

Quarterly Review

June 30, 2010

Thornburg Strategic Municipal Income Fund

INVESTMENT STRATEGY

Thornburg Strategic Municipal Income Fund has a flexible mandate to invest across a wide range of maturities and credit qualities. The portfolio team will not invest more than 50% of the portfolio in bonds rated below investment grade at the time of purchase. Also, the portfolio will be diversified among sectors, issuers, credit qualities, geographic regions, and segments of the yield curve.

FUND INVESTMENT OBJECTIVE

The Fund seeks a high level of current income exempt from federal individual income tax.

CO-PORTFOLIO MANAGERS

George Strickland
Josh Gonze
Christopher Ryon, CFA

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. This effect is more pronounced for longer term bonds. Unlike bonds, bond funds have ongoing fees and expenses. 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 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 the Fund are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity. There is no guarantee the fund will meet its investment objectives.

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.

KEY PORTFOLIO ATTRIBUTES

Number of Bonds	108
Average Maturity	16.7 Yrs
Duration	7.0 Yrs
Subject to Alternative Minimum Tax	4.4%

CREDIT QUALITY RATINGS

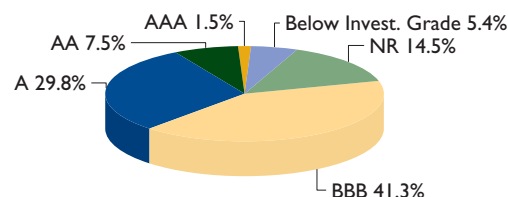


Chart may not add up to 100% due to rounding.

AVERAGE ANNUAL TOTAL RETURNS (as of June 30, 2010)

	YTD	1 Yr	Since Inception
A Shares (Incep: 4/1/09)			
Without sales charge	4.52%	15.80%	18.22%
With sales charge	2.40%	13.46%	16.34%
C Shares (Incep: 4/1/09)			
Without sales charge	4.37%	15.45%	17.94%
With sales charge	3.77%	14.85%	17.94%

Returns for less than one year are not annualized.

SYMBOLS AND CUSIP

A Shares	TSSAX	885-216-101
C Shares	TSSCX	885-216-200

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. The maximum sales charge for the Fund's A shares is 2.00%. C shares include a 0.60% contingent deferred sales charge (CDSC) for the first year only.

The total annual fund operating expenses are as follows: A shares, 2.92%; C shares, 2.78%. Thornburg Investment Management and Thornburg Securities Corporation have contractually agreed to waive fees and reimburse expenses through at least February 1, 2011, so that actual expenses do not exceed the following: A shares, 1.25%; C shares, 1.55%.

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 Standard & Poor's (S&P). Where S&P ratings are not available, we have used Moody's Investors Service. Where neither rating is available, we have used ratings from Fitch Ratings. "NR" = not rated.