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# Thornburg Developing World Fund

Annual Report – September 30, 2011

*Includes All Share Classes*



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## Thornburg Developing World Fund

The Fund seeks long-term capital appreciation. Under normal market conditions the Fund invests at least 80% of its assets in equity securities and debt obligations of developing country issuers. A developing country issuer is a company or sovereign entity that is domiciled or otherwise tied economically to one or more developing countries. The Fund expects that investment in the Fund's portfolio normally will be weighted in favor of equity securities. The Fund portfolio is diversified to include basic value stocks, companies with consistent earnings, and emerging franchises.

# Important Information

The information presented on the following pages was current as of September 30, 2011. The manager's views, portfolio holdings, and sector and country diversification are provided for the general information of the Fund's shareholders; to the extent this information is historical, it should not be considered predictive of future circumstances. 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. Special risks may be associated with investments outside the United States, especially in developing countries, including currency fluctuations, illiquidity and volatility. Investments in small capitalization companies may increase the risk of greater price fluctuations. 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. Funds invested in a limited number of holdings may expose an investor to greater volatility.

Performance data given at net asset value (NAV) does not take into account the 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.

From time to time, the Fund may invest in shares of companies through initial public offerings (IPOs). IPOs have the potential to produce substantial gains for the Fund. There is no assurance that the Fund will have continued access to profitable IPOs and, as the Fund's assets grow, the impact of IPO investments may decline. Therefore, investors should not rely on these past gains as an indication of future performance.

Impact to performance of IPOs, as disclosed in the following letter to shareholders, is calculated using the performance on the first day of the IPO, assuming that the acquired shares are held to the end of the first day.

Share Class	NASDAQ Symbol	Cusip
Class A	THDAX	885-216-408
Class C	THDCX	885-216-507
Class I	THDIX	885-216-606

## Glossary

**MSCI Emerging Markets Index** – A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

**MSCI Country Indices (India and Indonesia)** – Free float-adjusted market capitalization indices that are designed to measure equity market performance in that specific country.

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.

**Consumer Price Index (CPI)** – 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 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.

**Debt-to-Capital Ratio (debt-to-cap)** – A measurement of a company's financial leverage, calculated as the company's debt divided by its total capital.

**Leverage** – The amount of debt used to finance a firm's assets. A firm with significantly more debt than equity is considered to be highly leveraged.

**Price/Earnings Ratio (P/E)** – A valuation ratio of a company's current share price compared to its per-share earnings. P/E equals a company's market value per share divided by earnings per share.

# 2011

Certified Annual Report

## Thornburg Developing World Fund

September 30, 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

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**Lewis Kaufman, CFA**  
Portfolio Manager

October 14, 2011

Dear Fellow Shareholder:

We are pleased to present the second annual report for the Thornburg Developing World Fund for the fiscal year ended September 30, 2011. The net asset value (NAV) of a Class A share of the Fund decreased \$1.94 to \$12.50 per share in the past 12 months, representing a total return, including dividends, of negative 13.34% versus negative 16.15% for the MSCI Emerging Markets Index. Negative absolute returns reflect a dramatic deterioration in the European sovereign debt crisis, and a corresponding decline in emerging markets equities and currencies. Notably, the MSCI Emerging Markets Index declined just 11.99% in local currency terms, suggesting that currency contributed an additional 4.16% to index declines during the period. On a longer-term basis, absolute returns for the Thornburg Developing World Fund remain positive despite a decline in the market over the same period. Since inception on December 16, 2009, the Fund has returned positive 2.66% versus negative 3.14% for the MSCI Emerging Markets Index. Investments in initial public offerings with the Fund contributed 2.87% to performance for the fiscal year.

One year ago in our annual letter, we acknowledged that with higher asset prices comes the potential for a more volatile market environment. Since then, most major emerging markets currencies have declined, and the median forward P/E multiple for the Developing World Fund has decreased to 15.6x compared to 18.4x one year ago. While our focus on financially-sound, free cash generative companies has not proven protective in an absolute sense, it has aided in capital preservation on a relative basis. Perhaps more importantly, our intrinsic value estimates for companies in the Developing World Fund are largely unchanged. Specifically, while the companies we own may experience share price volatility along with the broader market, we believe they are less likely to permanently destroy value on a per-share basis – something more highly levered companies are likely to do in periods of capital markets duress. As of September 30, 2011, of the 39 non-bank companies in the portfolio, 24 were in net cash positions and the median debt-to-cap ratio was negative 10.5% (i.e., 10.5% of total capital in cash). In addition, of our 39 non-bank holdings, just four generated negative free cash flow in the last year.

A brief discussion of top portfolio holdings is instructive. Our top five holdings as of September 30, 2011 were Mexican over-the-counter and personal care company Genomma Labs, South African drug store chain Clicks, U.S.-based toothpaste company Colgate-Palmolive, Chinese luxury clothing retailer Trinity, and Indonesian cement company Indocement. Consistent with the characteristics described above, these five holdings have a median debt-to-cap ratio of negative 1.5%, and a median free cash flow yield of 5.4%. Moreover, they are generally growing in a durable manner at rates significantly in excess of GDP growth. Genomma Labs continues to explore underpenetrated consumer health segments in Mexico and South America. Clicks is leading the consolidation of the informal drug retailing sector in South Africa, where access to healthcare benefits is gradually improving. Colgate is introducing toothpaste to rural populations such as that in India, where just

*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](http://thornburg.com) or call 800-847-0200.*

*The maximum sales charge for Class A shares is 4.50%. Class A shares are subject to a 1% 30-day redemption fee. The total annual fund operating expense of Class A shares is 3.29%, as disclosed in the most recent*

*Prospectus. Thornburg Investment Management and Thornburg Securities Corporation have contractually agreed to waive fees and reimburse expenses through at least February 1, 2012, so that actual expenses, for Class A shares, do not exceed 1.83%.*

## Letter to Shareholders, *Continued*

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45% of the rural population brushes its teeth. Trinity continues to benefit from luxury consumption trends in China, which may be supported by an appreciating Chinese renminbi over time. Indocement is growing volumes at high single-digit rates in a relatively benign competitive environment, and could benefit from medium-term reforms surrounding land acquisition and government investment. Consistent with these opportunities, based on consensus analyst estimates for next year, median sales growth for the Developing World Fund is 16.1% and we estimate median earnings per share growth 23.5%. The median P/E multiple for the Fund based on calendar 2012 consensus estimates is 16.2x.

The continued opportunities for long-term capital appreciation in our investment universe reflect a supportive macro-economic backdrop in most major emerging markets economies. One distinguishing characteristic then, of recent equity market declines, is the high correlation among asset prices. Peripheral European countries including Greece continue to struggle to meet austerity targets, and lack self-correcting mechanisms such as weaker currencies or country-specific monetary policies required to place their economies on firmer footing. These challenges come against a backdrop of government debt-to-GDP ratios in the developed world in the range of 90%. By contrast, Brazil's debt-to-GDP level is about 62%, Russia's 9%, India's 72%, and China's 55%, inclusive of local government debt. Combined with faster-growing economies, the major emerging markets should have the capacity to incur additional indebtedness and support their economies – even as developed market economies deleverage. The currency picture also favors emerging markets. Major emerging markets continue to benefit from trade surpluses reflecting labor cost advantages and natural resource endowments, and from capital inflows in the form of stock and bond flows and foreign direct investment. Reflecting this dynamic, most major emerging markets' central banks maintain foreign exchange reserves in the hundreds of billions – balances which are now being deployed to support currencies during a period of heightened risk aversion.

It is worth noting that China's economic outlook has emerged as a key point of contention in recent months. While the Chinese government continues to harbor \$3 trillion in foreign exchange reserves, the market has grown increasingly concerned about the remnants of Chinese stimulus past – namely, the sustainability and quality of fixed asset investment, local government debt levels, bank lending caps which have resulted in the growth of the shadow banking system, and real estate prices. While we are not dismissive of these issues, most appear manageable. Fixed asset investment can be gradually replaced by policy measures aimed at domestic consumption including renminbi appreciation and increased social spending, thereby helping to sustain GDP growth rates at high levels. Local governments continue to be backed by the tax base of the national government. Shadow banking remains a single-digit percentage of the existing stock of bank loans. Real estate prices could prove elevated in Tier 1 and 2 cities, but are less likely in other parts of the country. In the final analysis, Beijing has great firepower, which may be used in its pursuit of economic growth and social stability. The greatest risks to China's economy are external in our judgment.

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Ultimately, it is difficult to forecast market movements with precision, and we remain focused on what we believe we can control. Namely, we continue to make risk-adjusted improvements to the portfolio. That said, if the market multiple simply remains unchanged in the next year, our portfolio may represent a vehicle for capital appreciation at a rate consistent with the earnings per share growth we expect for our portfolio. Emerging markets currencies arguably also offer some potential for recovery in the coming year, which should be a consideration for U.S.-based emerging markets investors broadly. Ultimately, it is our hope that our dual emphasis on capital appreciation and risk management will be a distinguishing characteristic of the Thornburg Developing World Fund over time. If capital market conditions in the developing world erode, companies with stable and self-funding businesses can reduce the need for external financing when it might be least available, thereby setting the stage for potential continued business development in the medium term.

Sincerely,

A handwritten signature in blue ink, appearing to read 'L. Kaufman', with a long horizontal flourish extending to the right.

Lewis Kaufman, CFA  
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 Developing World Fund

September 30, 2011

### TOP TEN HOLDINGS As of 9/30/11

Genomma Lab Internacional SA	3.3%	Cia Hering	3.0%
Clicks Group Ltd.	3.3%	Schlumberger Ltd.	3.0%
Colgate Palmolive Co.	3.2%	Credicorp Ltd.	3.0%
Trinity Ltd.	3.1%	Totvs SA	3.0%
PT Indocement Tungal Prakarsa Tbk	3.0%	Hengan International Group Co. Ltd.	2.9%

### SUMMARY OF INDUSTRY EXPOSURE As of 9/30/11

Software & Services	18.3%	Food & Staples Retailing	6.0%
Banks	11.3%	Food, Beverage & Tobacco	5.1%
Materials	10.5%	Pharmaceuticals, Biotechnology & Life Sciences	3.3%
Energy	9.0%	Consumer Durables & Apparel	3.1%
Retailing	8.4%	Capital Goods	1.7%
Health Care Equipment & Services	7.7%	Technology Hardware & Equipment	1.6%
Household & Personal Products	6.2%	Diversified Financials	1.0%
Consumer Services	6.1%	Other Assets & Cash Equivalents	0.7%

### SUMMARY OF COUNTRY EXPOSURE As of 9/30/11 (percent of equity holdings)

China	17.7%	Turkey	4.5%
Brazil	11.3%	Argentina	3.6%
Indonesia	9.7%	South Africa	3.3%
India	8.7%	Netherlands	3.0%
Russia	7.2%	Peru	3.0%
United States	5.5%	Canada	2.9%
Taiwan	5.4%	Poland	1.9%
Mexico	5.3%	Thailand	1.8%
Hong Kong	5.2%		

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Developing World Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>COMMON STOCK — 99.26%</b>		
<b>BANKS — 11.28%</b>		
<b>COMMERCIAL BANKS — 11.28%</b>		
Credicorp Ltd.	19,197	\$ 1,769,963
PT Bank Mandiri	2,172,000	1,556,724
Sberbank of Russia	783,900	1,716,741
Turkiye Garanti Bankasi A.S.	419,500	<u>1,634,298</u>
		<u>6,677,726</u>
<b>CAPITAL GOODS — 1.72%</b>		
<b>MACHINERY — 1.72%</b>		
Turk Traktor Ve Ziraat Makineleri AS	52,974	<u>1,020,485</u>
		<u>1,020,485</u>
<b>CONSUMER DURABLES &amp; APPAREL — 3.06%</b>		
<b>TEXTILES, APPAREL &amp; LUXURY GOODS — 3.06%</b>		
Trinity Ltd.	2,266,000	<u>1,812,823</u>
		<u>1,812,823</u>
<b>CONSUMER SERVICES — 6.10%</b>		
<b>DIVERSIFIED CONSUMER SERVICES — 1.83%</b>		
<sup>a</sup> New Oriental Education & Technology Group, Inc. ADR	47,113	1,082,185
<b>HOTELS, RESTAURANTS &amp; LEISURE — 4.27%</b>		
Arcos Dorados Holdings, Inc.	27,218	631,186
<sup>a</sup> Jubilant Foodworks Ltd.	39,343	641,056
Wynn Macau Ltd.	523,200	<u>1,255,024</u>
		<u>3,609,451</u>
<b>DIVERSIFIED FINANCIALS — 1.00%</b>		
<b>CAPITAL MARKETS — 1.00%</b>		
<sup>a</sup> Noah Holdings Ltd. ADR	64,280	<u>591,376</u>
		<u>591,376</u>
<b>ENERGY — 9.02%</b>		
<b>ENERGY EQUIPMENT &amp; SERVICES — 3.00%</b>		
Schlumberger Ltd.	29,804	1,780,193
<b>OIL, GAS &amp; CONSUMABLE FUELS — 6.02%</b>		
CNOOC Ltd.	938,000	1,561,045
Coal India Ltd.	152,900	1,038,065
Novatek OAO GDR	8,300	<u>964,460</u>
		<u>5,343,763</u>
<b>FOOD &amp; STAPLES RETAILING — 6.03%</b>		
<b>FOOD &amp; STAPLES RETAILING — 6.03%</b>		
CP All plc	681,900	1,052,958
Drogasil S.A.	234,067	1,400,481
Eurocash SA	155,806	<u>1,114,865</u>
		<u>3,568,304</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 5.13%</b>		
<b>BEVERAGES — 2.23%</b>		
Coca Cola Co.	19,585	1,323,163

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Developing World Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>FOOD PRODUCTS — 2.90%</b>		
Mayora Indah	1,184,000	\$ 1,717,406
		<u>3,040,569</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES — 7.74%</b>		
<b>HEALTH CARE EQUIPMENT &amp; SUPPLIES — 2.74%</b>		
St. Shine Optical Co. Ltd.	131,644	1,619,902
<b>HEALTH CARE PROVIDERS &amp; SERVICES — 5.00%</b>		
Diagnosticos da America SA	198,900	1,691,483
Sinopharm Group Co. H	479,700	<u>1,268,950</u>
		<u>4,580,335</u>
<b>HOUSEHOLD &amp; PERSONAL PRODUCTS — 6.15%</b>		
<b>HOUSEHOLD PRODUCTS — 3.24%</b>		
Colgate Palmolive Co.	21,596	1,915,133
<b>PERSONAL PRODUCTS — 2.91%</b>		
Hengan International Group Co. Ltd.	214,500	<u>1,725,663</u>
		<u>3,640,796</u>
<b>MATERIALS — 10.47%</b>		
<b>CHEMICALS — 5.50%</b>		
Asian Paints Ltd.	24,118	1,555,666
Potash Corp. of Saskatchewan, Inc.	39,295	1,698,330
<b>CONSTRUCTION MATERIALS — 3.05%</b>		
PT Indocement Tunggul Prakarsa Tbk	1,133,200	1,804,869
<b>METALS &amp; MINING — 1.92%</b>		
Southern Copper Corp.	45,530	<u>1,137,795</u>
		<u>6,196,660</u>
<b>PHARMACEUTICALS, BIOTECHNOLOGY &amp; LIFE SCIENCES — 3.34%</b>		
<b>PHARMACEUTICALS — 3.34%</b>		
<sup>a</sup> Genomma Lab Internacional SA	1,198,800	<u>1,976,901</u>
		<u>1,976,901</u>
<b>RETAILING — 8.35%</b>		
<b>INTERNET &amp; CATALOG RETAIL — 1.04%</b>		
<sup>a</sup> Makemytrip Ltd.	27,869	615,347
<b>MULTILINE RETAIL — 4.27%</b>		
Clicks Group Ltd.	413,315	1,926,705
PT Mitra Adiperkasa Tbk	1,224,500	599,016
<b>SPECIALTY RETAIL — 3.04%</b>		
Cia Hering	107,900	<u>1,802,494</u>
		<u>4,943,562</u>
<b>SOFTWARE &amp; SERVICES — 18.30%</b>		
<b>INFORMATION TECHNOLOGY SERVICES — 2.12%</b>		
Infosys Technologies Ltd. ADR	24,587	1,255,658
<b>INTERNET SOFTWARE &amp; SERVICES — 13.23%</b>		
Alibaba.com Ltd.	1,017,500	952,510
Mercadolibre, Inc.	27,260	1,465,225
PChome Online, Inc.	108,000	637,900
<sup>a</sup> Qihoo 360 Technology Co. Ltd. ADR	92,942	1,518,672

## SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Developing World Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
Tencent Holdings Ltd.	81,800	\$ 1,720,579
<sup>a</sup> Yandex NV	75,346	1,537,812
<b>SOFTWARE — 2.95%</b>		
Totvs SA	102,655	<u>1,747,087</u>
		<u>10,835,443</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT — 1.57%</b>		
<b>COMMUNICATIONS EQUIPMENT — 1.57%</b>		
HTC Corp.	41,350	<u>929,443</u>
		<u>929,443</u>
<b>TOTAL COMMON STOCK (Cost \$64,834,530)</b>		<u>58,767,637</u>
<b>TOTAL INVESTMENTS — 99.26% (Cost \$64,834,530)</b>		\$ 58,767,637
<b>OTHER ASSETS LESS LIABILITIES — 0.74%</b>		<u>438,091</u>
<b>NET ASSETS — 100.00%</b>		<u>\$ 59,205,728</u>

### Footnote Legend

<sup>a</sup> Non-income producing.

### Portfolio Abbreviations

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

ADR American Depository Receipt

GDR Global Depository Receipt

See notes to financial statements.

# STATEMENT OF ASSETS AND LIABILITIES

Thornburg Developing World Fund

September 30, 2011

## ASSETS

Investments at value (cost \$64,834,530) (Note 2)	\$ 58,767,637
Cash denominated in foreign currency (cost \$431,946)	419,540
Receivable for investments sold	869,293
Receivable for fund shares sold	286,658
Dividends receivable	94,810
Dividend and interest reclaim receivable	749
Prepaid expenses and other assets	10,622

### Total Assets

60,449,309

## LIABILITIES

Payable for investments purchased	807,910
Payable for fund shares redeemed	140,655
Payable to investment advisor and other affiliates (Note 3)	36,600
Payable to custodian	127,063
Deferred tax payable	54,123
Accounts payable and accrued expenses	77,230

### Total Liabilities

1,243,581

## NET ASSETS

\$ 59,205,728

### NET ASSETS CONSIST OF:

Distribution in excess of net investment income	\$ (95,717)
Net unrealized depreciation on investments and foreign currency translations	(6,137,303)
Accumulated net realized gain (loss)	(2,630,612)
Net capital paid in on shares of beneficial interest	68,069,360

\$ 59,205,728

### NET ASSET VALUE:

#### Class A Shares:

Net asset value and redemption price per share (\$24,929,278 applicable to 1,995,111 shares of beneficial interest outstanding - Note 4)	\$ 12.50
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Maximum sales charge, 4.50% of offering price	<u>0.59</u>
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Maximum offering price per share	<u>\$ 13.09</u>
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#### Class C Shares:

Net asset value and offering price per share (\$7,257,395 applicable to 586,743 shares of beneficial interest outstanding - Note 4)*	<u>\$ 12.37</u>
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#### Class I Shares:

Net asset value, offering and redemption price per share (\$27,019,055 applicable to 2,140,416 shares of beneficial interest outstanding - Note 4)	<u>\$ 12.62</u>
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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 Developing World Fund

Year Ended September 30, 2011

## INVESTMENT INCOME:

Dividend income (net of foreign taxes withheld of \$104,403)	\$ 1,042,966
Interest income	<u>339</u>
<b>Total Income</b>	<u>1,043,305</u>

## EXPENSES:

Investment advisory fees (Note 3)	641,564
Administration fees (Note 3)	
Class A Shares	34,165
Class C Shares	9,778
Class I Shares	15,324
Distribution and service fees (Note 3)	
Class A Shares	68,546
Class C Shares	78,416
Transfer agent fees	
Class A Shares	40,201
Class C Shares	16,763
Class I Shares	18,049
Registration and filing fees	
Class A Shares	21,311
Class C Shares	20,268
Class I Shares	20,772
Custodian fees (Note 3)	133,653
Professional fees	44,342
Accounting fees	1,669
Trustee fees	1,735
Other expenses	<u>27,030</u>
<b>Total Expenses</b>	1,193,586
Less:	
Expenses reimbursed by investment advisor (Note 3)	(82,967)
Investment advisory fees waived by investment advisor (Note 3)	(163,041)
Fees paid indirectly (Note 3)	<u>(1,481)</u>
<b>Net Expenses</b>	<u>946,097</u>
<b>Net Investment Income</b>	<u>\$ 97,208</u>

## STATEMENT OF OPERATIONS, CONTINUED

Thornburg Developing World Fund

Year Ended September 30, 2011

### REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:

Investments	\$ (2,272,526)
Foreign currency transactions	<u>(213,072)</u>
	<u>(2,485,598)</u>

Net change in unrealized appreciation (depreciation) on:

Investments (net of change in deferred taxes payable of \$38,015)	(10,535,960)
Foreign currency translations	<u>(16,022)</u>
	<u>(10,551,982)</u>

<b>Net Realized and Unrealized Loss</b>	<u>(13,037,580)</u>
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<b>Net Decrease in Net Assets Resulting from Operations</b>	<u><u>\$ (12,940,372)</u></u>
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See notes to financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS

Thornburg Developing World Fund

	Year Ended September 30, 2011	Period Ended* September 30, 2010
<b>INCREASE (DECREASE) IN NET ASSETS FROM</b>		
<b>OPERATIONS:</b>		
Net investment income	\$ 97,208	\$ 90,914
Net realized gain (loss) on investments and foreign currency transactions, net of foreign capital gain taxes	(2,485,598)	(342,739)
Net unrealized appreciation (depreciation) on investments, foreign currency translations, and deferred taxes	(10,551,982)	4,414,679
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	(12,940,372)	4,162,854
<b>DIVIDENDS TO SHAREHOLDERS:</b>		
From net investment income		
Class A Shares	(28,522)	-
Class C Shares	(6,288)	-
Class I Shares	(51,293)	-
<b>FUND SHARE TRANSACTIONS (NOTE 4):</b>		
Class A Shares	16,379,807	12,579,326
Class C Shares	5,862,947	2,603,666
Class I Shares	15,403,407	15,240,196
	<hr/>	<hr/>
<b>Net Increase in Net Assets</b>	24,619,686	34,586,042
<b>NET ASSETS:</b>		
Beginning of Period	34,586,042	-
	<hr/>	<hr/>
End of Period	\$ 59,205,728	\$ 34,586,042
	<hr/> <hr/>	<hr/> <hr/>
Undistributed net investment income	\$ -	\$ 11,955

\* For the period from commencement of operations on December 16, 2009 through September 30, 2010.

See notes to financial statements.

**NOTE 1 – ORGANIZATION**

Thornburg Developing World Fund, hereinafter referred to as the “Fund,” is a diversified series of Thornburg Investment Trust (the “Trust”). The Fund commenced operations on December 16, 2009. The Trust was 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 seeks long-term capital appreciation.

The Fund currently offers three classes of shares of beneficial interest outstanding: 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, and (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: Portfolio securities listed or traded on a national securities exchange are valued on the valuation date at the last reported sale price on the exchange that is the primary market for the security. Portfolio securities traded on an exchange for which there has been no sale that day and other equity securities traded in the over-the-counter market are valued at the mean between the last reported bid and asked prices. Portfolio securities reported by NASDAQ are valued at the NASDAQ official closing price. Any foreign security traded on exchanges outside the United States is valued at the price of the security on the exchange that is normally the security’s primary market, as of the close of that exchange preceding the time of the Fund’s valuation.

Debt obligations held by the Fund 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 held by the Fund 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.

Quotations in foreign currencies for foreign portfolio investments are converted to U.S. dollar equivalents using the foreign exchange quotation in effect at the time of valuation.

In any case where the market value of an equity security held by the Fund is not readily available, the Trust’s valuation and pricing committee determines a fair value for the security using procedures approved by the Trustees, which may include the use of a price obtained from an independent pricing service. The pricing service ordinarily values equity securities in these instances using multi-factor models to adjust market prices based upon various inputs, including exchange data, depository receipt prices, futures and index data and other data. A security’s market value is deemed not readily available whenever the exchange or market on which the security is primarily traded is closed for the entire scheduled day of trading. Additionally, a security’s market value may be deemed not readily available under other circumstances identified by the Trustees, including when developments occurring after the most recent close of the security’s primary exchange or market, but before the most recent close of trading in Fund shares, or an unusual event or significant period of time occurring since the availability of a market quotation, create a question about the reliability of the security’s market value.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Developing World Fund

September 30, 2011

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 debt 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 held by the Fund 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 debt 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).

The following table displays a summary of the inputs used to value the Fund's net assets as of September 30, 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 September 30, 2011			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in Securities*				
Common Stock	\$ 58,767,637	\$ 58,767,637	\$ -	\$ -
Total Investments in Securities	\$ 58,767,637	\$ 58,767,637	\$ -	\$ -

\* See Schedule of Investments for a summary of the industry exposure as grouped according to the Global Industry Classification Standard (GICS), which is an industry taxonomy developed by MSCI, Inc. and Standard & Poor's (S&P).

**Other Notes:** It is the policy of the Fund to recognize significant transfers between Levels 1, 2 and 3 and to disclose those transfers at the beginning of the reporting period. The Fund recognized no significant transfers between levels for the year ended September 30, 2011.

**Foreign Currency Translation:** Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against the U.S. dollar on the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the translation date. When the Fund purchases or sells foreign securities, it will customarily enter into a foreign exchange contract to minimize foreign exchange risk from the trade date to the settlement date of such transactions. Such spot contracts are included in Receivable for investments sold and Payable for investments purchased on the Statement of Assets and Liabilities.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from purchases and sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends,

interest, and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid.

Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

Deferred Taxes: The Fund is subject to a tax imposed on net realized gains of securities of certain foreign countries. The Fund records an estimated deferred tax liability for net unrealized gains on these securities as reflected in the accompanying financial statements.

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 income, including any net realized gain on investments of the Fund. Therefore, no provision for federal income taxes is required.

Management reviews each uncertain 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 September 30, 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: Dividends to shareholders, if any, are generally paid quarterly 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. Distributions to shareholders are based on income tax regulations and therefore, their characteristics may differ for financial statement and tax purposes.

General: Securities transactions are accounted for on a trade date basis. Interest income is accrued as earned and dividend income is recorded on the ex-dividend date. Certain income from foreign securities is recognized as soon as information is available to the Fund. 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 of each class of shares at the beginning of the day (after adjusting for the current share 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 year ended September 30, 2011, these fees were payable at annual rates ranging from .975 of 1% to .775 of 1% per annum of the average daily net assets of the Fund depending on the Fund’s asset size. For the period ended September 30, 2011, the Advisor voluntarily and contractually waived investment advisory fees of \$163,041. 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 year ended September 30, 2011, the Advisor contractually reimbursed certain class specific expenses, administrative fees, and distribution fees of \$4,891 for Class A shares, \$23,931 for Class C shares, and \$54,145 for Class I 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 year ended September 30, 2011, the Distributor has advised the Fund that it earned commissions aggregating \$23,640 from the sale of Class A shares, and collected contingent deferred sales charges aggregating \$3,080 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 year ended September 30, 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 .75 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 for the year ended September 30, 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 year ended September 30, 2011, fees paid indirectly were \$1,481.

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

**NOTE 4 – SHARES OF BENEFICIAL INTEREST**

At September 30, 2011, there were an unlimited number of shares of beneficial interest authorized. Transactions in shares of beneficial interest were as follows:

	Year Ended September 30, 2011		Period Ended September 30, 2010*	
	Shares	Amount	Shares	Amount
<b>Class A Shares</b>				
Shares sold	1,982,581	\$ 30,656,908	1,023,348	\$ 13,148,906
Shares issued to shareholders in reinvestment of dividends	1,639	25,513	-	-
Shares repurchased	(966,885)	(14,303,463)	(45,572)	(569,655)
Redemption fees received**	-	849	-	75
Net increase (decrease)	1,017,335	\$ 16,379,807	977,776	\$ 12,579,326

# NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Developing World Fund

September 30, 2011

	Year Ended September 30, 2011		Period Ended September 30, 2010*	
	Shares	Amount	Shares	Amount
<b>Class C Shares</b>				
Shares sold	559,204	\$ 8,559,013	207,298	\$ 2,690,788
Shares issued to shareholders in reinvestment of dividends	359	5,563	-	-
Shares repurchased	(173,608)	(2,701,877)	(6,510)	(87,135)
Redemption fees received**	-	248	-	13
Net increase (decrease)	<u>385,955</u>	<u>\$ 5,862,947</u>	<u>200,788</u>	<u>\$ 2,603,666</u>
<b>Class I Shares</b>				
Shares sold	1,732,916	\$ 27,280,362	1,219,783	\$ 15,347,231
Shares issued to shareholders in reinvestment of dividends	2,828	44,294	-	-
Shares repurchased	(806,467)	(11,922,242)	(8,644)	(107,188)
Redemption fees received**	-	993	-	153
Net increase (decrease)	<u>929,277</u>	<u>\$ 15,403,407</u>	<u>1,211,139</u>	<u>\$ 15,240,196</u>

\* The Fund commenced operations on December 16, 2009.

\*\* The Fund charges a redemption fee of 1% of the Class A and Class I shares redeemed or exchanged within 30 days of purchase. Redemption fees charged to any class are allocated to all classes upon receipt of payment based on relative net asset values of each class or other appropriate allocation methods.

## NOTE 5 – SECURITIES TRANSACTIONS

For the year ended September 30, 2011, the Fund had purchase and sale transactions of investment securities (excluding short-term investments) of \$121,087,005 and \$80,443,643, respectively.

## NOTE 6 – INCOME TAXES

At September 30, 2011, information on the tax components of capital is as follows:

Cost of investments for tax purposes	<u>\$ 65,672,336</u>
Gross unrealized appreciation on a tax basis	\$ 1,662,909
Gross unrealized depreciation on a tax basis	<u>(8,567,608)</u>
Net unrealized appreciation (depreciation) on investments (tax basis)	<u>\$ (6,904,699)</u>

At September 30, 2011, the Fund did not have any undistributed ordinary income or distributable capital gains.

At September 30, 2011, the Fund had deferred tax basis currency and capital losses occurring subsequent to October 31, 2010 of \$95,718 and \$1,792,806, respectively. For tax purposes, such losses will be reflected in the year ending September 30, 2012.

The Regulated Investment Company Modernization Act of 2010 (the “Act”) was signed into law on December 22, 2010. The Act makes changes to a number of tax rules impacting the Fund. Under the Act, future capital losses generated by the Fund may be carried over indefinitely, but these losses must be used prior to the utilization of any pre-enactment capital losses. Since pre-enactment capital losses may only be carried forward for eight years, there may be a greater likelihood that all or a portion of a Fund’s pre-enactment

capital losses will expire unused. In general, the provisions of the Act will be effective for the Fund's fiscal year ending September 30, 2012. As of September 30, 2011, the Fund had no pre-enactment capital loss carryforwards to offset future capital gains.

The tax character of distributions paid for the year and period ended September 30, 2011, and September 30, 2010, respectively, was as follows:

	2011	2010
Distributions from:		
Ordinary income	\$ 86,103	\$ -
Capital gains	-	-
Total Distributions	<u>\$ 86,103</u>	<u>\$ -</u>

In order to account for permanent book/tax differences, the Fund increased net capital paid in on shares of beneficial interest by \$11, decreased accumulated net realized loss by \$118,766, and increased distribution in excess of net investment income by \$118,777. This reclassification has no impact on the net asset value of the Fund. Reclassifications result primarily from foreign currency gains (losses), foreign capital gains taxes paid and net operating losses.

#### **NOTE 7 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FOREIGN INVESTMENT RISK**

The Fund may use a variety of derivative financial instruments to hedge or adjust the risks affecting its investment portfolio or to enhance investment returns. Provisions of FASB Accounting Standards Codification ASC 815-10-50 ("ASC 815"), require certain disclosures. The disclosures are intended to provide users of financial statements with an understanding of the use of derivative instruments by the Fund and how these derivatives affect the financial position, financial performance and cash flows of the Fund. The Fund does not designate any derivative instruments as hedging instruments under ASC 815. Additionally, the Fund's risk of loss may exceed the amounts recognized on the Statement of Assets and Liabilities.

For the year ended September 30, 2011, the Fund did not invest in any derivative financial instruments of the type addressed by ASC 815.

#### **OTHER NOTES:**

**Risks:** The Fund's investments subject it to risks including, but not limited to, management risk, market and economic risk, risks affecting specific issuers, liquidity risk, the risks associated with investments in smaller companies and non-U.S. issuers (including developing country issuers), credit risk, and interest rate risk. Please see the Fund's prospectus for a discussion of the risks associated with an investment in the Fund.

**Subsequent Events:** Fund management believes no events have occurred between September 30, 2011 and the date of issuance of the financial statements, which require adjustment to, or disclosure in the accompanying financial statements.

# FINANCIAL HIGHLIGHTS

## Thornburg Developing World Fund

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

Unless Otherwise Noted, Periods are Fiscal Years Ended Sept. 30,	Net Asset Value Beginning of Year	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 Year
<b>Class A Shares</b>								
2011 <sup>(b)</sup>	\$ 14.44	(0.01)	(1.91)	(1.92)	(0.02)	-	(0.02)	\$ 12.50
2010 <sup>(b)(c)</sup>	\$ 11.94	0.06	2.44	2.50	-	-	-	\$ 14.44
<b>Class C Shares</b>								
2011	\$ 14.39	(0.11)	(1.90)	(2.01)	(0.01)	-	(0.01)	\$ 12.37
2010 <sup>(c)</sup>	\$ 11.94	(0.01)	2.46	2.45	-	-	-	\$ 14.39
<b>Class I Shares</b>								
2011	\$ 14.52	0.09	(1.96)	(1.87)	(0.03)	-	(0.03)	\$ 12.62
2010 <sup>(c)</sup>	\$ 11.94	0.11	2.47	2.58	-	-	-	\$ 14.52

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

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

(c) Fund commenced operations on December 16, 2009.

(d) Annualized.

+ Based on weighted average shares outstanding.

See notes to financial statements.

# FINANCIAL HIGHLIGHTS, CONTINUED

Thornburg Developing World 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 (%)
(0.05)	1.63	1.62	1.89
0.55 <sup>(d)</sup>	1.83 <sup>(d)</sup>	1.82 <sup>(d)</sup>	3.30 <sup>(d)</sup>
(0.74)	2.34	2.34	2.89
(0.11) <sup>(d)</sup>	2.39 <sup>(d)</sup>	2.38 <sup>(d)</sup>	6.89 <sup>(d)</sup>
0.55	1.04	1.04	1.47
1.09 <sup>(d)</sup>	1.10 <sup>(d)</sup>	1.09 <sup>(d)</sup>	2.63 <sup>(d)</sup>

## SUPPLEMENTAL DATA

Total Return (%) <sup>(a)</sup>	Portfolio Turnover Rate (%)	Net Assets at End of Year (Thousands)
(13.34)	129.15	\$ 24,929
20.94	47.37	\$ 14,116
(13.96)	129.15	\$ 7,258
20.52	47.37	\$ 2,889
(12.89)	129.15	\$ 27,019
21.61	47.37	\$ 17,581

To the Trustees and Shareholders of  
Thornburg Developing World Fund

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Thornburg Developing World Fund (one of the portfolios constituting Thornburg Investment Trust, hereafter referred to as the “Fund”) at September 30, 2011, and the results of its operations for the year then ended, the changes in net assets and the financial highlights for the year then ended and for the period December 16, 2009 (commencement of operations) through September 30, 2010, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at September 30, 2011 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York  
November 21, 2011

## EXPENSE EXAMPLE

Thornburg Developing World Fund

September 30, 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;

(d) a 30-day redemption fee on Class A and Class I shares;

(2) ongoing costs, including management fees; distribution and/or service (I2b-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 April 1, 2011, and held until September 30, 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.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transac-

	Beginning Account Value 4/1/11	Ending Account Value 9/30/11	Expenses Paid During Period <sup>†</sup> 4/1/11–9/30/11
<b>Class A Shares</b>			
Actual	\$1,000.00	\$ 791.10	\$ 7.20
Hypothetical*	\$1,000.00	\$ 1,017.03	\$ 8.11
<b>Class C Shares</b>			
Actual	\$1,000.00	\$ 788.40	\$ 10.34
Hypothetical*	\$1,000.00	\$ 1,013.51	\$ 11.64
<b>Class I Shares</b>			
Actual	\$1,000.00	\$ 793.20	\$ 4.54
Hypothetical*	\$1,000.00	\$ 1,020.00	\$ 5.11

<sup>†</sup> Expenses are equal to the annualized expense ratio for each class (A: 1.60%; C: 2.31%; I: 1.01%) multiplied by the average account value over the period, multiplied by 183/365 to reflect the one-half year period.

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

tional 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.

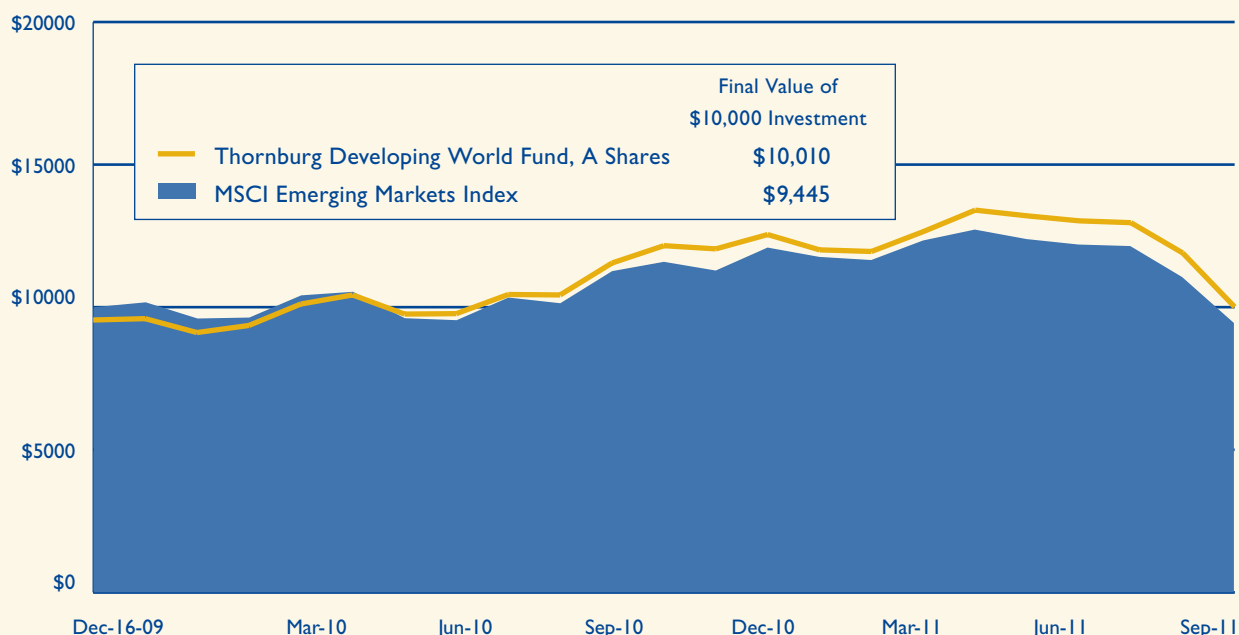
## INDEX COMPARISON

Thornburg Developing World Fund

September 30, 2011 (Unaudited)

### GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT

Thornburg Developing World Fund versus MSCI Emerging Markets Index (December 16, 2009 to September 30, 2011)



### AVERAGE ANNUAL TOTAL RETURNS

For periods ended September 30, 2011 (with sales charge)

	1 Yr	5 Yrs	10 Yrs	Since Inception
<b>A Shares</b> (Incep: 12/16/09)	-17.24%	-	-	0.06%
<b>C Shares</b> (Incep: 12/16/09)	-14.82%	-	-	2.05%
<b>I Shares</b> (Incep: 12/16/09)	-12.89%	-	-	3.27%
<b>MSCI Emerging Markets Index</b> (Since 12/16/09)	-16.15%	-	-	-3.14%

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](http://thornburg.com) or call 800.847.0200. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on distributions or the redemption of Fund shares. Returns reflect the reinvestment of dividends and capital gains as well as applicable sales charges. Class A shares are sold with a maximum sales charge of 4.50%. Class C shares are subject to a 1% CDSC for the first year only. There is no up-front sales charge for Class I shares. Class A and I shares are subject to a 1% 30-day redemption fee.

## TRUSTEES AND OFFICERS

Thornburg Developing World Fund

September 30, 2011 (Unaudited)

Name, Age, Position Held with Fund Year Elected	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee
<b>INTERESTED TRUSTEES<sup>(1)(2)(4)</sup></b>		
Garrett Thornburg, 65 Chairman of Trustees, Trustee since 1987 <sup>(3)</sup>	Chairman and controlling shareholder and, until 2008, CEO of Thornburg Investment Management, Inc. (investment advisor); Chairman, CEO, and controlling shareholder of Thornburg Securities Corporation (securities dealer); CEO until 2007 and Chairman until 2009 of TMST, Inc. (f/k/a Thornburg Mortgage, Inc.) (real estate investment trust); President and Sole Director of Thornburg Mortgage Advisory Corporation (investment manager to TMST, Inc.).	None
Brian J. McMahon, 55 Trustee since 2001, Member of Governance & Nominating Committee & Operations Risk Oversight Committee, President since 1997 <sup>(5)(6)</sup>	CEO since 2008, President, Managing Director, Chief Investment Officer, and Portfolio Manager of Thornburg Investment Management, Inc.	None
<b>INDEPENDENT TRUSTEES<sup>(1)(2)(4)</sup></b>		
David A. Ater, 66 Trustee since 1994, Member of Audit Committee & Governance & Nominating Committee	Principal in Ater & Associates, Santa Fe, NM (developer, planner and broker of residential and commercial real estate); owner, developer and broker for various real estate projects.	None
David D. Chase, 70 Trustee since 2000, Chairman of Audit Committee	Managing Member of Vestor Associates, LLC, Santa Fe, NM (private equity fund); Managing Member of CS Group, LLC, Santa Fe, NM (merchant bank).	None
Eliot R. Cutler, 65 Trustee since 2004 & Nominating Committee, Chairman of Governance	Senior Counsel and, until 2009, Partner in Akin, Gump, Strauss, Hauer & Feld LLP (law firm) in Washington, D.C. and Beijing, China.	None
Susan H. Dubin, 62 Trustee since 2004, Member of Audit Committee	President of Dubin Investments, Ltd., Greenwich, CT (private investment fund); Director and officer of various charitable organizations.	None
Owen D. Van Essen, 57 Trustee since 2004, Member of Governance & Nominating Committee & Chairman of Operations Risk Oversight Committee	President of Dirks, Van Essen & Murray, Santa Fe, NM (newspaper mergers and acquisitions).	None

## TRUSTEES AND OFFICERS, CONTINUED

Thornburg Developing World Fund

September 30, 2011 (Unaudited)

Name, Age, Position Held with Fund Year Elected	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee
James W. Weyhrauch, 52 Trustee since 1996, Member of Audit Committee & Operations Risk Oversight Committee	Real estate broker, Santa Fe Properties, Santa Fe, NM; Vice Chairman of Nambe LLC, Santa Fe, NM (manufacturing & design company).	None
<b>OFFICERS OF THE FUND (WHO ARE NOT TRUSTEES)<sup>(1)(6)(7)</sup></b>		
George T. Strickland, 48 Vice President since 1996, Treasurer since 2007 <sup>(6)</sup>	Portfolio Manager, Vice President, and Managing Director of Thornburg Investment Management, Inc.	Not applicable
William V. Fries, 72 Vice President since 1995	Portfolio Manager, Vice President, and Managing Director of Thornburg Investment Management, Inc.	Not applicable
Leigh Moiola, 44 Vice President since 2001	Vice President, Managing Director, and Director of Marketing of Thornburg Investment Management, Inc.	Not applicable
Alexander Motola, 41 Vice President since 2001	Portfolio Manager, Vice President, and Managing Director of Thornburg Investment Management, Inc.	Not applicable
Wendy Trevisani, 40 Vice President since 1999	Portfolio Manager and Managing Director of Thornburg Investment Management, Inc.	Not applicable
Joshua Gonze, 48 Vice President since 1999	Portfolio Manager since 2007, Managing Director, and Associate Portfolio Manager until 2007 of Thornburg Investment Management, Inc.	Not applicable
Christopher Ihlefeld, 41 Vice President since 2003	Portfolio Manager since 2007, Managing Director, and Associate Portfolio Manager until 2007 of Thornburg Investment Management, Inc.	Not applicable
Leon Sandersfeld, 45 Vice President since 2003	Managing Director since 2007 and Fund Accounting Director of Thornburg Investment Management, Inc.	Not applicable
Sasha Wilcoxon, 37 Vice President since 2003 Secretary since 2007 <sup>(6)</sup>	Managing Director since 2007, Director of Operations, and Vice President of Thornburg Investment Management, Inc.	Not applicable
Edward Maran, 53 Vice President since 2004	Portfolio Manager and Managing Director of Thornburg Investment Management, Inc.	Not applicable
Vinson Walden, 41 Vice President since 2004	Portfolio Manager and Managing Director of Thornburg Investment Management, Inc.	Not applicable
Thomas Garcia, 40 Vice President since 2006	Vice President since 2011, Managing Director, Head Equity Trader, and Associate Portfolio Manager of Thornburg Investment Management, Inc.	Not applicable
Lei Wang, 40 Vice President since 2006	Portfolio Manager and Managing Director of Thornburg Investment Management, Inc.	Not applicable

## TRUSTEES AND OFFICERS, CONTINUED

Thornburg Developing World Fund

September 30, 2011 (Unaudited)

Name, Age, Position Held with Fund Year Elected	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee
Connor Browne, 32 Vice President since 2006	Portfolio Manager and Managing Director of Thornburg Investment Management, Inc.	Not applicable
Jason Brady, 37 Vice President since 2007	Vice President since 2011, Portfolio Manager since 2007, Managing Director since 2007, and Associate Portfolio Manager 2006–2007 of Thornburg Investment Management, Inc.	Not applicable
Lewis Kaufman, 35 Vice President since 2007	Portfolio Manager since 2007, Managing Director since 2007, and Associate Portfolio Manager until 2009 of Thornburg Investment Management, Inc.	Not applicable
Christopher Ryon, 55 Vice President since 2008	Portfolio Manager since 2009, Managing Director since 2009, and Associate Portfolio Manager 2008–2009 of Thornburg Investment Management, Inc.; Principal of Vanguard Funds until 2008.	Not applicable
Lon Erickson, 36 Vice President since 2008	Portfolio Manager since 2010, Managing Director since 2010, and Associate Portfolio Manager 2008–2010 of Thornburg Investment Management, Inc.; Senior Analyst of State Farm Insurance until 2008.	Not applicable
Kathleen Brady, 51 Vice President since 2008	Senior Tax Accountant since 2007 of Thornburg Investment Management, Inc.; Chief Financial Officer of Vestor Partners, LP (private equity fund) until 2007.	Not applicable
Jack Gardner, 57 Vice President since 2008	Managing Director since 2007 of Thornburg Investment Management, Inc.; President since 2008 and National Sales Director of Thornburg Securities Corporation.	Not applicable
Laura Hillstrom, 44 Vice President since 2009	Chief Administrative Officer since 2009, Vice President and Managing Director, and Director of Information Systems until 2009 of Thornburg Investment Management, Inc.	Not applicable

- (1) Each person's address is 2300 North Ridgetop Road, Santa Fe, New Mexico 87506.
- (2) The Fund is one of sixteen separate investment "Funds" or "series" of Thornburg Investment Trust (the "Trust"), which comprises the Thornburg mutual fund complex and is organized as a Massachusetts business trust. Thornburg Investment Management, Inc. is the investment advisor to, and manages, the sixteen Funds of the Trust. Each Trustee oversees the sixteen Funds of the Trust.
- (3) Mr. Thornburg is considered an "interested" Trustee under the Investment Company Act of 1940 because he is the sole director and controlling shareholder of Thornburg Investment Management, Inc., the investment advisor to the sixteen active Funds of the Trust, and is the sole director and controlling shareholder of Thornburg Securities Corporation, the distributor of shares for the Trust.
- (4) Each Trustee serves in office until the election and qualification of a successor.
- (5) Mr. McMahon is considered an "interested" Trustee because he is the chief executive officer and president of Thornburg Investment Management, Inc.
- (6) The Trust's president, secretary, and treasurer each serves a one-year term or until the election and qualification of a successor; each other officer serves at the pleasure of the Trustees.
- (7) Assistant vice presidents, assistant secretaries and assistant treasurers are not shown.

The Statement of Additional Information for each Fund of the Trust includes additional information about the Trustees and is available, without charge and upon request, by calling 1-800-847-0200.

**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. A description of the Policy 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](http://www.thornburg.com), and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://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](http://www.thornburg.com), and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

**TAX INFORMATION**

For the tax year ended September 30, 2011, the Thornburg Developing World Fund designates 100.00% (or the maximum allowed) of the dividends paid from tax basis net ordinary income as qualifying for the reduced rate under the Jobs and Growth Tax Relief and Reconciliation Act of 2003.

10.73% (or the maximum allowed) of the ordinary income distributions paid by the Fund for the tax year ended September 30, 2011, qualified for the corporate dividends received deduction.

The information and distributions reported herein may differ from the information and distributions reported to the shareholders for the calendar year ending December 31, 2011. Complete information will be reported in conjunction with your 2011 Form 1099-DIV.

**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](http://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](http://www.thornburg.com) / download or upon request by calling 1-800-847-0200.

**STATEMENT RESPECTING RENEWAL OF INVESTMENT ADVISORY AGREEMENT**

Thornburg Investment Management, Inc. (the "Advisor") provides investment management services to Thornburg Developing World Fund pursuant to an investment advisory agreement. The Trustees consider the renewal of this agreement annually, and most recently determined to renew the agreement on September 13, 2011.

In anticipation of their recent annual consideration of the advisory agreement's renewal, the independent Trustees met in May 2011 to plan the annual evaluation of the Advisor's performance and to specify the information the Advisor would present to the Trustees for their review. The Advisor's chief investment officer subsequently reviewed portions of the information with the Trustees and addressed questions presented by the Trustees at a meeting session scheduled for that purpose, and the independent Trustees thereafter met in independent session to consider the Advisor's presentation and various specific issues respecting their consideration of the advisory agreement's renewal. Following these sessions, the Trustees met to consider a renewal of the agreement, and the independent Trustees voted unanimously at that meeting to renew the agreement for an additional term of one year.

The information below summarizes certain factors considered by the Trustees in connection with the determination to renew the advisory agreement. In determining to renew the agreement, the Trustees did not identify any single factor as controlling, and this summary does not describe all of the matters considered by the Trustees in making their determination.

Quality of Services; Fund Investment Performance. The Trustees evaluated the nature, extent and quality of services provided by the Advisor under the advisory agreement, and evaluated the investment performance of the Fund.

In connection with their general supervision of the Advisor, and as an important element of their annual consideration of a renewal of the advisory agreement, the Trustees received and considered reports from the Advisor throughout the year. These reports addressed a wide variety of topics, including particularly the Advisor's selection of investments and execution of the Fund's investment strategies. In addition, the Trustees considered information provided to them at their request in anticipation of their annual evaluation of the Advisor's services, including (i) the Fund's absolute investment performance and achievement of stated objectives, (ii) the Advisor's commentary on the Fund's performance in the context of the Fund's objectives and reasonable expectations, and business, market and economic conditions, (iii) measures of the Fund's investment returns over different periods of time relative to a "diversified emerging markets" category of mutual funds selected by an independent mutual fund analyst firm, and relative to a broad-based securities index, (iv) the Fund's cumulative investment return since inception relative to the securities index, and (v) comparative measures of estimated earnings growth, portfolio risk and return.

In evaluating quantitative and performance data presented, the Trustees noted (among other aspects of the data) comparative performance data for the one full calendar year since the Fund's inception, which showed that the Fund's investment return for the year exceeded the average return of the mutual fund category and the return of the index. Other noted quantitative data showed that the Fund's investment returns fell within the top decile of performance for the fund category for the three-month, year-to-date and one-year periods ended with the second quarter of the current year. The Trustees also noted the Fund's higher cumulative return since inception (net of expenses) relative to the Fund's benchmark index.

The Trustees concluded, based upon these and other considerations, that the nature, extent and quality of the Advisor's services were sufficient and that the Advisor had satisfactorily pursued the Fund's stated investment objectives. The Trustees further concluded that the investment performance of the Fund was satisfactory in the context of the Fund's objective and policies, and prevailing market conditions.

Fees and Expenses; Profitability of Advisor; Economies of Scale; Ancillary Benefits to Advisor. The Trustees evaluated the level of the management fee charged by the Advisor to the Fund, and in this connection, reviewed the profitability of the Advisor, economies of scale potentially available to the Fund and whether the Advisor received any ancillary benefits from its relationship with the Fund.

In evaluating the level of the management fee, the Trustees considered the fees charged by the Advisor and the other expenses charged to the Fund in light of the nature and quality of services provided, comparison of the actual Advisor's fee and Fund expenses to the statement of fees and expenses in the Fund's prospectuses, the Advisor's waiver of a portion of its management fee, and comparisons of the Advisor's fee and other Fund expenses to median and average fees and expenses charged to two groups of equity mutual funds assembled by independent mutual fund analyst firms. Comparative fee and expense data noted by the Trustees showed that the management fee for the Fund (after fee waivers) was lower than the median and average fee rates for the two mutual fund groups, and that the overall expense ratio of the Fund (net of fee waivers by the Advisor) was comparable to the median and average expense ratios for one group of mutual funds and somewhat higher than the median and average expense ratios for the other group of funds. The Trustees did not identify these differences as significant. The Trustees considered information about the fees charged by the Advisor to other investment management clients, together with information about fees charged by other advisors to different clients, and analysis of the differences between the requirements of institutional clients and mutual funds and the consequently different investment management services provided, respectively, to institutional clients and to mutual funds. The Trustees confirmed their previous observations that the differences between the fees charged by the Advisor to different types of clients did not appear exceptional, and that the fee rates charged by investment advisors to institutional clients had limited relevance to the evaluation of fee rates charged to mutual funds, because of the significant differences between the respective requirements of institutional clients and mutual funds, the differences between the respective services rendered to institutional clients and mutual funds, and the different circumstances in which the respective fees originate.

In reviewing the profitability of the Advisor, the Trustees considered costs incurred by the Advisor and data comparing the profitability of the Advisor to other investment management firms. The information provided did not indicate that the Advisor's profitability was unusual, and the Trustees noted the adequacy of the Advisor's resources and service capabilities. In reviewing the extent to which economies of scale would be realized by the Fund as it grows and whether fee levels reflect economies of scale, the Trustees considered the breakpoint structure for advisory fees chargeable to the Fund, the demonstrated economies of scale enjoyed by other Funds of the Trust as they had grown in size, and economies of scale realized by other mutual funds. The information provided demonstrated to the Trustees that the Fund may reasonably be expected to realize economies of scale as the Fund grows in size, due to the breakpoint fee structure of the advisory agreement and other factors. In reviewing potential benefits to the Advisor because of its relationship to the Fund, the Trustees considered the Advisor's receipt of research services from broker dealers, and the benefits to both the

## OTHER INFORMATION, CONTINUED

Thornburg Developing World Fund

September 30, 2011 (Unaudited)

Fund and the Advisor of the Advisor's expansion of its staffing, compliance and systems capabilities and other resources to serve a broader variety of investment management clients. No unusual or unfair benefits to the Advisor from its relationship to the Fund were identified by the Trustees.

The Trustees concluded, based upon their consideration of these factors, that the management fee charged to the Fund by the Advisor was fair and reasonable in view of the nature and quality of the services provided by the Advisor, the clear disclosure of fees and expenses in the Fund's prospectuses, the investment performance of the Fund, and comparisons of fees and costs charged to the Fund to fees and expenses charged to other mutual funds.

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# Trustees' Statement to Shareholders

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*Not part of the Certified Annual Report*

September 13, 2011

The Trustees believe current and prospective shareholders should know how we discharge our responsibilities in supervising the Funds' investment advisor and in reviewing the advisor's contract for renewal. Since 2005, we have issued a statement which sets out clearly the three principal guidelines that we follow in supervising the Trust's investment advisor on your behalf. In accordance with our customary practice, in September of this year we again reviewed our statement and concluded we should reissue this statement outlining the principal features of our supervision of the advisor's performance of investment management services for the Funds.

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

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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](http://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](http://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](http://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 \$70 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](http://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 \$248 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](http://thornburg.com). Read it carefully before investing.*

For additional information, please visit [www.thornburg.com](http://www.thornburg.com)

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

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Thornburg Investment Management<sup>®</sup>  
Strategies for Building Real Wealth

This 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<sup>®</sup>  
800.847.0200

*Distributor:*  
Thornburg Securities Corporation<sup>®</sup>  
800.847.0200

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