

Quarterly Review December 31, 2011

Thornburg Strategic Income Fund

INVESTMENT STRATEGY

Thornburg Strategic Income Fund is a global, income-oriented fund with a flexible mandate focused on paying an attractive, sustainable yield. The portfolio invests in a combination of income-producing securities with an emphasis on higher-yielding fixed income. The fund may also invest in dividend-paying stocks.

FUND INVESTMENT OBJECTIVE

The Fund's primary investment goal is to seek a high level of current income. The Fund's secondary investment goal is some long-term capital appreciation. There is no guarantee that the Fund will meet its objectives.

CO-PORTFOLIO MANAGERS

George Strickland
Jason Brady, CFA

PORTFOLIO COMPOSITION

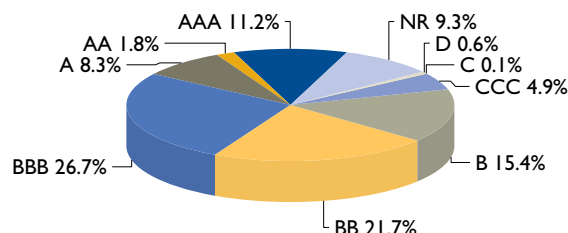
Corporate Bonds	63.8%
Foreign Bonds/Other	8.0%
Common Equity	4.5%
U.S. Gov/Muni	4.5%
Preferred Equity	3.1%
Cash & Cash Equivalents	8.0%
Asset Backed Bonds	8.1%

KEY PORTFOLIO ATTRIBUTES

Assets	\$372 M
Fixed Income Statistics	
Investment Grade	48.1%
Effective Duration	3.2 Yrs
Bond Holdings/Other	247
Equity Statistics	
Portfolio P/E Trailing 12 months*	7.28x
Median Market Cap*	\$2.8 B
Equity Holdings	25

* Source: FactSet

CREDIT QUALITY RATINGS



Charts may not add up to 100% due to rounding.

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. We have used ratings from Moody's Investors Service. Where Moody's ratings are not available, we have used Standard & Poor's ratings.

AVERAGE ANNUAL TOTAL RETURNS

(as of December 31, 2011)

	YTD	1 Yr	3 Yr	Since Inception
A Shares (Incep: 12/19/07)				
Without sales charge	4.44%	4.44%	17.31%	7.59%
With sales charge	-0.25%	-0.25%	15.51%	6.37%
C Shares (Incep: 12/19/07)				
Without sales charge	3.85%	3.85%	16.69%	6.99%
With sales charge	2.89%	2.89%	16.69%	6.99%
I Shares (Incep: 12/19/07)				
	4.80%	4.80%	17.68%	7.91%
Barclays U.S. Universal Index				
(Since 12/19/07)	7.40%	7.40%	7.72%	6.40%
Blended Index				
(Since 12/19/07)	5.29%	5.29%	7.98%	4.58%

Returns for less than one year are not annualized.

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 877-215-1330.

The maximum sales charge for the Fund's A shares is 4.50%. C shares include a 1% contingent deferred sales charge (CDSC) for the first year only. There is no sales charge for class I shares. The total annual fund operating expenses are as follows: A shares, 1.32%; C shares, 2.07%; I shares, 0.98%. Thornburg Investment Management and Thornburg Securities Corporation have contractually agreed to waive fees and reimburse expenses through at least February 1, 2013, so that actual expenses do not exceed the following: A shares, 1.25%; C shares, 1.80%.

Thornburg Strategic Income Fund

SYMBOLS AND CUSIPS

A Shares TSIAX 885-215-228

C Shares TSICX 885-215-210

I Shares TSIXX 885-215-194

IMPORTANT INFORMATION

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. Funds invested in mortgage backed securities may bear additional risk. Investments in lower rated and unrated bonds may be more sensitive to default, downgrades, and market volatility; these investments may also be less liquid than higher rated bonds. Investments in structured finance arrangements and other types of derivatives are subject to the risks associated with the securities or other assets underlying the pool of securities including illiquidity and difficulty in valuation. Investments in equity securities are subject to additional risks, such as greater market fluctuations. Special risks may be associated with investments outside the United States, especially in emerging markets, including currency fluctuations, illiquidity and volatility. Investments in the Fund are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity.

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

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.

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TOP TEN FIXED INCOME HOLDINGS

(percent of portfolio)

American Airlines	1.1%
United Airlines, Inc.	0.9%
PNM Resources, Inc.	0.9%
Otter Tail Corp.	0.9%
Northern Rock Asset Management plc	0.8%
QBE Insurance Group Ltd.	0.8%
US Airways	0.7%
Qwest Corp.	0.7%
Continental Airlines	0.7%
Prospect Medical Holdings, Inc.	0.7%

TOP FIVE EQUITY HOLDINGS

(percent of portfolio)

Invesco Mortgage Capital, Inc.	0.9%
Annaly Capital Management, Inc.	0.9%
Falcons Funding Trust I Pfd, 8.875%	0.8%
Chimera Investment Corp.	0.5%
Centerpoint Energy, Inc. Pfd, 7.5%	0.5%

TOP TEN COUNTRIES

(percent of portfolio)

USA	67.9%
Canada	3.6%
Australia	3.3%
Brazil	2.8%
Bermuda	2.0%
Cayman Islands	2.0%
Luxembourg	1.4%
UK	1.3%
Spain	1.2%
Norway	0.9%

The **Blended Index** is composed of 80% Barclays Capital Aggregate Bond Index and 20% MSCI World Index. The **Barclays Capital Aggregate Bond Index** is composed of approximately 8,000 publicly traded bonds including U.S. government, mortgage-backed, corporate and Yankee bonds. The index is weighted by the market value of the bonds included in the index. The **MSCI World Index** is an unmanaged market-weighted index that consists of securities traded in 24 of the world's most developed countries. Securities are listed on exchanges in the U.S., Europe, Canada, Australia, New Zealand, and the Far East. The index is calculated with net dividends reinvested, in U.S. dollars. The **Barclays U.S. Universal Index** represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment-Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment-grade or below investment-grade. Indices do not take into account fees and expenses. Investors cannot make direct investments in an index.

Portfolio characteristics are derived using currently available data that is believed to be accurate. Portfolio attributes and holdings can and do vary. The information above should not be considered buy or sell recommendations.