



Investment Management®

Strategies for Building Real Wealth

Thornburg California Limited Term Municipal Fund

Informational Brochure and
Semi-Annual Report – March 31, 2011
Includes All Share Classes



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without spending a dime.**



Thornburg California Limited Term Municipal Fund

Laddering – an All Weather Strategy

The Fund's primary investment objective is to obtain as high a level of current income exempt from federal and California state individual income taxes as is consistent, in the view of the Fund's investment advisor, with preservation of capital. The secondary goal of the Fund is to reduce expected changes in its share price compared to longer intermediate and long-term bond portfolios.

The Fund offers California investors double tax-free yields (may be subject to Alternative Minimum Tax) in a laddered municipal bond portfolio with an average maturity of normally less than five years. Laddering involves building a portfolio of bonds with staggered maturities so that a portion of the portfolio matures each year. Cash from maturing bonds, if not needed for other purposes, is invested in bonds with longer maturities at the far end of the ladder. We regard this strategy as a good compromise for managing different types of risk.

Important Information

The information presented on the following pages is current as of March 31, 2011. The managers' views, portfolio holdings, and sector diversification are provided for the general information of the Fund's shareholders; they are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

Investments in the Fund carry risks, including possible loss of principal. Bond funds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds. The principal value of bonds will fluctuate relative to changes in interest rates, decreasing when interest rates rise. Unlike bonds, bond funds have ongoing fees and expenses. Please see the Fund's Prospectus for a discussion of the risks associated with an investment in the Fund. Investments in the Fund are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity. There is no guarantee that the Fund will meet its investment objectives. The laddering strategy does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

Performance data given at net asset value (NAV) does not take into account applicable sales charges. If the sales charges had been included, the performance would have been lower.

Minimum investments for Class I shares are higher than those for other classes. Class I shares may not be available to all investors.

Share Class	NASDAQ Symbol	Cusip
Class A	LTCAX	885-215-426
Class C	LTCXC	885-215-418
Class I	LTCIX	885-215-392

Glossary

Barclays Capital Five-Year Municipal Bond Index – A rules-based, market-value-weighted index of the tax-exempt bond market. To be included in the index, bonds must have a minimum credit rating of Baa. The approximate maturity of the municipal bonds in the index is five years.

Barclays Capital Municipal Bond Index – The Municipal Index covers the USD-denominated, investment-grade, long-term, tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index.

Alternative Minimum Tax (AMT) – A federal tax aimed at ensuring that high-income individuals, estates, trusts, and corporations pay a minimal level income tax. For individuals, the AMT is calculated by adding tax preference items to regular taxable income.

Annualized Distribution Yield – The distribution yield is calculated by taking the sum of the month's total distribution factors and dividing this sum by a 30-day period and annualizing to a 360-day year. The value is then divided by the ending maximum offering price per share to arrive at the annualized distribution yield. The yield is calculated on a periodic basis and is subject to change.

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

Bond Credit Ratings – A bond credit rating assesses the financial ability of a debt issuer to make timely payments of principal and interest. Ratings of AAA (the highest), AA, A, and BBB are investment-grade quality. Ratings of BB, B, CCC, CC, C, and D (the lowest) are considered below investment grade, speculative grade, or junk bonds. Unless otherwise noted, the ratings listed are from Municipal Market Data and are a combination of ratings from Standard and Poor's, Moody's Investors Service, and Fitch Ratings.

Build America Bonds (BAB) – Taxable municipal bonds that feature tax credits and/or federal subsidies for bondholders and state and local government bond issuers. Build America Bonds (BABs) were introduced in 2009 as part of President Obama's American Recovery and Reinvestment Act to create jobs and stimulate the economy. BABs attempt to achieve this by lowering the cost of borrowing for state and local governments in financing new projects.

Capacity Utilization – The extent to which an enterprise or a nation actually uses its installed productive capacity. Capacity utilization reflects overall growth and demand in the economy, rising when the economy is vibrant, and falling when demand softens. High capacity utilization also exerts inflationary pressures as scarce resources are in higher demand. However, it may also lead to new capital investments, such as new plants, that promote growth in the future.

Consumer Price Index (CPI) – An index that measures prices of a fixed basket of goods bought by a typical consumer, including food, transportation, shelter, utilities, clothing, medical care, entertainment and other items. The CPI, published by the Bureau of Labor Statistics in the

Important Information, *Continued*

Department of Labor, is based at 100 in 1982 and is released monthly. It is widely used as a cost-of-living benchmark to adjust Social Security payments and other payment schedules, union contracts and tax brackets. The CPI is also known as the cost-of-living index.

Core CPI – Consumer Price Index minus the energy and food components.

Effective Duration – A bond's sensitivity to interest rates, incorporating the embedded option features, such as call provisions. Bonds with longer durations experience greater price volatility than bonds with shorter durations.

Fed Funds Rate – The interest rate at which a depository institution lends immediately available funds (balances at the Federal Reserve) to another depository institution overnight.

General Obligation Bond – A municipal bond backed by the credit and “taxing power” of the issuing jurisdiction rather than the revenue from a given project.

M2 – The amount of money in circulation in notes and coin plus non-interest-bearing bank deposits, building-society deposits, and National Savings accounts.

QE2 or Quantitative Easing 2 – The second round of the Federal Reserve's monetary policy used to stimulate the U.S. economy following the recession that began in 2007/08. QE2 was initiated in the fourth quarter of 2010 in order to jump-start the sluggish economic recovery.

SEC Yield – SEC Yield is computed in accordance with SEC standards measuring the net investment income per share over a specified 30-day period expressed as a percentage of the maximum offering price of the Fund's shares at the end of the period.

Taylor Rule – A monetary-policy formula that provides an indication of how much the central bank would or should change the nominal interest rate in response to divergences of actual inflation rates from target inflation rates and of actual Gross Domestic Product (GDP) from potential GDP. It was first proposed by the U.S. economist John B. Taylor in 1993. The Federal Reserve Board may not use the Taylor Rule in setting monetary policy.

Treasury Inflation Protected Securities (TIPS) – Either a U.S. Treasury note or bond that offers protection from the effects of inflation. Using the Consumer Price Index as a guide, the value of the principal is adjusted to reflect the effects of inflation. A fixed interest rate is paid semi-annually on the adjusted amount. At maturity, if inflation has increased the value of the principal, the investor receives the higher value. If deflation has decreased the value, the investor receives the original face amount of the security.

Thornburg California Limited Term Municipal Fund

At Thornburg, our approach to management of the Fund is based on the premise that investors in the Fund seek preservation of capital along with an attractive, relatively stable yield. While aggressive bond strategies may generate stronger returns when the market is turning a blind eye towards risk, they usually fail to stack up over longer periods of time.

We apply time-tested techniques to manage risk and provide attractive returns. These include:

- Building a laddered portfolio. Laddering has been shown over time to mitigate price and interest rate risk.
- Investing on a cash-only basis without using leverage. While leveraged strategies may enhance returns when market conditions are favorable, they can quickly compound losses when sentiment shifts.
- Conducting in-depth fundamental research on each issue and actively monitoring positions for subsequent credit events.
- Diversifying among a large number of generally high-quality bonds.

CO-PORTFOLIO MANAGERS



Josh Gonze, Chris Ryon, CFA, and Chris Ihlefeld

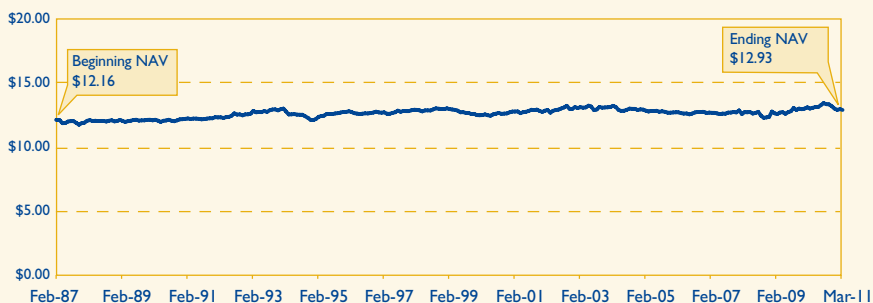
IMPORTANT PERFORMANCE INFORMATION

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 thornburg.com or call 800.847.0200.

The maximum sales charge for the Fund's Class A shares is 1.50%. The total annual fund operating expense of Class A shares is 0.97%, as disclosed in the most recent Prospectus.

LONG-TERM STABILITY OF PRINCIPAL

Net asset value history of A shares from February 19, 1987 through March 31, 2011



AVERAGE ANNUAL TOTAL RETURNS

For periods ended March 31, 2011

A Shares (Incep: 2/19/87)	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Without sales charge	1.94%	3.66%	3.68%	3.26%	4.66%
With sales charge	0.40%	3.15%	3.37%	3.10%	4.59%

30-DAY YIELDS, A SHARES

As of March 31, 2011

Annualized Distribution Yield	SEC Yield
2.75%	2.36%

KEY PORTFOLIO ATTRIBUTES

As of March 31, 2011

Number of Bonds	173
Effective Duration	3.9 Yrs
Average Maturity	5.0 Yrs

See the entire portfolio in the Schedule of Investments beginning on page 10.

2011

Certified Semi-Annual Report

Thornburg California Limited Term Municipal Fund

March 31, 2011

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This report is certified under the Sarbanes-Oxley Act of 2002, which requires that public companies, including mutual funds, affirm that the information provided in their annual and semiannual shareholder reports fully and fairly represents their financial position.

Letter to Shareholders

April 13, 2011



Christopher Ihlefeld
Co-Portfolio Manager

Dear Shareholder:

We are pleased to present the semi-annual report for the Thornburg California Limited Term Municipal Fund. The net asset value (NAV) of the Class A shares declined from \$13.38 to \$12.93 during the six months ended March 31, 2011. If you were invested with us for the entire period, you received dividends of 18.0 cents per share. If you reinvested your dividends, you received 18.1 cents per share. Dividends per share were lower for Class C shares and higher for Class I shares to account for varying class-specific expenses.



Christopher Ryon, CFA
Co-Portfolio Manager

The first quarter of 2011 witnessed a supply lull in the municipal bond market, delivering the lightest quarter for new deals in eleven years. It followed a huge volume of deals that were brought to market in the last quarter of 2010. In addition to the light new deal calendar in the first quarter of 2011, average daily trading volume was low, measuring \$11.6 billion, down 15% from the prior year.

Credit spreads on the California state general obligation (GO), a bellwether bond, have tightened in recent months to about 90 basis points, or 0.90%, indicating that investors' confidence in the state's credit has grown, despite a \$19 billion current year budget deficit. The spread tightening may reflect positive news that has emerged from the office of the state controller for the period ended in March 2011 showing General Fund revenues were above budget by 1.5%, and that compared to this date in the prior year, revenues were up 7.8%. It appears that a slow, bumpy recovery is in progress, though parts of the state remain mired in sharply reduced home prices and excessive unemployment. We are still concerned that the governor and the legislature have been unable to agree on a plan to address California's long-term challenges.



Josh Gonze
Co-Portfolio Manager

Today, conditions in the municipal bond market are characterized by low yields for short-term bonds, combined with a steep yield curve (the difference between long- and short-term interest rates), resulting in relatively more attractive yields for intermediate- and long-term bonds. Today's municipal yield curve is the steepest in 20 years. In the last six months, rates rose, shifting upward by 56 basis points for five-year maturities and by 81 basis points for ten-year maturities. This additional steepening of the yield curve caused longer maturity municipal bond funds to underperform shorter maturity municipal bond funds. Credit spreads are wide, relative to historical averages, with single-A municipal bonds paying on average 110 basis points more than AAA bonds at the end of March 2011.

Municipal bond fund investors have been in redemption mode for the past six months, following approximately 22 months of net inflows into municipal bond funds that reversed in late November 2010. Large market outflows were prompted by default fears and falling mutual fund NAVs, but since January 2011, these concerns have abated somewhat. At this point, bond fund outflows industry wide have slowed from a peak of almost \$4 billion weekly to around \$500 million as this is written.

Letter to Shareholders, *Continued*

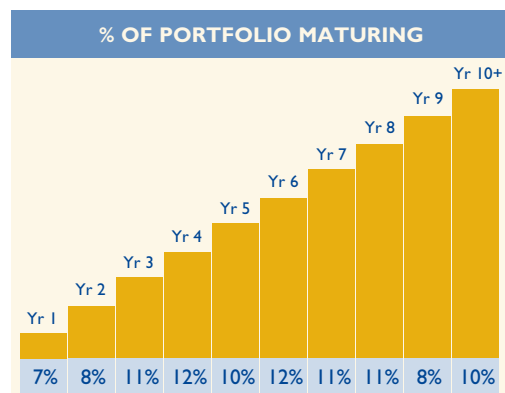
Recent legislation has created both positive and negative forces for the performance of municipal bonds. The expiration of the Build America Bond program at the end of 2010 has not led to sharp growth in tax-exempt volume, as some had forecast. In 2010, Congress extended the Bush tax cuts another two years, so the top marginal tax rate remains at 35%, rather than escalating to 39.6%, which would have created yet more demand for tax-exempt income. Over the years we have seen many tax reform proposals come and go. Currently, a batch of new proposals is blanketing Washington, DC. If any of the proposals gain real traction, we will gauge the impact on our portfolio and seek to make appropriate adjustments.

The U.S. economic picture over the last six months has strengthened, but there remains a large degree of slack. Increased economic activity is reflected in the current 2.5% to 3.0% Gross Domestic Product (GDP) growth rate and healthy sales indicators. Unemployment remains high at 8.8%, though payroll growth was encouraging in February and March 2011, when we saw the best back-to-back increases since the recession's official end in June 2009. Capacity utilization is still low at 76%, leaving excess capacity in the economy. Year over year, the Consumer Price Index (CPI) is currently around 2.0% to 2.5%, much higher than the core CPI rate which is only 1.1% to 1.25%. Meanwhile, the difference between 10-year TIPS yields and 10-year Treasuries is running around 2.7%, and is often viewed as a market opinion of 10-year inflation expectations. We expect QE2, the second phase of quantitative easing, to end abruptly in June 2011.

We are becoming more optimistic about the fiscal outlook for state and local governments. We have been pleased to see a rebound in revenues in California, driven by growth in income tax and sales tax revenue. California's revenues have increased by 16.8% in the fourth quarter of 2010 compared to the fourth quarter of 2009. A preliminary report from the Rockefeller Institute stated that overall state tax revenue grew 6.9% in the fourth quarter of 2010, with 41 states reporting higher revenue.

The Fed is still in super-stimulative mode, with the fed funds rate at nearly 0% since December 2008, which is viewed as appropriate according to the Taylor Rule, which currently indicates the fed funds rate should be negative 1.45%. The Taylor Rule is a formula guideline for setting the fed funds rate created by Stanford University economist John Taylor. M2, a broad measure of money and money substitutes, has grown only 4% in the last year, at the lower end of the 3% to 10% annual growth rate that has prevailed over the last decade. Velocity of M2, the degree to which money turns over (a contributor to inflation), has remained muted.

Your Fund contains a laddered portfolio of more than 170 municipal bonds. Your Fund is broadly diversified across sectors and 83% invested in bonds rated A or above by at least one of the major rating agencies. We ladder the maturity dates of our bonds so that some of the bonds are scheduled to mature during each of the coming years. Laddering short and intermediate bonds accomplishes two goals. First, the staggered bond maturities contained in a ladder reduce interest-rate risk and dampen the Fund's price volatility. Second, laddering gives the Fund a steady cash-flow stream from maturing bonds to reinvest toward the top end of the ladder where yields are higher. The chart on the right describes the percentages of your Fund's bond portfolio maturing in each of the coming years.



*As of 3/31/11. Percentages vary over time.
Data may not add up to 100% due to rounding.*

The Class A shares of your Fund produced a total return of negative 2.02% at NAV for the six months ended March 31, 2011, compared to negative 0.96% for the Barclays Capital Five-Year Municipal Bond Index. The total return of the overall municipal bond market as measured by the Barclays Capital Municipal Index for the six months ended March 31, 2011 was negative 3.68%. This period included a negative 4.17% return in the fourth quarter of 2010, the worst of any quarter since 1994.

Rising interest rates were the primary driver of these negative returns. In addition, the Fund's benchmark Barclays Capital Five-Year Municipal Bond Index consists of 4- to 6-year bonds only, while your Fund consists primarily of bonds ranging from 0 to 10 years and a few longer-term bonds. Since interest rates rose in the period, and longer-term bonds incur more price deterioration when rates rise, the index benefited relative to your Fund by having no exposure to 7- to 10-year bonds.

Historically, our practice of laddering a diversified portfolio of short- and intermediate-maturity bonds has allowed your Fund to perform consistently well in varying interest rate environments. Thank you for investing in Thornburg California Limited Term Municipal Fund.

Sincerely,



Christopher Ihlefeld
Co-Portfolio Manager
Managing Director



Christopher Ryon, CFA
Co-Portfolio Manager
Managing Director



Josh Gonze
Co-Portfolio Manager
Managing Director

The matters discussed in this report may constitute forward-looking statements made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. These include any advisor or portfolio manager prediction, assessment, analysis or outlook for individual securities, industries, investment styles, market sectors and/or markets. These statements involve risks and uncertainties. In addition to the general risks described for each fund in its current prospectus, other factors bearing on these reports include the accuracy of the advisor's or portfolio manager's forecasts and predictions, the appropriateness of the investment strategies designed by the advisor or portfolio manager and the ability of the advisor or portfolio manager to implement their strategies efficiently and successfully. Any one or more of these factors, as well as other risks affecting the securities markets generally, could cause the actual results of any fund to differ materially as compared to its benchmarks.

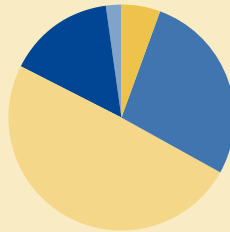
SCHEDULE OF INVESTMENTS

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

SUMMARY OF SECURITY CREDIT RATINGS[†]

■ AAA/AAA Equivalents	5.8%
■ AA	27.5%
■ A	49.4%
■ BBB	15.3%
■ Not Rated	2.0%



We have used ratings from Standard & Poor's (S&P). Where S&P ratings are not available, we have used Moody's Investors Service. Where neither rating is available, we have used ratings from Fitch Ratings. The category of investments identified as "AAA" in this graph includes investments which are pre-refunded or escrowed to maturity. Such investments are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities to satisfy the timely payment of principal and interest and, therefore, are normally deemed to be equivalent to AAA-rated securities.

<u>Issuer-Description</u>	<u>Credit Rating[†] S&P/ Moody's</u>	<u>Principal Amount</u>	<u>Value</u>
ABAG Finance Authority, 4.75% due 10/1/2011 (California School of Mechanical Arts)	NR/A3	\$ 435,000	\$ 441,273
ABAG Finance Authority, 4.75% due 10/1/2012 (California School of Mechanical Arts)	NR/A3	455,000	465,110
Alameda County COP, 5.625% due 12/1/2016 (Santa Rita Jail; Insured: AMBAC)	AA/NR	1,830,000	2,081,094
Alvord USD GO, 5.25% due 2/1/2014 (Insured: Natl-Re)	A+/Baa1	1,150,000	1,239,585
Bay Area Toll Authority, 5.00% due 4/1/2016 (San Francisco Bay Area)	AA/Aa3	2,075,000	2,325,162
Burbank Water & Power, 5.00% due 6/1/2015	AA-/A1	750,000	837,337
Burbank Water & Power, 5.00% due 6/1/2016	AA-/A1	500,000	564,720
Burbank Water & Power, 5.00% due 6/1/2017	AA-/A1	1,000,000	1,124,670
Burbank Water & Power, 5.00% due 6/1/2018	AA-/A1	360,000	402,289
Burbank Water & Power, 5.00% due 6/1/2020	AA-/A1	625,000	685,913
Calexico USD GO, 6.75% due 9/1/2017	A-/NR	3,060,000	3,391,367
California Educational Facilities Authority, 5.00% due 4/1/2018 (Pitzer College)	NR/A3	1,540,000	1,608,823
California Educational Facilities Authority, 0% due 10/1/2019 (Loyola Marymount University; Insured: Natl-Re)	NR/A2	2,025,000	1,253,819
California Educational Facilities Authority, 5.00% due 4/1/2020 (Pitzer College)	NR/A3	1,445,000	1,462,542
California Health Facilities Financing, 4.00% due 2/1/2013 (Community Program; Insured: CA Mtg Insurance)	NR/NR	1,665,000	1,713,185
California HFA, 5.00% due 11/15/2011 (Cedars-Sinai Medical Center)	NR/A2	1,500,000	1,534,260
California HFA, 5.25% due 10/1/2013 (Providence Health)	AA/Aa2	650,000	710,008
California HFA, 5.00% due 8/15/2014 (Cedars-Sinai Medical Center)	NR/A2	1,500,000	1,616,625
California HFA, 6.00% due 10/1/2018 (Providence Health)	AA/Aa2	1,000,000	1,172,660
California HFA, 5.10% due 2/1/2019 (Episcopal Home; Insured: CA Mtg Insurance)	A-/NR	1,840,000	1,846,826
California HFA, 5.00% due 7/1/2027 put 7/1/2014 (Catholic Healthcare West)	A/A2	2,000,000	2,144,700
California HFA, 0% due 8/1/2029 (Insured: AMBAC/FHA/VA)	A/A3	2,300,000	682,111
California Housing Finance Agency, 4.85% due 8/1/2016 (Insured: AGM) (AMT)	AA+/Aa3	1,000,000	1,021,180
California Housing Finance Agency, 9.875% due 2/1/2017	A/A3	1,345,000	1,371,053
California Housing Finance Agency, 5.00% due 8/1/2017 (Insured: AGM) (AMT)	AA+/Aa3	980,000	992,671
California Housing Finance Agency, 5.125% due 8/1/2018 (Insured: AGM) (AMT)	AA+/Aa3	1,000,000	984,640
California Infrastructure & Economic Development Bank, 5.25% due 8/15/2020 (King City High School)	A-/NR	1,000,000	1,028,430
California Infrastructure & Economic Development Bank, 0.22% due 10/1/2023 put 4/1/2011 (J. Paul Getty Trust) (daily demand notes)	AAA/Aaa	800,000	800,000
California Mobile Home Park Financing Authority, 5.00% due 11/15/2013 (Rancho Vallecitos; Insured: ACA)	NR/NR	570,000	577,085
California Municipal Finance Authority, 1.625% due 2/1/2019 put 9/1/2011 (Waste Management, Inc.)	BBB/NR	1,000,000	1,000,480
California PCR, 5.90% due 6/1/2014 (San Diego Gas & Electric)	A/A2	2,500,000	2,762,700
California PCR, 5.35% due 12/1/2016 (Pacific Gas & Electric; Insured: Natl-Re) (AMT)	BBB+/A3	2,000,000	2,044,320
California PCR Solid Waste Disposal, 6.75% due 7/1/2011 (North County Recycling Center) (ETM)	NR/Aaa	500,000	507,070
California PCR Solid Waste Disposal, 5.25% due 6/1/2023 put 12/1/2017 (Republic Services, Inc.) (AMT)	BBB/Baa3	2,620,000	2,740,677

SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

<u>Issuer-Description</u>	<u>Credit Rating† S&P/ Moody's</u>	<u>Principal Amount</u>	<u>Value</u>
California State Department of Transportation COP, 5.25% due 3/1/2016 (Insured: Natl-Re)	BBB/A2	\$ 2,000,000	\$ 2,007,020
California State Department of Water Resources Power Supply, 6.00% due 5/1/2013 pre-refunded 5/1/2012	AA-/Aa3	2,270,000	2,430,058
California State Department of Water Resources Power Supply, 5.00% due 5/1/2015	AA-/Aa3	5,000,000	5,614,750
California State Economic Recovery GO, 5.00% due 7/1/2018	A+/Aa3	3,000,000	3,351,930
California State GO, 5.50% due 3/1/2012 (School Improvements; Insured: FGIC)	A-/A1	230,000	234,336
California State GO, 5.00% due 3/1/2017 (Insured: Syncora)	A-/A1	2,860,000	3,127,524
California State GO, 0.20% due 5/1/2034 put 4/1/2011 (Various Kindergarten; LOC: Citibank N.A.) (daily demand notes)	AAA/Aa2	600,000	600,000
California State Public Works Board Lease, 5.25% due 10/1/2013 (California State University)	BBB+/Aa3	500,000	501,160
California State Public Works Board Lease, 5.25% due 12/1/2014	BBB+/A2	1,525,000	1,527,943
California State Public Works Board Lease, 5.00% due 1/1/2015 (Department of Corrections; Insured: AMBAC)	BBB+/A2	2,000,000	2,131,260
California State Public Works Board Lease, 5.00% due 11/1/2015 (Various Universities)	AA-/Aa2	1,000,000	1,094,690
California State Public Works Board Lease, 5.00% due 11/1/2016 (California State University)	BBB+/Aa3	1,000,000	1,068,180
California Statewide Community Development Authority, 5.25% due 8/1/2014 (East Campus Apartments; Insured: ACA)	NR/Baa1	1,715,000	1,759,316
California Statewide Community Development Authority, 5.50% due 8/15/2014 (Enloe Medical Center; Insured: CA Mtg Insurance)	A-/NR	750,000	805,267
California Statewide Community Development Authority, 5.00% due 5/15/2015 (Irvine LLC-UCI East Campus)	NR/Baa2	2,300,000	2,425,856
California Statewide Community Development Authority, 5.00% due 4/1/2019 (Kaiser Credit Group)	A+/NR	3,000,000	3,173,760
California Statewide Community Development Authority, 5.00% due 7/1/2020 (Aspire Public Schools)	NR/NR	1,350,000	1,263,289
California Statewide Community Development Authority, 3.85% due 11/1/2029 put 6/1/2012 (Kaiser Credit Group)	A+/NR	975,000	1,008,676
California Statewide Community Development Authority COP, 6.50% due 8/1/2012 (Cedars-Sinai Center Hospital; Insured: Natl-Re)	BBB/A2	300,000	308,976
California Statewide Community Development Authority PCR, 4.10% due 4/1/2028 put 4/1/2013 (Southern California Edison Co.; Insured: Syncora)	A/A1	2,575,000	2,656,421
Calipatria USD, 0% due 8/1/2025 (Capital Appreciation-Election 1995; Insured: ACA)	NR/NR	5,000,000	1,599,900
Carson Redevelopment Agency Tax Allocation, 6.00% due 10/1/2019 (Project Area 1)	A-/NR	1,050,000	1,066,747
Castaic USD GO, 0% due 5/1/2018 (Insured: Natl-Re/FGIC)	A+/NR	3,000,000	2,170,110
Centinela Valley Unified High School District GO, 4.00% due 12/1/2013	SP-1+/NR	3,000,000	3,115,770
Central Union High School District Imperial County, 5.00% due 8/1/2012 (Insured: Natl-Re/FGIC)	A+/NR	830,000	856,411
Central Valley Financing Authority, 5.00% due 7/1/2015 (Carson Ice)	A+/A1	1,000,000	1,089,420
Central Valley Financing Authority, 5.25% due 7/1/2020 (Carson Ice)	A+/A1	500,000	535,705
Cerritos Public Financing Authority Tax Allocation, 5.00% due 11/1/2014 (Insured: AMBAC)	A-/NR	1,260,000	1,281,420
Chabot-Las Positas Community College District GO, 0% due 8/1/2018 (Election 2004-B; Insured: AMBAC)	AA-/Aa1	2,465,000	1,746,305
Chula Vista COP, 5.25% due 3/1/2020	A-/NR	1,300,000	1,325,818
City of Folsom, 4.00% due 12/1/2014 (Community Facilities District No. 2)	A+/NR	755,000	775,770
City of Folsom, 5.00% due 12/1/2016 (Community Facilities District No. 2)	A+/NR	1,100,000	1,159,499
City of Folsom, 5.00% due 12/1/2018 (Community Facilities District No. 2)	A+/NR	965,000	990,640
Contra Costa Water District, 2.50% due 10/1/2013	AA+/NR	2,000,000	2,074,640
Corona-Norco USD GO, 0% due 9/1/2017 (Insured: AGM)	AA+/Aa2	1,595,000	1,222,376
County of Stanislaus, 5.75% due 5/1/2015 (Insured: Natl-Re)	A+/Baa1	1,815,000	1,929,291
Delano Financing Authority, 5.00% due 12/1/2017 (Police Station and Capital Improvements)	A/NR	1,085,000	1,074,334
Delano Financing Authority, 5.00% due 12/1/2018 (Police Station and Capital Improvements)	A/NR	1,135,000	1,102,982
Delano Financing Authority, 5.00% due 12/1/2019 (Police Station and Capital Improvements)	A/NR	1,195,000	1,132,920
Desert Sands USD COP, 5.25% due 3/1/2014	A+/A1	1,745,000	1,855,685
Desert Sands USD COP, 5.00% due 3/1/2017	A+/A1	1,500,000	1,578,615

SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

<u>Issuer-Description</u>	<u>Credit Rating† S&P/ Moody's</u>	<u>Principal Amount</u>	<u>Value</u>
Escondido USD GO, 6.10% due 11/1/2011 (Insured: Natl-Re)	BBB/Baa1	\$ 500,000	\$ 502,235
Fillmore Public Financing Authority, 5.00% due 5/1/2016 (Water Recycling; Insured: CIFG)	A/A2	735,000	767,796
High Desert California Memorial Health Care, 5.40% due 10/1/2011	NR/NR	675,000	675,068
Inland Valley Development Agency, 5.25% due 4/1/2012	A/NR	1,490,000	1,520,828
Kern Community College District COP, 4.00% due 4/1/2014	SP-1+/NR	2,000,000	2,052,920
Kings Canyon Joint USD GO, 5.375% due 8/1/2017 pre-refunded 8/1/2011 (Insured: Natl-Re)	AA-/NR	1,000,000	1,026,880
Lindsay USD COP, 5.75% due 10/1/2017 (Insured: AGM)	AA+/NR	1,160,000	1,207,456
Lindsay USD COP, 6.00% due 10/1/2018 (Insured: AGM)	AA+/NR	680,000	710,002
Los Angeles Convention & Exhibition Center Authority, 5.00% due 8/15/2016	A+/A1	2,000,000	2,123,940
Los Angeles Convention & Exhibition Center Authority, 5.00% due 8/15/2017	A+/A1	1,410,000	1,487,183
Los Angeles COP, 5.00% due 2/1/2012 (Insured: Natl-Re)	A+/A1	1,400,000	1,445,444
Los Angeles County Public Works Authority, 5.00% due 8/1/2018 (Multiple Capital Projects)	A+/A1	2,060,000	2,177,482
Los Angeles County Schools, 5.00% due 6/1/2016 (Insured: Natl-Re)	BBB/Baa1	1,000,000	1,026,010
Los Angeles County Schools, 5.00% due 6/1/2017 (Insured: Natl-Re)	BBB/Baa1	1,010,000	1,017,393
Los Angeles Department of Airports, 5.50% due 5/15/2018 (Los Angeles International Airport)	AA/Aa3	2,000,000	2,206,120
Los Angeles Department of Water & Power, 5.25% due 7/1/2011 (Insured: Natl-Re)	AA-/Aa3	3,000,000	3,036,540
Los Angeles Department of Water & Power, 0.20% due 7/1/2035 put 4/1/2011 (Insured: U.S. Bank) (daily demand notes)	AA/Aa2	900,000	900,000
Los Angeles Municipal Improvement Corporation, 5.00% due 11/1/2017 (Capital Equipment)	A+/A2	3,235,000	3,459,703
Los Angeles Solid Waste, 4.00% due 2/1/2012	AA/Aa2	850,000	874,947
Los Angeles USD COP, 5.00% due 10/1/2015 (Insured: AMBAC)	A+/A1	1,500,000	1,592,475
Los Angeles USD COP, 5.50% due 12/1/2018 (Capital Projects)	A+/A1	2,000,000	2,110,560
Los Angeles USD GO, 5.50% due 7/1/2012 (Insured: Natl-Re)	AA-/Aa2	2,500,000	2,640,975
Merced Redevelopment Agency Tax Allocation, 5.25% due 9/1/2020	A-/NR	1,190,000	1,132,428
Milpitas Redevelopment Agency Tax Allocation, 5.00% due 9/1/2015 (Insured: Natl-Re)	A/Baa1	2,000,000	2,017,700
Mojave USD COP, 0% due 9/1/2017 (Insured: AGM)	AA+/NR	1,045,000	795,851
Mojave USD COP, 0% due 9/1/2018 (Insured: AGM)	AA+/NR	1,095,000	766,128
Monterey County COP, 5.00% due 8/1/2014 (Refinancing Project; Insured: AGM)	AA+/Aa3	2,000,000	2,149,260
Northern California Power Agency, 4.00% due 7/1/2015	A/A2	500,000	522,130
Northern California Power Agency, 5.00% due 7/1/2016	A/A2	500,000	556,955
Northern California Power Agency, 5.00% due 7/1/2018	A/A2	1,250,000	1,383,925
Northern California Power Agency, 5.00% due 6/1/2019 (Lodi Energy Center)	NR/NR	2,340,000	2,503,894
Norwalk Redevelopment Agency Tax Allocation, 5.00% due 10/1/2014 (Insured: Natl-Re)	BBB/Baa1	625,000	647,913
Orange County Public Finance Authority, 5.375% due 6/1/2015 (Juvenile Justice Center; Insured: AMBAC)	A+/Aa3	1,000,000	1,051,010
Oxnard Financing Authority Solid Waste, 5.25% due 6/1/2014 (Insured: Natl-Re/FGIC)	A+/NR	1,000,000	1,064,790
Oxnard Financing Authority Waste Water, 5.00% due 5/1/2013 (Insured: AMBAC) (AMT)	A-/NR	2,115,000	2,195,158
Palomar Pomerado Health GO, 0% due 8/1/2019 (Insured: AGM)	AA+/Aa3	2,000,000	1,280,180
Pittsburg Redevelopment Agency Tax Allocation, 5.00% due 8/1/2020 (Los Medanos Community Development Project; Insured: Natl-Re)	A+/Baa1	1,205,000	1,126,603
Port Oakland, 5.75% due 11/1/2012 (Port, Airport & Marina Improvements; Insured: Natl-Re/FGIC) (AMT)	A/A2	2,160,000	2,166,890
Port Oakland, 5.75% due 11/1/2014 (Insured: Natl-Re/FGIC) (AMT)	A/A2	745,000	746,654
Redding Electrical Systems Revenue COP, 5.00% due 6/1/2020 (Insured: AGM)	NR/Aa3	2,500,000	2,632,975
Richmond Joint Powers Financing Authority, 5.25% due 5/15/2013 (Lease & Gas Tax)	A/NR	300,000	300,327
Ridgecrest Redevelopment Agency, 5.00% due 6/30/2016 (Ridgecrest Redevelopment Project)	A-/Baa1	1,055,000	1,062,955
Ridgecrest Redevelopment Agency, 5.00% due 6/30/2017 (Ridgecrest Redevelopment Project)	A-/Baa1	1,055,000	1,051,898
Ridgecrest Redevelopment Agency, 5.25% due 6/30/2018 (Ridgecrest Redevelopment Project)	A-/Baa1	1,050,000	1,040,004
Ridgecrest Redevelopment Agency, 5.50% due 6/30/2019 (Ridgecrest Redevelopment Project)	A-/Baa1	1,050,000	1,035,615
Ridgecrest Redevelopment Agency, 5.50% due 6/30/2020 (Ridgecrest Redevelopment Project)	A-/Baa1	1,040,000	1,010,277
Riverside County Palm Desert Financing Authority, 5.00% due 5/1/2013	AA-/A1	1,000,000	1,050,030
Roseville Natural Gas Financing Authority, 5.00% due 2/15/2017	A/A2	1,000,000	1,012,930
Sacramento City Financing Authority, 0% due 11/1/2014 (Insured: Natl-Re)	BBB/Baa1	3,385,000	2,866,520

SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

<u>Issuer-Description</u>	<u>Credit Rating† S&P/ Moody's</u>	<u>Principal Amount</u>	<u>Value</u>
Sacramento Cogeneration Authority, 5.00% due 7/1/2015 (Procter & Gamble)	A+/A1	\$ 1,100,000	\$ 1,210,418
Sacramento Cogeneration Authority, 5.00% due 7/1/2019 (Procter & Gamble)	A+/A1	625,000	676,731
Sacramento Municipal Utility District, 5.00% due 7/1/2020 (Cosumnes Project; Insured: Natl-Re)	BBB/Baa1	3,000,000	2,961,540
San Bernardino County Community Facilities District, 5.10% due 9/1/2011	NR/NR	190,000	192,122
San Bernardino County Community Facilities District, 5.20% due 9/1/2012	NR/NR	205,000	211,695
San Bernardino County Community Facilities District, 5.30% due 9/1/2013	NR/NR	300,000	313,662
San Bernardino County Multi-Family Housing, 4.75% due 12/15/2031 put 12/15/2011 (Rolling Ridge LLC; Collateralized: FNMA)	NR/Aaa	3,100,000	3,174,555
San Diego Redevelopment Agency, 5.25% due 9/1/2015 (Centre City Redevelopment; Insured: AGM)	AA+/Aa3	1,375,000	1,408,632
San Diego Redevelopment Agency, 4.50% due 9/1/2019 (Centre City Redevelopment; Insured: AMBAC)	NR/A2	1,240,000	1,218,908
San Diego USD GO, 5.50% due 7/1/2020 (Election 1998; Insured: Natl-Re)	AA/Aa1	1,390,000	1,514,433
San Francisco City & County Airports Commission, 5.25% due 5/1/2013 pre-refunded 5/1/11 (Insured: Natl-Re)	BBB/A1	425,000	426,743
San Francisco City & County Airports Commission, 5.25% due 5/1/2013 put 5/1/2011 (Insured: Natl-Re)	A/A1	630,000	632,583
San Francisco City & County Airports Commission, 5.25% due 5/1/2016 (Insured: Syncora)	A/A1	1,500,000	1,581,660
San Francisco City & County Redevelopment Agency, 0% due 7/1/2011 (George R. Moscone; Insured: Natl-Re)	AA-/Aa3	1,200,000	1,197,036
San Francisco City & County Redevelopment Agency, 0% due 7/1/2013 (George R. Moscone)	AA-/Aa3	1,200,000	1,148,736
San Joaquin County COP, 5.50% due 11/15/2013 (Capital Facilities; Insured: Natl-Re)	BBB/Baa1	1,000,000	1,028,140
San Joaquin Delta Community College District GO, 0% due 8/1/2019 (Insured: AGM)	AA+/Aa2	5,000,000	3,284,700
San Jose Redevelopment Agency Tax Allocation, 5.25% due 8/1/2012 (Merged Area Redevelopment; Insured: Natl-Re)	BBB+/A2	1,000,000	1,022,160
San Jose Redevelopment Agency Tax Allocation, 5.00% due 8/1/2020 (Insured: Natl-Re)	BBB+/A2	1,200,000	1,116,708
San Luis & Delta-Mendota Water Authority, 4.50% due 3/1/2014 (Water Utility Improvements)	A+/NR	2,000,000	2,102,240
San Mateo Flood Control District COP, 5.25% due 8/1/2017 (Colma Creek; Insured: Natl-Re)	BBB/Baa1	1,000,000	1,000,240
San Mateo Union High School District GO Unlimited, 0% due 9/1/2019 (Capital Appreciation-Election of 2000-B; Insured: Natl-Re/FGIC)	AA/Aa1	2,000,000	1,317,220
Santa Ana USD GO, 0% due 8/1/2020 (Election of 1999; Insured: Natl-Re/FGIC)	A+/NR	2,035,000	1,242,347
Santa Barbara County, 5.25% due 12/1/2014 (Insured: AMBAC)	AA+/Aa3	1,145,000	1,199,342
Santa Clara County Financing Authority, 5.00% due 5/15/2012 (Multiple Facilities Projects)	AA/Aa2	1,000,000	1,044,760
Santa Margarita/Dana Point Authority, 7.25% due 8/1/2013 (Improvement Districts 3-3A, 4-4A; Insured: Natl-Re)	BBB/Baa1	2,000,000	2,188,060
Seal Beach Redevelopment Agency Mobile Home Park, 5.20% due 12/15/2013 (Insured: ACA)	NR/NR	470,000	478,474
Solano County COP, 5.00% due 11/15/2013	AA-/A1	1,780,000	1,906,362
Solano County COP, 5.00% due 11/15/2016	AA-/A1	1,000,000	1,075,970
Southeast Resource Recovery Facilities Authority, 5.375% due 12/1/2013 (Insured: AMBAC) (AMT)	A+/A1	1,060,000	1,122,445
Southeast Resource Recovery Facilities Authority, 5.25% due 12/1/2017 (Insured: AMBAC)	A+/A1	1,000,000	1,037,320
Southern California Public Power Authority, 6.75% due 7/1/2012 (Multiple Projects; Insured: AGM)	AA+/Aa3	2,315,000	2,483,486
Southern California Public Power Authority, 5.15% due 7/1/2015 (Insured: AMBAC)	NR/Aa3	350,000	384,790
Southern California Public Power Authority, 5.15% due 7/1/2015 (Insured: AMBAC)	NR/Aa3	250,000	274,900
Southern California Public Power Authority, 5.00% due 7/1/2016 (Southern Transmission Project)	AA-/NR	2,000,000	2,249,740
Torrance Hospital Revenue, 6.00% due 6/1/2022 (Torrance Memorial Medical Center)	A+/A2	2,600,000	2,640,248
Tracy Area Public Facilities Financing Agency Special Tax, 5.875% due 10/1/2019 (Community Facilities District No. 87)	BBB/Baa1	590,000	591,882
Tuolumne Wind Project Authority, 5.00% due 1/1/2015 (Tuolumne Co.)	A+/A1	500,000	544,085
Tuolumne Wind Project Authority, 5.00% due 1/1/2018 (Tuolumne Co.)	A+/A1	1,690,000	1,836,912
Turlock Irrigation District, 5.00% due 1/1/2015	A+/A1	1,125,000	1,210,815
Turlock Irrigation District, 5.00% due 1/1/2019	A+/A1	1,000,000	1,057,820

SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

<u>Issuer-Description</u>	<u>Credit Rating†</u> <u>S&P/ Moody's</u>	<u>Principal</u> <u>Amount</u>	<u>Value</u>
Tustin Community Redevelopment Agency, 4.00% due 9/1/2017 (Tustin Redevelopment Project Area)	A/NR	\$ 935,000	\$ 880,115
Twin Rivers USD GO, 0% due 4/1/2014	A+/NR	1,000,000	910,900
University of California, 4.00% due 5/15/2017 (Limited Project)	AA-/Aa2	1,250,000	1,346,150
Upper Lake Union High School District GO, 0% due 8/1/2020 (Capital Appreciation; Insured: Natl-Re)	NR/Baa1	1,050,000	578,970
Val Verde USD COP, 5.00% due 1/1/2014 (Insured: Natl-Re/FGIC) (ETM)	NR/NR	445,000	492,771
Washington USD COP, 5.00% due 8/1/2017 (New High School; Insured: AMBAC)	A/NR	725,000	758,234
Washington USD Yolo County, 5.00% due 8/1/2021 (New High School; Insured: AMBAC)	A/NR	910,000	898,598
Whittier Solid Waste, 5.375% due 8/1/2014 (Insured: AMBAC)	NR/NR	700,000	<u>700,665</u>
TOTAL INVESTMENTS — 97.84% (Cost \$240,346,196)			\$ 241,519,135
OTHER ASSETS LESS LIABILITIES — 2.16%			<u>5,341,951</u>
NET ASSETS — 100.00%			<u>\$ 246,861,086</u>

Footnote Legend

† Credit ratings are unaudited. Rating changes may have occurred subsequent to the reporting period end. Bonds issued with a maturity of one year or less are assigned Moody's ratings from MIG-1 to MIG-4 and Standard and Poor's ratings from SP-1+ to SP-3 with MIG-1 and SP-1+ being the strongest ratings.

Portfolio Abbreviations

To simplify the listings of securities, abbreviations are used per the table below:

ABAG	Association of Bay Area Governments
ACA	Insured by American Capital Access
AGM	Insured by Assured Guaranty Municipal Corp.
AMBAC	Insured by American Municipal Bond Assurance Corp.
AMT	Alternative Minimum Tax
CIFG	CIFG Assurance North America Inc.
COP	Certificates of Participation
ETM	Escrowed to Maturity
FGIC	Insured by Financial Guaranty Insurance Co.
FHA	Insured by Federal Housing Administration
FNMA	Collateralized by Federal National Mortgage Association
GO	General Obligation
HFA	Health Facilities Authority
LOC	Letter of Credit
Mtg	Mortgage
Natl-Re	Insured by National Public Finance Guarantee Corp.
PCR	Pollution Control Revenue Bond
Syncora	Insured by Syncora Guarantee Inc.
VA	Veterans Affairs
USD	Unified School District

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

ASSETS

Investments at value (cost \$240,346,196) (Note 2)	\$ 241,519,135
Cash	231,732
Receivable for fund shares sold	2,743,898
Interest receivable	3,069,517
Prepaid expenses and other assets	845
Total Assets	247,565,127

LIABILITIES

Payable for fund shares redeemed	270,923
Payable to investment advisor and other affiliates (Note 3)	167,307
Accounts payable and accrued expenses	31,327
Dividends payable	234,484
Total Liabilities	704,041

NET ASSETS

\$ 246,861,086

NET ASSETS CONSIST OF:

Net unrealized appreciation on investments	1,172,939
Accumulated net realized gain (loss)	(123,870)
Net capital paid in on shares of beneficial interest	245,812,017
	<u>\$ 246,861,086</u>

NET ASSET VALUE:

Class A Shares:

Net asset value and redemption price per share (\$118,019,963 applicable to 9,126,995 shares of beneficial interest outstanding - Note 4)	\$ 12.93
Maximum sales charge, 1.50% of offering price	0.20
Maximum offering price per share	<u>\$ 13.13</u>

Class C Shares:

Net asset value and offering price per share * (\$40,477,809 applicable to 3,127,698 shares of beneficial interest outstanding - Note 4)	\$ 12.94
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Class I Shares:

Net asset value, offering and redemption price per share (\$88,363,314 applicable to 6,826,990 shares of beneficial interest outstanding - Note 4)	\$ 12.94
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* Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

See notes to financial statements.

STATEMENT OF OPERATIONS

Thornburg California Limited Term Municipal Fund

Six Months Ended March 31, 2011 (Unaudited)

INVESTMENT INCOME:

Interest income (net of premium amortized of \$984,087) \$ 4,524,056

EXPENSES:

Investment advisory fees (Note 3) 608,540

Administration fees (Note 3)

Class A Shares 72,559

Class C Shares 25,864

Class I Shares 21,485

Distribution and service fees (Note 3)

Class A Shares 145,118

Class C Shares 102,358

Transfer agent fees

Class A Shares 17,112

Class C Shares 9,933

Class I Shares 8,333

Registration and filing fees

Class A Shares 19

Class C Shares 19

Class I Shares 19

Custodian fees (Note 3) 34,131

Professional fees 12,717

Accounting fees 3,338

Trustee fees 2,798

Other expenses 11,375

Total Expenses 1,075,718

Less:

Expenses reimbursed by investment advisor (Note 3) (1,580)

Fees paid indirectly (Note 3) (822)

Net Expenses 1,073,316

Net Investment Income 3,450,740

REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) on investments 99,622

Net change in unrealized appreciation (depreciation) of investments (8,560,527)

Net Realized and Unrealized Loss (8,460,905)

Net Decrease in Net Assets Resulting from Operations \$ (5,010,165)

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

Thornburg California Limited Term Municipal Fund

	Six Months Ended March 31, 2011*	Year Ended September 30, 2010
INCREASE (DECREASE) IN NET ASSETS FROM		
OPERATIONS:		
Net investment income	\$ 3,450,740	\$ 5,633,467
Net realized gain (loss) on investments	99,622	68,938
Increase (Decrease) in unrealized appreciation (depreciation) of investments	(8,560,527)	4,863,894
	<hr/>	<hr/>
Net Increase (Decrease) in Net Assets Resulting from Operations	(5,010,165)	10,566,299
DIVIDENDS TO SHAREHOLDERS:		
From net investment income		
Class A Shares	(1,602,337)	(2,846,029)
Class C Shares	(517,298)	(895,557)
Class I Shares	(1,331,105)	(1,891,881)
FUND SHARE TRANSACTIONS (NOTE 4):		
Class A Shares	7,201,337	32,843,700
Class C Shares	(107,708)	15,149,787
Class I Shares	12,428,210	36,228,843
	<hr/>	<hr/>
Net Increase in Net Assets	11,060,934	89,155,162
NET ASSETS:		
Beginning of Period	<hr/> 235,800,152	<hr/> 146,644,990
End of Period	<hr/> \$ 246,861,086	<hr/> \$ 235,800,152

* Unaudited

See notes to financial statements.

NOTE 1 – ORGANIZATION

Thornburg California Limited Term Municipal Fund (the “Fund”) is a diversified series of Thornburg Investment Trust (the “Trust”). The Trust is organized as a Massachusetts business trust under a Declaration of Trust dated June 3, 1987 and is registered as a diversified, open-end management investment company under the Investment Company Act of 1940, as amended. The Fund is currently one of sixteen separate series of the Trust. Each series is considered to be a separate entity for financial reporting and tax purposes and bears expenses directly attributable to it. The Fund’s primary investment objective is to obtain as high a level of current income exempt from federal and California state individual income tax as is consistent, in the view of the Fund’s investment advisor, with the preservation of capital. The Fund’s secondary objective is to reduce expected changes in its share price compared to longer intermediate and long-term bond portfolios.

The Fund currently offers three classes of shares of beneficial interest: Class A, Class C, and Institutional Class (Class I). Each class of shares of the Fund represents an interest in the same portfolio of investments, except that (i) Class A shares are sold subject to a front-end sales charge collected at the time the shares are purchased and bear a service fee, (ii) Class C shares are sold at net asset value without a sales charge at the time of purchase, but are subject to a contingent deferred sales charge upon redemption within one year of purchase, and bear both a service fee and a distribution fee, (iii) Class I shares are sold at net asset value without a sales charge at the time of purchase, and (iv) the respective classes may have different reinvestment privileges and conversion rights. Additionally, the Fund may allocate among its classes certain expenses, to the extent allowable to specific classes, including transfer agent fees, government registration fees, certain printing and postage costs, and administrative and legal expenses. Currently, class specific expenses of the Fund are limited to service and distribution fees, administration fees, and certain registration and transfer agent expenses.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies of the Trust are as follows:

Valuation of Investments: Debt obligations have a primary market over the counter and are valued by an independent pricing service approved by the Trustees of the Trust. The pricing service ordinarily values debt obligations at quoted bid prices. When quotations are not available, debt obligations are valued at evaluated prices determined by the pricing service using methods which include consideration of yields or prices of debt obligations of comparable quality, type of issue, coupon, maturity and rating, and indications as to value from dealers and general market conditions. Short-term obligations having remaining maturities of 60 days or less are ordinarily valued at amortized cost, which approximates market value.

In any case where a pricing service fails to provide a price for a debt obligation held by the Fund, the valuation and pricing committee determines a fair value for the obligation using procedures approved by the Trustees. Additionally, in any case where management believes that a price provided by a pricing service for a debt obligation may be unreliable, the valuation and pricing committee decides whether or not to use the pricing service’s valuation or to determine a fair value for the obligation.

In determining fair value for any portfolio security or other investment, the valuation and pricing committee seeks to determine the amount that an owner of the investment might reasonably expect to receive upon a sale of the investment. However, because fair value prices are estimated prices, the valuation and pricing committee’s determination of fair value for an investment may differ from the value that would be realized by the Fund upon a sale of the investment, and that difference could be material to the Fund’s financial statements. The valuation and pricing committee’s determination of fair value for an investment may also differ from the prices obtained by other persons (including other mutual funds) for the investment.

Valuation Measurements: Various inputs are used in determining the value of the Fund’s investments. These inputs are summarized in the three levels listed below.

Level 1: Quoted prices in active markets for identical investments.

Level 2: Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment rates, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments).

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

The following table displays a summary of the inputs used to value the Fund's net assets as of March 31, 2011. In any instance when valuation inputs from more than one level are used to determine the fair value of a specific investment, the investment is placed in the level of the table based upon the lowest level input that is significant in determining the fair value of the investment:

	Fair Value Measurements at March 31, 2011			
	Total	Level 1	Level 2	Level 3
Assets				
Investments in Securities				
Municipal Bonds	\$ 241,519,135	\$ -	\$ 241,519,135	\$ -
Total Investments in Securities	\$ 241,519,135	\$ -	\$ 241,519,135	\$ -

Other Notes: It is the policy of the Fund to recognize significant transfers between Levels 1 and 2 and to disclose those transfers at the last date of the reporting period. The Fund recognized no significant transfers into and out of Levels 1 and 2 during the six months ended March 31, 2011.

Federal Income Taxes: It is the policy of the Trust to comply with the provisions of the Internal Revenue Code applicable to "regulated investment companies" and to distribute to shareholders substantially all taxable (if any) and tax exempt income of the Fund. Therefore, no provision for federal income tax is required.

Management reviews each tax position believed to be material to the preparation of the Fund's financial statements, to assess if it is more likely than not that the position would be sustained upon examination, based upon the technical merits of the position. As of March 31, 2011, management has not identified any such position for which a liability must be reflected in the Statement of Assets and Liabilities. The Fund's tax returns remain subject to examination for three years after filing.

When-Issued and Delayed Delivery Transactions: The Fund may engage in when-issued or delayed delivery transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with the Fund's investment objectives and not for the purpose of investment leverage or to speculate on interest rate and/or market changes. At the time the Fund makes a commitment to purchase a security on a when-issued or delayed delivery basis, the Fund will record the transaction and reflect the value in determining its net asset value. When effecting such transactions, assets of an amount sufficient to make payment for the portfolio securities to be purchased will be segregated on the Fund's records on the trade date. Securities purchased on a when-issued or delayed delivery basis do not earn interest until the settlement date.

Dividends: Net investment income of the Fund is declared daily as a dividend on shares for which the Fund has received payment. Dividends are paid monthly and are reinvested in additional shares of the Fund at net asset value per share at the close of business on the dividend payment date, or at the shareholder's option, paid in cash. Net realized capital gains, to the extent available, will be distributed at least annually.

General: Securities transactions are accounted for on a trade date basis. Interest income is accrued as earned. Premiums and discounts on securities purchased are amortized to call dates or maturity dates of the respective securities. Realized gains and losses from the sale of securities are recorded on an identified cost basis. Net investment income (other than class specific expenses) and realized and unrealized gains and losses are allocated daily to each class of shares based upon the relative net asset value of outstanding shares (or the value of the dividend-eligible shares, as appropriate) of each class of shares at the beginning of the day (after adjusting for the current capital shares activity of the respective class). Expenses common to all Funds are allocated among the Funds comprising the Trust based upon their relative net asset values or other appropriate allocation methods.

Guarantees and Indemnifications: Under the Trust's organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown. However, based on experience, the Trust expects the risk of loss to be remote.

Use of Estimates: The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent

assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

NOTE 3 – INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Pursuant to an investment advisory agreement, Thornburg Investment Management, Inc. (the “Advisor”) serves as the investment advisor and performs services to the Fund for which the fees are payable at the end of each month. For the six months ended March 31, 2011, these fees were payable at annual rates ranging from .50 of 1% to .225 of 1% per annum of the average daily net assets of the Fund depending on the Fund’s asset size. The Trust also has entered into administrative services agreements with the Advisor, whereby the Advisor will perform certain administrative services for the shareholders of each class of the Fund’s shares, and for which fees will be payable at an annual rate of up to .125 of 1% per annum of the average daily net assets attributable to each class of shares. For the six months ended March 31, 2011, the Advisor voluntarily reimbursed certain class specific expenses and administrative fees of \$1,580 for Class C shares.

The Trust has an underwriting agreement with Thornburg Securities Corporation (the “Distributor,” an affiliate of the Advisor), which acts as the distributor of the Fund’s shares. For the six months ended March 31, 2011, the Distributor has advised the Fund that it earned commissions aggregating \$779 from the sale of Class A shares, and collected contingent deferred sales charges aggregating \$3,769 from redemptions of Class C shares of the Fund.

Pursuant to a service plan under Rule 12b-1 of the Investment Company Act of 1940, the Fund may reimburse to the Advisor an amount not to exceed .25 of 1% per annum of the average daily net assets attributable to each class of shares of the Fund for payments made by the Advisor to securities dealers and other financial institutions to obtain various shareholder and distribution related services. For the six months ended March 31, 2011, there were no 12b-1 service plan fees charged for Class I shares. The Advisor may pay out of its own resources additional expenses for distribution of the Fund’s shares.

The Trust has also adopted a distribution plan pursuant to Rule 12b-1, applicable only to the Fund’s Class C shares, under which the Fund compensates the Distributor for services in promoting the sale of Class C shares of the Fund at an annual rate of up to .25 of 1% per annum of the average daily net assets attributable to Class C shares. Total fees incurred by the Distributor for each class of shares of the Fund under their respective Service and Distribution Plans and Class C distribution fees waived by the Distributor for the six months ended March 31, 2011, are set forth in the Statement of Operations.

The Trust has an agreement with the custodian bank to indirectly pay a portion of the custodian’s fees through credits earned by the Fund’s cash on deposit with the bank. This deposit agreement is an alternative to overnight investments. Custodial fees have been adjusted to reflect amounts that would have been paid without this agreement, with a corresponding adjustment reflected as fees paid indirectly in the Statement of Operations. For the six months ended March 31, 2011, fees paid indirectly were \$822.

Certain officers and Trustees of the Trust are also officers and/or directors of the Advisor and Distributor. The compensation of independent Trustees is borne by the Trust.

NOTE 4 – SHARES OF BENEFICIAL INTEREST

At March 31, 2011, there were an unlimited number of shares of beneficial interest authorized. Transactions in shares of beneficial interest were as follows:

	Six Months Ended		Year Ended	
	March 31, 2011 (Unaudited)		September 30, 2010 (Audited)	
	Shares	Amount	Shares	Amount
Class A Shares				
Shares sold	1,502,091	\$ 19,687,565	3,682,819	\$ 48,257,610
Shares issued to shareholders in reinvestment of dividends	70,622	922,835	120,579	1,584,678
Shares repurchased	(1,023,803)	(13,409,063)	(1,296,692)	(16,998,588)
Net Increase (Decrease)	548,910	\$ 7,201,337	2,506,706	\$ 32,843,700

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

	Six Months Ended		Year Ended	
	March 31, 2011 (Unaudited)		September 30, 2010 (Audited)	
	Shares	Amount	Shares	Amount
Class C Shares				
Shares sold	467,159	\$ 6,139,234	1,487,118	\$ 19,552,458
Shares issued to shareholders in reinvestment of dividends	25,207	329,778	45,232	595,327
Shares repurchased	(502,890)	(6,576,720)	(379,476)	(4,997,998)
Net Increase (Decrease)	(10,524)	\$ (107,708)	1,152,874	\$ 15,149,787
Class I Shares				
Shares sold	2,185,624	\$ 28,738,444	3,723,169	\$ 49,022,751
Shares issued to shareholders in reinvestment of dividends	52,831	690,898	80,780	1,063,454
Shares repurchased	(1,304,187)	(17,001,132)	(1,055,277)	(13,857,362)
Net Increase (Decrease)	934,268	\$ 12,428,210	2,748,672	\$ 36,228,843

NOTE 5 – SECURITIES TRANSACTIONS

For the six months ended March 31, 2011, the Fund had purchase and sale transactions of investment securities (excluding short-term investments) of \$41,686,677 and \$8,083,742, respectively.

NOTE 6 – INCOME TAXES

At March 31, 2011, information on the tax components of capital is as follows:

Cost of investments for tax purposes	<u>\$ 240,346,196</u>
Gross unrealized appreciation on a tax basis	\$ 3,951,573
Gross unrealized depreciation on a tax basis	<u>(2,778,634)</u>
Net unrealized appreciation (depreciation) on investments (tax basis)	<u>\$ 1,172,939</u>

At March 31, 2011, the Fund had deferred tax basis capital losses occurring subsequent to October 31, 2009 of \$15,578. For tax purposes, such losses will be reflected in the year ending September 30, 2011.

At March 31, 2011, the Fund had tax basis capital losses of \$207,914, which may be carried forward to offset future capital gains. To the extent such carryforwards are used, capital gain distributions may be reduced to the extent provided by regulations. Such capital loss carryforwards expire September 30, 2015.

OTHER NOTES

Fund management believes no events have occurred between March 31, 2011 and May 20, 2011, the date of issuance of the financial statements, which require adjustment of, or disclosure in, the accompanying financial statements.

FINANCIAL HIGHLIGHTS

Thornburg California Limited Term Municipal Fund

PER SHARE PERFORMANCE (for a share outstanding throughout the period)+

Unless Otherwise Noted, Periods are Fiscal Years Ended Sept. 30,	Net Asset Value Beginning of Period	Net Investment Income (Loss)	Net Realized & Unrealized Gain (Loss) on Investments	Total from Investment Operations	Dividends from Net Investment Income	Dividends from Net Realized Gains	Total Dividends	Net Asset Value End of Period
Class A Shares								
2011 ^{(b)(c)}	\$ 13.38	0.18	(0.45)	(0.27)	(0.18)	-	(0.18)	\$ 12.93
2010 ^(c)	\$ 13.09	0.39	0.29	0.68	(0.39)	-	(0.39)	\$ 13.38
2009 ^(c)	\$ 12.49	0.44	0.60	1.04	(0.44)	-	(0.44)	\$ 13.09
2008 ^(c)	\$ 12.73	0.42	(0.24)	0.18	(0.42)	-	(0.42)	\$ 12.49
2007 ^(c)	\$ 12.77	0.43	(0.04)	0.39	(0.43)	-	(0.43)	\$ 12.73
2006 ^(c)	\$ 12.79	0.40	(0.02)	0.38	(0.40)	-	(0.40)	\$ 12.77
Class C Shares								
2011 ^(b)	\$ 13.40	0.16	(0.46)	(0.30)	(0.16)	-	(0.16)	\$ 12.94
2010	\$ 13.10	0.35	0.30	0.65	(0.35)	-	(0.35)	\$ 13.40
2009	\$ 12.50	0.41	0.60	1.01	(0.41)	-	(0.41)	\$ 13.10
2008	\$ 12.74	0.39	(0.24)	0.15	(0.39)	-	(0.39)	\$ 12.50
2007	\$ 12.78	0.40	(0.04)	0.36	(0.40)	-	(0.40)	\$ 12.74
2006	\$ 12.80	0.37	(0.02)	0.35	(0.37)	-	(0.37)	\$ 12.78
Class I Shares								
2011 ^(b)	\$ 13.40	0.20	(0.46)	(0.26)	(0.20)	-	(0.20)	\$ 12.94
2010	\$ 13.10	0.43	0.30	0.73	(0.43)	-	(0.43)	\$ 13.40
2009	\$ 12.50	0.48	0.60	1.08	(0.48)	-	(0.48)	\$ 13.10
2008	\$ 12.74	0.47	(0.24)	0.23	(0.47)	-	(0.47)	\$ 12.50
2007	\$ 12.78	0.47	(0.04)	0.43	(0.47)	-	(0.47)	\$ 12.74
2006	\$ 12.80	0.44	(0.02)	0.42	(0.44)	-	(0.44)	\$ 12.78

(a) Not annualized for periods less than one year.

(b) Unaudited Six Month Period Ended March 31.

(c) Sales loads are not reflected in computing total return.

(d) Annualized.

+ Based on weighted average shares outstanding.

See notes to financial statements.

FINANCIAL HIGHLIGHTS, CONTINUED

Thornburg California Limited Term Municipal Fund

RATIOS TO AVERAGE NET ASSETS

Net Investment Income (Loss) (%)	Expenses, After Expense Reductions (%)	Expenses, After Expense Reductions and Net of Custody Credits (%)	Expenses, Before Expense Reductions (%)
2.76 ^(d)	0.96 ^(d)	0.96 ^(d)	0.96 ^(d)
2.94	0.97	0.97	0.97
3.48	0.98	0.98	0.99
3.32	1.00	0.98	1.00
3.37	0.99	0.99	1.01
3.17	0.92	0.87	1.01
2.50 ^(d)	1.21 ^(d)	1.21 ^(d)	1.22 ^(d)
2.67	1.23	1.23	1.74
3.23	1.24	1.24	1.76
3.06	1.26	1.24	1.78
3.13	1.24	1.23	1.79
2.92	1.18	1.13	1.83
3.10 ^(d)	0.62 ^(d)	0.62 ^(d)	0.62 ^(d)
3.27	0.63	0.63	0.63
3.81	0.65	0.65	0.65
3.66	0.65	0.63	0.65
3.71	0.66	0.65	0.68
3.50	0.66	0.55	0.71

SUPPLEMENTAL DATA

Total Return (%) ^(a)	Portfolio Turnover Rate (%)	Net Assets at End of Period (Thousands)
(2.02)	3.52	\$ 118,020
5.29	13.69	\$ 114,813
8.50	44.06	\$ 79,455
1.42	34.88	\$ 66,023
3.10	22.71	\$ 67,183
3.06	25.77	\$ 80,589
(2.22)	3.52	\$ 40,478
5.09	13.69	\$ 42,039
8.22	44.06	\$ 26,004
1.16	34.88	\$ 15,963
2.85	22.71	\$ 14,449
2.80	25.77	\$ 16,801
(1.93)	3.52	\$ 88,363
5.72	13.69	\$ 78,948
8.86	44.06	\$ 41,186
1.77	34.88	\$ 41,814
3.44	22.71	\$ 31,918
3.39	25.77	\$ 28,334

EXPENSE EXAMPLE

Thornburg California Limited Term Municipal Fund

March 31, 2011 (Unaudited)

As a shareholder of the Fund, you incur two types of costs:

- (1) transaction costs, including
 - (a) sales charges (loads) on purchase payments, for Class A shares;
 - (b) a deferred sales charge on redemptions of any part or all of a purchase of \$1 million of Class A shares within 12 months of purchase;
 - (c) a deferred sales charge on redemptions of Class C shares within 12 months of purchase;
- (2) ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other Fund expenses.

This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on a \$1,000 investment beginning on October 1, 2010, and held until March 31, 2011.

ACTUAL EXPENSES

For each class of shares, the first line of the table at right provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line for your class of shares under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

For each class of shares, the second line of the table at right provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

	Beginning Account Value 10/1/10	Ending Account Value 3/31/11	Expenses Paid During Period† 10/1/10–3/31/11
Class A Shares			
Actual	\$1,000.00	\$ 979.80	\$ 4.72
Hypothetical*	\$1,000.00	\$1,020.16	\$ 4.82
Class C Shares			
Actual	\$1,000.00	\$ 977.80	\$ 5.98
Hypothetical*	\$1,000.00	\$1,018.89	\$ 6.10
Class I Shares			
Actual	\$1,000.00	\$ 980.70	\$ 3.07
Hypothetical*	\$1,000.00	\$1,021.83	\$ 3.13

† Expenses are equal to the annualized expense ratio for each class (A: 0.96%; C: 1.21%; I: 0.62%) multiplied by the average account value over the period, multiplied by 182/365 to reflect the one-half year period.

* Hypothetical assumes a rate of return of 5% per year before expenses.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the second line of the table for each class of shares is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

PORTFOLIO PROXY VOTING**Policies and Procedures:**

The Trust has delegated to Thornburg Investment Management, Inc. (the “Advisor”) voting decisions respecting proxies for the Fund’s voting securities. The Advisor makes voting decisions in accordance with its Proxy Voting Policy and Procedures. A description of the Policy and Procedures is available (i) without charge, upon request, by calling the Advisor toll-free at 1-800-847-0200, (ii) on the Thornburg website at www.thornburg.com, and (iii) on the Securities and Exchange Commission’s website at www.sec.gov.

Information regarding how proxies were voted is available on or before August 31 of each year for the twelve months ending the preceding June 30. This information is available (i) without charge, upon request by calling the Advisor toll-free at 1-800-847-0200, (ii) on the Thornburg website at www.thornburg.com, and (iii) on the Securities and Exchange Commission’s website at www.sec.gov.

AVAILABILITY OF QUARTERLY PORTFOLIO SCHEDULE

The Fund files with the Securities and Exchange Commission schedules of its portfolio holdings on Form N-Q for the first and third quarters of each fiscal year. The Fund’s Forms N-Q are available on the Commission’s website at www.sec.gov, or may be reviewed and copied at the Commission’s Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund also makes this information available on its website at www.thornburg.com/ download or upon request by calling 1-800-847-0200.

Trustees' Statement to Shareholders

Not part of the Certified Semi-Annual Report

February 8, 2005, as readopted September 13, 2010

The Trustees are concerned that ongoing commentaries and opinions reported in the media may confuse investors in general as to the supervisory duties of trustees of mutual funds and, in particular, leave Thornburg Investment Trust shareholders uncertain regarding how we discharge our responsibilities in supervising the Funds' investment advisor and in reviewing the advisor's contract for renewal. We decided to spell out clearly three principal guidelines that we follow in supervising the Trust's investment advisor on your behalf.

We begin with the premise that each shareholder selected his or her Fund because its investments are managed by the investment advisor identified in the prospectus and in accordance with the objective and policies described in the prospectus. We realize, as each of you do, that if you believe that your Fund's stated objective and policies no longer serve your personal investment goals, you can sell your shares and leave the Fund.

Therefore, we believe that our primary supervisory task – our principal obligation to you – is to assess the nature and quality of the advisor's services, and to confirm that the advisor actively and competently pursues the Fund's objective, in accordance with the policies set out in the prospectus. To do this, we meet regularly with management to review your Fund's portfolio and to discuss the advisor's specific actions and judgments in pursuing the Fund's objective. We do not substitute our own judgment for the advisor's decisions in selecting investments; the advisor is paid to exercise its informed judgment on investment decisions, and we seek to confirm, in reviewing the advisor's performance, that the advisor is doing just that.

Second, while we are conscious of costs and the effect that costs have on shareholders' returns, we do not seek the lowest fees or expense ratio as our sole or primary objective. We try to make sure that your Fund's fees and costs are reasonable in relationship to the services rendered and that they are generally in line with those charged by other expert investment advisors, consistent with our belief that the Fund's investors searched for and expect that expertise and attention and have decided to pay a reasonable price for it. We do not put the management contract "out to bid" as a matter of course, and we would not do so unless we had concluded that the advisor materially had failed to pursue the Fund's objectives in accordance with its policies, or for other equally important reasons. We believe that any other approach would be inconsistent with your interests and contrary to your expectations when you bought shares of the Fund in the first place.

Finally, because we believe that most Thornburg Fund shareholders have invested with a long-term perspective, we try not to focus too much on the fashions of the moment and on short-term performance. The market will not favor any specific investment objective or set of policies at all times and under all economic circumstances. A fund will experience periods of both high and low returns relative to other funds and other investments. Even if one of our Funds is not favored by the market at a particular time, we believe that the advisor is nonetheless obliged to remain true to the Fund's objective and policies, and we watch to see that it does so.

Retirement and Education Accounts

Thornburg Investment Management offers retirement and education savings accounts that can help you meet a variety of planning challenges. For account applications or further information on any of the accounts below, please call 1-800-847-0200 or go to www.thornburg.com/ira. Your financial advisor can help you determine which plan is right for you.

Individual Retirement Accounts

Individual Retirement Accounts (IRAs) provide a tax-advantaged means to save money for the future. For a detailed outline of the difference between retirement accounts, see www.thornburg.com/ira. Rollovers are available. Call 1-800-847-0200 for more information.

Traditional IRAs – Contributions to Traditional IRAs are tax deductible for eligible individuals, and withdrawals are taxed as additional ordinary income. You may contribute to an IRA if you receive compensation and are under 70½, even if you are covered by an employer retirement plan. Deductible contributions are subject to certain qualifications. Please consult your tax advisor.

Roth IRAs – Under a Roth IRA, there is no tax deduction for contributions, but there is no income tax on qualified withdrawals. For a more detailed comparison of Traditional and Roth IRAs, please see our web site at www.thornburg.com/ira.

SEP IRAs – Simplified Employee Pension (SEP) IRAs are established by employers. The employer is allowed a tax deduction for contributions made to the SEP Plan and makes contributions to each eligible employee's SEP IRA on a discretionary basis.

SIMPLE IRAs – Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) is designed to give small business owners a simplified method to establish and contribute to a retirement plan for employees. The employer is allowed a tax deduction for contributions and makes either matching or non-elective contributions to each eligible employee's SIMPLE IRA. Employees may make salary deferral contributions.

Coverdell Education Savings Account

These savings accounts are designed to provide a way to save money for higher education expenses. In an Education Savings Account, earnings and interest grow tax-free, and qualified withdrawals used to pay for eligible higher-education expenses are tax- and penalty-free.

Funds Available

The following funds are available in the accounts listed above:

- Thornburg International Value Fund
- Thornburg Value Fund
- Thornburg Core Growth Fund
- Thornburg Investment Income Builder Fund
- Thornburg Global Opportunities Fund
- Thornburg International Growth Fund
- Thornburg Developing World Fund
- Thornburg Limited Term U.S. Government Fund
- Thornburg Limited Term Income Fund
- Thornburg Strategic Income Fund



The Firm

Thornburg Investment Management® is a privately held investment management company based in Santa Fe, New Mexico with assets under management of \$80 billion. Founded in 1982, the firm manages seven equity funds, nine bond funds, and separate portfolios for select institutions and individuals.

Investment Philosophy

We seek to preserve and increase the real wealth of the Funds' shareholders after accounting for inflation, taxes, and investment expenses. We're committed to disciplined investing and managing risk in all market environments.

Portfolio Holdings Disclosure

We believe you should know about your portfolio. Our web site keeps investors informed of the Funds' equity holdings. Go to www.thornburg.com/funds for commentary on our equity fund holdings.

Co-Ownership of Funds

We invest side-by-side with the Funds' shareholders. Our employees have invested \$285 million in Thornburg products.

Thornburg Equity Funds

Thornburg's equity research uses a fundamental and comprehensive analytical approach. Thornburg equity funds focus on a limited number of securities so that each holding can impact performance. The equity team searches for firms believed to have a promising future and seeks to buy shares of those companies at a discount to their intrinsic value.

- Thornburg Value Fund
- Thornburg International Value Fund
- Thornburg Core Growth Fund
- Thornburg Investment Income Builder Fund
- Thornburg Global Opportunities Fund
- Thornburg International Growth Fund
- Thornburg Developing World Fund

Thornburg Bond Funds

Thornburg Investment Management applies a disciplined philosophy to fixed-income management. Since the launch of our first fixed-income fund over 25 years ago, we have been conducting fundamental, bottom-up research in an effort to identify bonds which we believe provide the best return for a given level of risk. We are very organic in our approach, avoiding leverage or complex strategies which could backfire in periods of market uncertainty.

- Thornburg Limited Term Municipal Fund
- Thornburg Intermediate Municipal Fund
- Thornburg California Limited Term Municipal Fund
- Thornburg New Mexico Intermediate Municipal Fund
- Thornburg New York Intermediate Municipal Fund
- Thornburg Strategic Municipal Income Fund
- Thornburg Limited Term U.S. Government Fund
- Thornburg Limited Term Income Fund
- Thornburg Strategic Income Fund

Before investing, carefully consider the Fund's investment goals, risks, charges, and expenses. For a prospectus containing this and other information, contact your financial advisor or visit thornburg.com. Read it carefully before investing.

For additional information, please visit www.thornburg.com

Thornburg Investment Management, Inc. 2300 North Ridgetop Road, Santa Fe, NM 87506

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Thornburg **Investment Management**[®]
Strategies for Building Real Wealth

This Semi-Annual Report is submitted for the general information of shareholders of the Fund. It is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus.

Investment Advisor:
Thornburg Investment Management[®]
800.847.0200

Distributor:
Thornburg Securities Corporation[®]
800.847.0200

THI070

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Wait not**



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