025 was the 52th full calendar quarter since the inception of Thornburg Equity Income Builder in June 2012. In 37 of these quarters the fund delivered a positive total return. The fund has delivered positive total returns in 9 of its 12 calendar years of existence. Importantly, Thornburg Equity Income Builder I shares ACC have delivered an average annualized total return of 9.5% since its inception 12 years ago.

Listed in Table 1, in descending order, are the 25 largest equity holdings in the fund as of 30 June 2025, along with their share price changes in \$US for H1'2025 and calendar year 2024. Also noted are dividend yields at closing 30 June 2025

We have maintained your portfolio's exposure to dividend-paying firms that we believe have resilient businesses with strong capital structures.

## Portfolio Managers

**Matt Burdett**  
Head of Equities and  
Portfolio Manager

**Christian Hoffmann, CFA**  
Head of Fixed Income and  
Portfolio Manager

**Brian McMahon**  
Chief Investment Strategist and  
Portfolio Manager

Supported by the entire Thornburg investment team

## Average Annual Returns (% , as at 30 Jun 2025)

(in US\$ terms. Returns may increase or decrease as a result of currency fluctuations. Not annualized for periods less than one year.)

UCITS FUND (NET OF FEES)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	ITD
<b>Class A ACC Shares*</b> (Incep: 29 Jun 2012)	9.31	19.30	22.49	18.52	15.26	8.28	8.50
<b>Class I ACC Shares*</b> (Incep: 29 Jun 2012)	9.59	19.87	23.61	19.59	16.32	9.26	9.48
<b>MSCI World Index</b>	11.47	9.47	16.26	18.31	14.55	10.66	11.48

ITD = Inception to Date. Source: Confluence

## Annual Return Performance Summary (%)

UCITS FUND (NET OF FEES)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Class A ACC Shares*</b>	13.15	5.36	-5.24	8.92	14.03	-5.65	17.34	1.38	16.53	-6.81	18.28	11.62
<b>Class I ACC Shares*</b>	14.21	6.26	-4.36	9.92	14.99	-4.81	18.42	2.30	17.62	-6.02	19.41	12.60
<b>MSCI World Index</b>	18.92	5.25	-0.87	7.51	22.40	-8.71	27.67	15.90	21.82	-18.14	23.79	18.67

\* All share classes are accumulating and denominated in USD. See prospectus for additional share class listings.

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 [www.thornburg.com/ucits](http://www.thornburg.com/ucits).

Effective 1 April 2025, the Thornburg Investment Income Builder Fund name has been changed to the Thornburg Equity Income Builder Fund.

As of 1 April 2025, the benchmark changed from a blended index comprised of 25% Bloomberg Barclays U.S. Aggregate Index and 75% MSCI World Index to be exclusively the MSCI World Index.

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stock prices and the trailing 5 year growth rate of each firm's dividend/share in local currency. Together, these 25 firms comprised approximately 59% of the fund's total assets as of 30 June 2025. Cash and cash equivalents comprised around 13% of fund assets, and 36 other common equities comprised a total of approximately 28% of fund assets. Individual position sizes of the 25 equities listed range from 4.6% of fund assets (Orange) to approximately 1.4% for those shown near the bottom of the list.

These are not trivial businesses. These firms occupy important positions in their respective markets. They tend to be well capitalized. Most have made reasonable progress growing their bases of paying customers and distributable cash flows to support multi-year dividend growth.

The reader will notice a number of telecommunications, financial, and health care firms among these top 25 holdings, as well as other providers of various ingredients important to modern life. We believe their attractive current dividend yields and records of dividend growth indicate good value. We have maintained your portfolio's exposure to dividend paying firms that we believe have resilient businesses with strong capital structures. The recent increase in communications services sector investments was mostly due to the price appreciation of Orange, AT&T, Vodafone and Singapore Telecommunications in recent quarters. Compare the sector allocations of the equities in the Income Builder portfolio over the trailing year:

The value of the \$US vis-à-vis most developed market foreign currencies appreciated almost 6% in 2024. The 2024 gain in the \$US value was reversed in H1'2025. As in prior years, we hedged a significant percentage of the foreign currency exposure of

**Table 1 | Thornburg Equity Income Builder Fund – Top 25 Equity Holdings as of 30 June 2025**

Name of Company	H1-2025 & Calendar 2024 Share Price % Changes (\$US)	Dividend Yield at 30 Jun 2025 Price	5 Year Local Currency Dividend Growth Rate
<b>Orange SA</b>	+52.5%/-12.6%	5.81%	+4.6%/year
Multinational telecommunications network operator, home market is France Telecom			
<b>BNP Paribas</b>	+46.5%/-11.5%	6.28%	+9.1%/year
Multinational commercial & capital markets bank. Operations centered in Europe.			
<b>Total Energies SE</b>	+11.0%/-19.0%	6.18%	+3.7%/year
Produces, refines, transports, and markets oil and natural gas products globally.			
<b>Broadcom Inc</b>	+18.9/+107.7%	0.85%	+13.1%/year
Develops and markets digital and analogue application specific semiconductors.			
<b>Samsung Electronics</b>	+22.3%/-40.7%	2.42%	+0.5%/year
Manufactures consumer & industrial electronic products, leading semiconductor producer.			
<b>Citigroup</b>	+20.9/+36.8%	3.15%	+2.2%/year
U.S. based global capital markets & retail bank and treasury services provider.			
<b>Enel SpA</b>	+32.4%/-3.9%	5.34%	+7.5%/year
Generates, distributes, and sells electricity and gas in Southern Europe & Latam			
<b>Merck &amp; Co.</b>	-20.4%/-8.7%	3.61%	+6.4%/year
Global health care company develops and sells medicines, vaccines, biologic therapies.			
<b>E.ON</b>	+56.8%/-13.1%	3.41%	+3.64%/year
European utility company			
<b>AT&amp;T Inc.</b>	+27.1/+35.7%	3.88%	-11.6%/year
U.S. based wireless & wireline services. 113 million wireless, 14 million broadband customers			
<b>AstraZeneca Plc</b>	+5.9%/-3.1%	2.42%	+2.0%/year
Global health care company develops and sells medicines.			
<b>Taiwan Semiconductor</b>	+10.6%/+69.0%	1.70%	+12.3%/year
Leading semiconductor chip foundry, fabricating chips used in many digital devices.			
<b>NN Group</b>	+52.5%/+10.1%	6.10%	+11.4%/year
Netherlands based life and casualty insurer, with market leading positions in Netherlands.			
<b>Tesco PLC</b>	+19.4%/+24.4%	3.41%	+3.4%/year
UK based food & general merchandise retailer.			
<b>Roche</b>	+15.3%/-3.1%	3.76%	+1.5%/year
Global health care company develops and sells medicines and diagnostic tools			
<b>Endesa</b>	+47.2%/+5.2%	4.90%	-2.2%/year
Generates, distributes, and sells electricity and gas in Spain & Latam			
<b>CME Group</b>	+18.7%/+10.3%	3.96%	+13.4%/year
Operates exchanges that trade futures contracts & options on rates, F/X, equities, commodities.			
<b>Novartis</b>	+8.4%/-3.1%	3.63%	+3.5%/year
Swiss pharmaceutical corporation			
<b>Pfizer Inc.</b>	-8.6%/-7.8%	6.48%	+3.0%/year
Global health care company develops and sells medicines, vaccines, biologic therapies.			
<b>Vodafone Group</b>	+24.8%/-2.3%	4.85%	-13.0%/year
Multinational telecom network operator. 255 million wireless, 18 million broadband customers			

Table continued on following page.

*Performance data shown represents past performance and is no guarantee of future results.*

the underlying businesses of your portfolio's non-\$US investments. Your fund's currency hedges were a headwind to performance in Q2'2025.

Nine of eleven sectors of the MSCI World Index delivered positive returns in \$US for Q2'25. Sector returns for the quarter ranged from around +22% for the information technology energy sector to -4% for the health care sector.

31 equity investments contributed positive returns of at least 0.10% to overall Income Builder Fund portfolio performance during Q2'2025. The most positive equity contributors to quarterly performance included information technology firms Broadcom, Cisco, Samsung and Taiwan Semiconductor; telecommunications network operators Orange, Vodafone, KPN, Singapore Telecommunications and Zegona Communications; European financials BNP Paribas, NN Group, Bank of Ireland, and Axa; U.S. financials Citigroup; utilities Enel, Endesa, Engie and E.ON; UK grocer Tesco, freight transport firm DHL Group, and defense contractor BAE Systems.

Five of your fund's equity investments made negative contributions to portfolio performance of more than -0.10% during Q2'2025. These negative contributors to quarterly performance included pharmaceutical firms Merck, AstraZeneca and Abbvie; energy producer Petrobras, and chemicals producer LyondellBasell.

The outlook for financial asset returns remains uncertain. Earnings and other valuation multiples for most segments of the U.S. equity market are above historic averages. The "real" yield on the 10-year U.S. Treasury note (June 30 market yield on 10-year UST of 4.22% minus the May core consumer price index of 2.8%) is positive at +1.42%. After making a significant recovery from the negative real yields of recent years, this positive real yield is below levels typically experienced over the investment lifetimes of most readers of this note. The average "real yield" on 10-year U.S. Treasury notes over the last 30 years was +1.7%. Price inflation in the U.S. is approaching Federal Reserve targets, making policy rate cuts probable. Recent progress to reach the Fed's inflation targets has been difficult to achieve, complicated by uncertainty around tariffs. A large supply of new government debt being issued plus ongoing corporate borrowing present challenges to further reductions in longer maturity bond yields unless the U.S. economy weakens considerably in the coming quarters.

Incoming economic data from around the world indicate an uncertain global economy in the face of evolving U.S. trade policies, so far resisting falling into a recession. There are clear indications that global trade flows will be significantly altered by new U.S. trade policies. Winners and losers among multi-national producers of tradeable goods will become obvious in

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**Table 1 (continued)**

Name of Company	H1-2025 & Calendar 2024 Share Price % Changes (\$US)	Dividend Yield at 30 Jun 2025 Price	5 Year Local Currency Dividend Growth Rate
<b>Snam SpA</b>	+36.1%/-13.7%	5.75%	+4.10%/year
Italian natural gas distributor			
<b>Singapore Telecommunications</b>	+33.3%/20.3%	4.15%	-0.8%/year
Telecommunications providers offering diverse range of services			
<b>BAE Systems</b>	+80.0%/+1.4%	1.75%	+7.3%/year
Defense and aerospace systems manufacturer			
<b>DHL Group</b>	+30.6/-28.8%	4.71%	+10.0%/year
Global freight and parcel delivery service			
<b>Bank of Ireland Group</b>	+56.0%/+0.2%	4.63%	+29.1%/year
Diversified financial services provider serving Ireland and UK customers			

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**Table 2 | Equity Income Builder Fund Sector Weights**

Sector	Sector Weights (%) as of:					Jun '24 – Jun '25 +/- y/y
	30-Jun-25	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	
<b>Financials</b>	20.2	23.4	22.8	21.5	20.1	0.0
<b>Comm. Services</b>	16.6	17.9	15.4	16.3	13.1	3.4
<b>Health Care</b>	14.1	15.0	13.7	16.9	13.8	0.3
<b>Utilities</b>	12.0	11.7	9.2	10.2	10.2	1.8
<b>Info Tech</b>	11.2	9.3	13.2	12.8	14.3	-3.1
<b>Energy</b>	8.1	9.4	10.8	12.1	11.5	-3.3
<b>Industrials</b>	6.7	6.9	4.5	4.1	5.2	1.5
<b>Consumer Staples</b>	3.9	2.9	3.8	3.9	3.2	0.7
<b>Consumer Disc.</b>	4.0	1.6	2.2	2.6	3.6	0.3
<b>Materials</b>	3.2	4.0	4.5	5.9	4.9	-1.7
<b>Real Estate</b>	0.1	0.0	0.0	0.0	0.0	0.1

May not add up to 100% due to rounding.

time, but the current outlook for many global businesses is uncertain. Prices of traded financial assets will be volatile with day-to-day news changing perceptions of near-term economic performance, interest rate policies, and political decisions. We are optimistic about the future return potential of Thornburg Equity Income Builder's assets. Why?

Virtually all the businesses in your portfolio retain their market positions providing important products and services that generate cash flows to pay attractive dividends, today and in the future. We believe they are valued very attractively in relation to their own histories and relative to other assets.

The weighted average 2025 consensus expected price/earnings ratio for Thornburg Equity Income Builder's equity portfolio, tabulated using Bloomberg data, was approximately 13.4x as of 30 June 2025, well below the 19.8x price/earnings ratio of the MSCI All Country World Index using 2025 expected EPS. Income Builder's 3.9% weighted average equity portfolio dividend yield significantly exceeds the 1.8% dividend yield of the MSCI Index. We believe your Income Builder portfolio incorporates significant intrinsic value.

Thank you for being a shareholder of Thornburg Equity Income Builder Fund. Remember that you can review additional information about your portfolio by going to our website, [www.thornburg.com](http://www.thornburg.com).

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Unless otherwise noted, the source of all data, charts, tables and graphs is Thornburg Investment Management, Inc. Factset, State Street, Confluence, Bloomberg, as of 30 Jun 2025.

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