



Investment Management®

Strategies for Building Real Wealth

# Thornburg Strategic Income Fund

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Informational Brochure and  
Annual Report – September 30, 2011  
*Includes All Share Classes*



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without spending a dime.**



## Thornburg Strategic Income Fund

### *Harvesting a Sustainable Yield*

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.

The Fund pursues its investment goals by investing in a broad range of income producing investments from throughout the world, primarily including debt obligations and income producing stocks. The Fund expects, under normal conditions, to invest a majority of its assets in debt obligations, but the relative proportions of the Fund's investments in debt obligations and in income producing stocks can be expected to vary over time.

# Important Information

The information presented on the following pages was current as of September 30, 2011. The managers' 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. 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. 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.

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.

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

Share Class	NASDAQ Symbol	Cusip
Class A	TSIAX	885-215-228
Class C	TSICX	885-215-210
Class I	TSIIX	885-215-194

## Glossary

**Blended Index** – 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.

**Barclays Capital U.S. Corporate High-Yield Index** – This index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt.

**Barclays Capital U.S. Universal Index** – This index represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield, 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.

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. The performance of any index is not indicative of the performance of any particular investment.

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

**Coupon** – The interest rate stated on a bond when its issued. The coupon is typically paid semi-annually.

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

**Median Market Capitalization** – Market capitalization (market cap) is the total value of a company's stock, calculated by multiplying the number of outstanding common shares by the current share price. The company whose market cap is in the middle of the portfolio is the median market cap. Half the companies in the portfolio have values greater than the median and half have values that are less.

**Price to Earnings Ratio (P/E)** – A valuation ratio equaling a company's market value per share divided by earnings per share.

**U.S. Treasury Securities** – U.S. Treasury securities, such as bills, notes and bonds, are negotiable debt obligations of the U.S. government. These debt obligations are backed by the "full faith and credit" of the government and issued at various schedules and maturities. Income from Treasury securities is exempt from state and local, but not federal income taxes.

# Portfolio Overview

## Thornburg Strategic Income Fund

### CO-PORTFOLIO MANAGERS



Jason Brady, CFA, and George Strickland

Many investors are in need of significant income and typically turn to “high yield” funds to find notable dividends. The simple yield statistic is potentially quite misleading. At Thornburg Investment Management, we believe we have a better income-generation mousetrap in the form of our Strategic Income Fund, which has a goal of high income, without resorting solely to the below investment grade portion of the taxable fixed income universe.

The idea behind this fund is that “high-yield,” in the context of a fund type, is not an investment goal but an asset type. Most taxable high-yield funds are solely focused on below investment grade corporate bonds. This focus ultimately makes these funds less flexible and correspondingly less capable of succeeding in multiple investment climates. Below investment grade corporate bonds represent less than 2% of the total taxable investment universe. There is no reason to ignore huge chunks of the market merely because they do not have a very low credit quality; in fact, quite the opposite. By sifting

### IMPORTANT PERFORMANCE INFORMATION

*Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. For performance current to the most recent month end, visit [thornburg.com](http://thornburg.com) or call 800-847-0200.*

*The maximum sales charge for Class A shares is 4.50%. The total annual fund operating expense of Class A shares is 1.35%, 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 1.25%.*

### QUARTERLY DIVIDEND HISTORY Class A

Year	Q1	Q2	Q3	Q4	Total
2008	15.2¢	18.3¢	19.0¢	20.5¢	73.0¢
2009	17.0¢	19.0¢	20.7¢	22.0¢	78.7¢
2010	18.8¢	20.5¢	19.8¢	22.0¢	81.1¢
2011	17.8¢	19.0¢	20.3¢		

### 30-DAY YIELDS, Class A As of 9/30/11

SEC Yield	6.20%
Annualized Distribution Yield	6.81%

*Without fee waivers and expense reimbursements, the 30-day SEC Yield would have been 5.50% and the Annualized Distribution Yield would have been 6.13%.*

### AVERAGE ANNUAL TOTAL RETURNS FOR PERIODS ENDED 9/30/11

	1 Yr	3 Yrs	Since Inception
<b>A Shares</b> (Incep: 12/19/07)			
Without sales charge	4.78%	12.36%	7.54%
With sales charge	0.08%	10.64%	6.25%
<b>Barclays U.S. Universal Index</b> (Since 12/19/07)	4.77%	8.17%	6.43%
<b>Blended Index</b> (Since 12/19/07)	3.52%	6.76%	4.21%

Blended Index: 80% Barclays Capital Aggregate Bond Index/20% MSCI World Index

through the available choices across many sub-asset classes, we are able to generate an interesting income stream from a variety of different sources. We believe this is likely to lead to a more stable fund with a robust yield.

This is the reason that our Strategic Income Fund has a much larger purview than a typical “high-yield” fund. Though we are currently focused on corporate bonds, that focus is a result of our belief that corporate balance sheets are currently the most attractive bond investment. Given the choice between government bonds, asset-backed bonds (mortgages, commercial mortgage, auto loans, etc.) and corporate bonds, we’re skewing towards corporates.

The Thornburg Strategic Income Fund even has a small allocation to equity securities. As such, the occasional “bond-like equity,” which typically exhibits little growth but potentially terrific income generation, is attractive. While adding equities to what is primarily a bond fund can add volatility (which we work hard to mitigate), we can find no good reason why we should ignore an asset class that can potentially be another diverse source of income for the Fund. Thornburg Investment Management has always tried to “go where the value is.” It is a mantra of ours across our Funds, regardless of the asset classes in which we invest.

#### KEY PORTFOLIO ATTRIBUTES

As of 9/30/11

##### Fixed Income Statistics

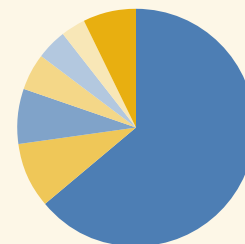
Weighted Average Coupon	7.1%
Average Maturity	7.1 yrs
Effective Duration	3.3 yrs
Bond Holdings	234

##### Equity Statistics

Portfolio P/E (12-mo. trailing)	6.2
Median Market Cap	\$13.1 B
Equity & Pref. Equity Holdings	24

#### PORTFOLIO COMPOSITION

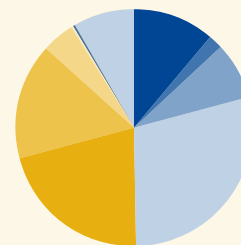
As of 9/30/11



Corporate/Yankee Bonds	64.0%
Foreign/Other	9.1%
Asset Backed Bonds	7.3%
US Gov. (Treasury & Agency)/Muni	5.2%
Common Equity	4.2%
Preferred Equity	3.1%
Other Assets & Cash Equivalents	7.2%

#### CREDIT QUALITY SUMMARY

As of 9/30/11



AAA/AAA Equivalents	11.2%
AA	1.9%
A	7.9%
BBB	28.8%
BB	21.2%
B	15.7%
CCC	4.6%
C	0.1%
D	0.3%
Not Rated	8.3%

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

# 2011

Certified Annual Report

## Thornburg Strategic Income 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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**Jason H. Brady, cfa**  
Co-Portfolio Manager



**George Strickland**  
Co-Portfolio Manager

October 17, 2011

Dear Fellow Shareholder:

We are happy to present the Annual Report for the Thornburg Strategic Income Fund for the fiscal year ended September 30, 2011. The net asset value (NAV) of a Class A share of the Fund decreased \$0.49 to \$11.86 over the course of the past year. This decrease in NAV includes capital gains distributions of 28 cents per share, paid to shareholders in November 2010. If you were invested for the entire fiscal year, you received additional dividends of 79.1 cents per share. If you reinvested your dividends, you received 80.9 cents per share. Dividends per share were lower for Class C and higher for Class I shares to account for varying class-specific expenses. Please examine the balance of this Annual Report for more detailed information.

Since the Fund's inception nearly four years ago, we have been navigating an environment of very high volatility in both the global fixed income and equity marketplaces. In spite of that, the Fund has continued to achieve its primary goal: a high income stream. Going forward, we will continue to strive to achieve that goal through our investments in a diverse variety of assets across the globe, despite, or perhaps because of, our belief that market volatility will continue.

Including income and price change together, the Class A shares of the Thornburg Strategic Income Fund produced a total return of 4.78% (at NAV) over the course of the past year. A blended index of 80% of the Barclays Capital Aggregate Bond Index and 20% of the MSCI World Index produced a 3.52% total return over the same time period. The Barclays U.S. Universal Index and the Barclays U.S. Corporate High-Yield Index produced a 4.77% and 1.79% total return respectively. These indices reflect no deduction for fees, expenses, or taxes.

The total return of the Fund was largely driven by the income from our investments in corporate bonds, and to a lesser extent income producing equities, currency movements and other fixed income instruments. Credit spread tightening occurred early in the year but was more than undone in August and September. This has provided additional opportunity in "risk assets" (defined as anything other than U.S. Treasuries, interestingly). As an example, we had been cautious about the market's sanguinity around the potential for a stronger dollar and the most recent dollar strength has given us a good entry point for a few non-dollar investments. Even so, the fund has only about 10% invested in assets denominated in something other than the U.S. dollar.

## Letter to Shareholders, *Continued*

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The current economic environment is still difficult, with continued uncertainty around the shape of any potential recovery. We have been believers in a slow, halting recovery, mostly due to the large debt burdens of most developed market economies. These debt burdens, while at record lows within the corporate sector, and increasingly under control for many individuals, remain quite daunting for many governments. The global investment scope of the Fund does give us freedom to pursue many different types of opportunity, though similar challenges to the ones that exist in the U.S. remain in many areas such as the U.K., developed Europe and Japan. Emerging markets may provide an engine for global growth, but those economies still remain tied to developed markets.

Last year we wrote, “Because we believe that spread tightening is largely at an end, performance from fixed income will continue to come from the income qualities of those investments versus a potential for capital appreciation.” This largely turned out to be the case, but there has recently been some risk aversion that has widened spreads to a notable degree. We have added to a variety of investments and remain opportunistic on market weakness.

We believe that income producing assets will continue to be in high demand going forward, and we are happy to be in a position to provide that income. The Fund’s strategy to achieve income from a variety of different sources we believe will be a source of strength and total return over time. In short, selectively investing in a range of interesting global assets while keeping an eye on income production is a mindset that we believe will serve our shareholders well.

Thank you very much for investing in our Fund. We believe that the Thornburg Strategic Income Fund continues to be an appropriate investment for those looking for an attractive, sustainable yield from a variety of instruments.

Regards,



Jason H. Brady, CFA  
Co-Portfolio Manager  
Managing Director



George Strickland  
Co-Portfolio Manager  
Managing Director

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

# SCHEDULE OF INVESTMENTS

Thornburg Strategic Income Fund

September 30, 2011

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

Utilities	11.5%	Semiconductors & Semiconductor Equipment	0.9%
Energy	9.4%	Pharmaceuticals, Biotechnology & Life Sciences	0.7%
Transportation	7.6%	Consumer Services	0.7%
Insurance	7.2%	Consumer Durables & Apparel	0.6%
Telecommunication Services	6.3%	Retailing	0.5%
Banks	6.1%	Food & Staples Retailing	0.4%
Diversified Financials	5.2%	Commercial & Professional Services	0.3%
Capital Goods	3.7%	<b>Other Non-Classified Securities:</b>	
Food, Beverage & Tobacco	3.1%	Asset Backed Securities	7.3%
Media	2.8%	Municipal Bonds	4.1%
Software & Services	2.7%	Other Securities	0.8%
Miscellaneous	2.5%	U.S. Treasury Securities	0.7%
Real Estate	2.1%	U.S. Government Agencies	0.4%
Materials	2.1%	Other Government	0.3%
Health Care Equipment & Services	1.9%	Other Assets & Cash Equivalents	7.2%
Technology Hardware & Equipment	0.9%		

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

United States	70.1%	Russia	0.5%
Australia	3.1%	Italy	0.4%
Canada	2.3%	Czech Republic	0.4%
Bermuda	2.0%	Trinidad and Tobago	0.4%
Brazil	1.9%	Germany	0.4%
Cayman Islands	1.9%	Iceland	0.3%
United Kingdom	1.5%	Indonesia	0.3%
Spain	1.5%	Belgium	0.1%
Netherlands	1.0%	Chile	0.1%
Norway	1.0%	Switzerland	0.1%
Luxembourg	0.9%	Singapore	0.1%
Japan	0.7%	China*	0.0%
South Korea	0.7%	Greece*	0.0%
United Arab Emirates	0.6%	Other Assets & Cash Equivalents	7.2%
Mexico	0.5%		

\* Country percentages were less than 0.1%

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>COMMON STOCK — 4.16%</b>		
<b>CONSUMER SERVICES — 0.03%</b>		
<b>HOTELS, RESTAURANTS &amp; LEISURE — 0.03%</b>		
OPAP SA	8,300	\$ 84,511
		<u>84,511</u>
<b>DIVERSIFIED FINANCIALS — 0.56%</b>		
<b>CAPITAL MARKETS — 0.39%</b>		
Apollo Investment Corp.	168,060	1,263,811
<b>DIVERSIFIED FINANCIAL SERVICES — 0.17%</b>		
KKR Financial Holdings LLC	73,000	542,390
		<u>1,806,201</u>
<b>ENERGY — 0.72%</b>		
<b>ENERGY EQUIPMENT &amp; SERVICES — 0.40%</b>		
Seadrill Ltd.	46,100	1,291,092
<b>OIL, GAS &amp; CONSUMABLE FUELS — 0.32%</b>		
Eni S.p.A.	58,500	1,036,123
		<u>2,327,215</u>
<b>INSURANCE — 0.07%</b>		
<b>INSURANCE — 0.07%</b>		
Swiss Re Ltd.	4,400	206,408
		<u>206,408</u>
<b>REAL ESTATE — 1.73%</b>		
<b>REAL ESTATE INVESTMENT TRUSTS — 1.73%</b>		
Annaly Capital Management, Inc.	101,900	1,694,597
Chimera Investment Corp.	770,900	2,135,393
Invesco Mortgage Capital, Inc.	123,500	1,745,055
		<u>5,575,045</u>
<b>TELECOMMUNICATION SERVICES — 0.84%</b>		
<b>DIVERSIFIED TELECOMMUNICATION SERVICES — 0.72%</b>		
France Telecom SA	26,900	443,283
Telefonica SA	21,500	415,507
Telstra Corp. Ltd.	483,000	1,448,937
<b>WIRELESS TELECOMMUNICATION SERVICES — 0.12%</b>		
Mobistar SA	7,000	402,796
		<u>2,710,523</u>
<b>UTILITIES — 0.21%</b>		
<b>ELECTRIC UTILITIES — 0.21%</b>		
E.ON AG	13,100	287,042
Enel S.p.A.	87,856	391,016
		<u>678,058</u>
<b>TOTAL COMMON STOCK (Cost \$16,368,710)</b>		<u>13,387,961</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>PREFERRED STOCK — 3.10%</b>		
<b>BANKS — 1.23%</b>		
<b>COMMERCIAL BANKS — 0.25%</b>		
Huntington Bancshares Pfd, 8.50%	750	\$ 797,625
Webster Financial Corp. Pfd Series A, 8.50%	15	15,094
<b>THRIFTS &amp; MORTGAGE FINANCE — 0.98%</b>		
Falcons Funding Trust I Pfd, 8.875%	3,000	<u>3,138,750</u>
		<u>3,951,469</u>
<b>DIVERSIFIED FINANCIALS — 0.20%</b>		
<b>DIVERSIFIED FINANCIAL SERVICES — 0.20%</b>		
Bank of America Corp. Pfd, 8.00%	750,000	<u>637,612</u>
		<u>637,612</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 0.17%</b>		
<b>FOOD PRODUCTS — 0.17%</b>		
H.J. Heinz Finance Co. Pfd, 8.00%	5	<u>535,938</u>
		<u>535,938</u>
<b>MISCELLANEOUS — 0.36%</b>		
<b>U.S. GOVERNMENT AGENCIES — 0.36%</b>		
Farm Credit Bank of Texas Pfd, 10.00%	1,000	<u>1,154,687</u>
		<u>1,154,687</u>
<b>REAL ESTATE — 0.38%</b>		
<b>REAL ESTATE INVESTMENT TRUSTS — 0.38%</b>		
Alexandria Real Estate Pfd, 7.00%	50,000	<u>1,212,500</u>
		<u>1,212,500</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT — 0.25%</b>		
<b>COMMUNICATIONS EQUIPMENT — 0.25%</b>		
Lucent Technologies Capital Trust I Pfd, 7.75%	1,000	<u>825,000</u>
		<u>825,000</u>
<b>UTILITIES — 0.51%</b>		
<b>MULTI-UTILITIES — 0.51%</b>		
Centerpoint Energy, Inc. Pfd, 7.5%	50,000	<u>1,650,000</u>
		<u>1,650,000</u>
<b>TOTAL PREFERRED STOCK (Cost \$9,661,614)</b>		<u><b>9,967,206</b></u>
<b>ASSET BACKED SECURITIES — 7.28%</b>		
<b>BANKS — 0.60%</b>		
<b>COMMERCIAL BANKS — 0.60%</b>		
Wells Fargo Asset Securities Corp. Series 2005-AR1 Class B1, 2.739%, 2/25/2035	\$ 380,282	44,004
Wells Fargo Asset Securities Corp. Series 2005-AR2 Class B1, 3.523%, 3/25/2035	381,761	53,036
Wells Fargo MBS Series 2003-7 Class A2, 4.50%, 8/25/2018	1,793,338	<u>1,822,801</u>
		<u>1,919,841</u>
<b>DIVERSIFIED FINANCIALS — 2.24%</b>		
<b>CAPITAL MARKETS — 0.66%</b>		
Bear Stearns ARM Mtg Series 2003-6 Class 2B-1, 2.60%, 8/25/2033	571,113	408,501

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
Bear Stearns Commercial Mtg Securities Series 2007-T26 Class A1, 5.145%, 1/12/2045	\$ 21,437	\$ 21,526
Bear Stearns Commercial Mtg Securities Series 2007-T28 Class A1, 5.422%, 9/11/2042	1,258	1,260
LB-UBS Commercial Mtg Trust Series 2007-C1 Class A1, 5.391%, 2/15/2040	2,023	2,023
Merrill Lynch Mtg Investors Trust, 2.611%, 8/25/2034	334,397	257,781
Merrill Lynch/Countrywide Commercial Mtg Trust Series 2007-6 Class A1, 5.175%, 3/12/2051	1,717	1,718
Morgan Stanley Capital I Series 2007-IQ13 Class A1, 5.05%, 3/15/2044	9,240	9,246
Morgan Stanley Capital I Series 2007-T25 Class A1, 5.391%, 11/12/2049	12,057	12,082
Morgan Stanley Capital, Inc. Series 2005-HE7 Class A2C, 0.555%, 11/25/2035	1,797,544	1,411,142
<b>CONSUMER FINANCE — 0.50%</b>		
SLM Student Loan Trust Series 2004-B Class A3, 0.677%, 3/15/2024	2,000,000	1,595,249
<b>DIVERSIFIED FINANCIAL SERVICES — 1.08%</b>		
Banc of America Funding Corp. Series 2006-I Class SB1, 3.139%, 12/20/2036	955,890	170,539
Banc of America Mtg Services Series 2005-A Class B1, 3.246%, 2/25/2035	923,017	371,128
Citigroup Commercial Mtg Trust Series 2004-HYB2 Class B1, 2.887%, 3/25/2034	181,279	146,707
Citigroup Commercial Mtg Trust Series 2007-C6 Class A1, 5.622%, 12/10/2049	47,386	47,315
Countrywide Series 2005-II Class AF3, 4.778%, 2/25/2036	921,753	720,454
Countrywide Series 2006-I5 Class A6, 5.826%, 10/25/2046	399,624	281,472
JPMorgan Mortgage Acquisition Corp. Series 2006-CHI Class A4, 0.375%, 7/25/2036	1,645,000	1,195,515
JPMorgan Series 2007-CH5 Class A2, 0.285%, 5/25/2037	577,176	552,502
		<u>7,206,160</u>
<b>PHARMACEUTICALS, BIOTECHNOLOGY &amp; LIFE SCIENCES — 0.80%</b>		
<b>BIOTECHNOLOGY — 0.62%</b>		
a JPR Royalty LLC, 14.00%, 12/1/2020	2,000,000	2,000,000
<b>PHARMACEUTICALS — 0.18%</b>		
b QHP Pharma, 10.25%, 3/15/2015	576,339	586,166
		<u>2,586,166</u>
<b>REAL ESTATE — 3.01%</b>		
<b>REAL ESTATE INVESTMENT TRUSTS — 3.01%</b>		
Residential Asset Securities Corporation, 0.385%, 6/25/2036	2,258,150	1,974,393
Bayview Financial Acquisition Trust, 0.917%, 4/28/2039	4,000,000	2,533,420
New Century Home Equity Loan Trust, 0.665%, 6/25/2035	2,000,000	1,607,782
Structured Asset Investment Loan Trust, 1.195%, 8/25/2033	1,828,512	1,569,701
a AH Mortgage Advance Trust, 6.90%, 9/15/2043	2,000,000	2,006,400
		<u>9,691,696</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT — 0.63%</b>		
<b>COMMUNICATIONS EQUIPMENT — 0.63%</b>		
b Richland Towers, 7.87%, 3/15/2041	2,000,000	2,046,578
		<u>2,046,578</u>
<b>TOTAL ASSET BACKED SECURITIES (Cost \$25,571,411)</b>		
		<u>23,450,441</u>
<b>CORPORATE BONDS — 59.98%</b>		
<b>BANKS — 4.28%</b>		
<b>COMMERCIAL BANKS — 3.30%</b>		
b,c Banco do Brasil SA, 5.875%, 1/26/2022	1,000,000	952,500
b,c Banco Industrial e Comercial S.A., 6.25%, 1/20/2013	1,000,000	1,007,500
b,c DBS Bank Ltd., 5.125%, 5/16/2017	200,000	203,538
b,c,d,e Islandsbanki, 4.41%, 10/15/2008	60,000	15,600
b,c,d,e Landsbanki Islands HF, 5.73%, 8/25/2009	175,000	12,250
National City Bank Floating Rate Note, 0.703%, 6/7/2017	1,000,000	915,629

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
b PNC Preferred Funding Trust III Floating Rate Note, 8.70%, 12/31/2049	\$ 500,000	\$ 514,800
Provident Bank of Maryland, 9.50%, 5/1/2018	1,500,000	1,748,971
b,c Santander Issuances, 6.50%, 8/11/2019	1,000,000	922,688
c Shinhan Bank, 6.819%, 9/20/2036	100,000	92,864
Sovereign Bank, 5.125%, 3/15/2013	100,000	100,884
Susquehanna Capital II, 11.00%, 3/23/2040	1,000,000	1,025,000
b Webster Bank, 5.875%, 1/15/2013	2,000,000	2,042,258
Whitney National Bank, 5.875%, 4/1/2017	1,000,000	1,056,361
<b>THRIFTS &amp; MORTGAGE FINANCE — 0.98%</b>		
b,c Northern Rock Asset Management plc, 5.625%, 6/22/2017	3,000,000	<u>3,168,627</u>
		<u>13,779,470</u>
<b>CAPITAL GOODS — 3.65%</b>		
<b>BUILDING PRODUCTS — 0.37%</b>		
Owens Corning, Inc., 9.00%, 6/15/2019	1,000,000	1,180,685
<b>INDUSTRIAL CONGLOMERATES — 1.89%</b>		
General Electric Capital Corp., 0.491%, 6/20/2014	1,000,000	958,074
b,c Hutchison Whampoa International (10) Ltd., 6.00%, 12/29/2049	2,000,000	1,915,000
Otter Tail Corp., 9.00%, 12/15/2016	3,000,000	3,232,500
<b>MACHINERY — 0.64%</b>		
Case New Holland, Inc., 7.75%, 9/1/2013	1,000,000	1,042,500
SPX Corp., 6.875%, 9/1/2017	1,000,000	1,025,000
<b>TRADING COMPANIES &amp; DISTRIBUTORS — 0.75%</b>		
b,f Aviation Capital Group, 6.75%, 4/6/2021	2,500,000	<u>2,405,275</u>
		<u>11,759,034</u>
<b>COMMERCIAL &amp; PROFESSIONAL SERVICES — 0.31%</b>		
<b>COMMERCIAL SERVICES &amp; SUPPLIES — 0.31%</b>		
Corrections Corp. of America, 6.25%, 3/15/2013	1,000,000	<u>1,000,000</u>
		<u>1,000,000</u>
<b>CONSUMER DURABLES &amp; APPAREL — 0.58%</b>		
<b>HOUSEHOLD DURABLES — 0.58%</b>		
f FGI Operating Co., Inc., 10.25%, 8/1/2015	1,800,000	<u>1,872,000</u>
		<u>1,872,000</u>
<b>CONSUMER SERVICES — 0.61%</b>		
<b>HOTELS, RESTAURANTS &amp; LEISURE — 0.61%</b>		
b Sizzling Platter LLC, 12.25%, 4/15/2016	2,000,000	<u>1,970,000</u>
		<u>1,970,000</u>
<b>DIVERSIFIED FINANCIALS — 2.45%</b>		
<b>CAPITAL MARKETS — 0.64%</b>		
b,c Macquarie Group Ltd., 7.30%, 8/1/2014	1,000,000	1,082,774
Oppenheimer Holdings, Inc., 8.75%, 4/15/2018	1,000,000	975,000
<b>CONSUMER FINANCE — 1.37%</b>		
North Fork Bancorp, Inc., 5.875%, 8/15/2012	1,000,000	1,015,932
SLM Corp., 6.25%, 1/25/2016	1,000,000	981,534
TMX Finance LLC, 13.25%, 7/15/2015	1,000,000	1,075,000
b TMX Finance LLC/TitleMax Finance, 13.25%, 7/15/2015	1,250,000	1,343,750

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>DIVERSIFIED FINANCIAL SERVICES — 0.44%</b>		
b Citicorp, 8.04%, 12/15/2019	\$ 250,000	\$ 286,469
Citigroup, Inc., 5.00%, 9/15/2014	750,000	735,569
a Counts Series 1998 II-A, 6.67%, 2/15/2018	190,040	179,778
c Korea Development Bank, 5.30%, 1/17/2013	200,000	<u>206,883</u>
		<u>7,882,689</u>
<b>ENERGY — 8.16%</b>		
<b>ENERGY EQUIPMENT &amp; SERVICES — 0.99%</b>		
b,c RDS Ultra-Deepwater Ltd., 11.875%, 3/15/2017	2,000,000	2,095,000
Seacor Holdings, Inc., 7.375%, 10/1/2019	1,000,000	1,081,117
<b>OIL, GAS &amp; CONSUMABLE FUELS — 7.17%</b>		
Black Elk Energy Offshore, 13.75%, 12/1/2015	2,000,000	1,990,000
b,c Bumi Capital PTE Ltd., 12.00%, 11/10/2016	1,000,000	970,000
b DCP Midstream LLC, 9.75%, 3/15/2019	500,000	665,297
Energy Transfer Partners LP, 8.50%, 4/15/2014	500,000	567,318
Energy Transfer Partners LP, 9.70%, 3/15/2019	1,500,000	1,856,913
Enterprise Products Operating LP, 7.034%, 1/15/2068	2,000,000	2,027,500
b,c Gaz Capital SA, 7.51%, 7/31/2013	1,000,000	1,044,967
b Maritimes & Northeast Pipeline LLC, 7.50%, 5/31/2014	918,800	993,168
Niska Gas Storage, 8.875%, 3/15/2018	2,000,000	1,980,000
b Northern Tier Energy LLC, 10.50%, 12/1/2017	1,500,000	1,560,000
b,c Odebrecht Drill VIII/IX, 6.35%, 6/30/2021	2,000,000	1,980,000
b,c Petro Co. Trinidad Tobago Ltd., 9.75%, 8/14/2019	1,000,000	1,182,500
Plains All American Pipeline LP, 8.75%, 5/1/2019	1,000,000	1,276,179
b QGOG Atlantic/Alaskan Rigs Ltd., 5.25%, 7/30/2018	2,000,000	1,800,000
Raam Global Energy Co., 12.50%, 10/1/2015	2,000,000	2,040,000
Tennessee Gas Pipeline Co., 8.00%, 2/1/2016	1,000,000	<u>1,161,636</u>
		<u>26,271,595</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 1.25%</b>		
<b>BEVERAGES — 0.17%</b>		
Constellation Brands, Inc., 8.375%, 12/15/2014	500,000	548,750
<b>FOOD PRODUCTS — 0.72%</b>		
Bunge Ltd. Finance Co., 5.10%, 7/15/2015	321,000	333,612
b Harmony Foods Corp., 10.00%, 5/1/2016	2,000,000	1,990,000
<b>TOBACCO — 0.36%</b>		
Lorillard Tobacco Co, 8.125%, 6/23/2019	1,000,000	<u>1,171,507</u>
		<u>4,043,869</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES — 1.90%</b>		
<b>HEALTH CARE PROVIDERS &amp; SERVICES — 1.27%</b>		
b Aurora Diagnostics Holdings LLC, 10.75%, 1/15/2018	1,000,000	970,000
b Fresenius Medical Care, 6.50%, 9/15/2018	500,000	507,500
Prospect Medical Holdings, Inc., 12.75%, 7/15/2014	2,500,000	2,625,000
<b>HEALTH CARE TECHNOLOGY — 0.63%</b>		
Merge Healthcare, Inc., 11.75%, 5/1/2015	2,000,000	<u>2,030,000</u>
		<u>6,132,500</u>
<b>INSURANCE — 6.71%</b>		
<b>INSURANCE — 6.71%</b>		
b Forethought Financial Group, 8.625%, 4/15/2021	2,000,000	2,059,264

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
b International Lease Finance Corp., 6.50%, 9/1/2014	\$ 2,000,000	\$ 2,000,000
International Lease Finance Corp., 5.75%, 5/15/2016	500,000	444,407
b National Life Insurance of Vermont, 10.50%, 9/15/2039	1,000,000	1,356,282
Northwind Holdings LLC, 1.106%, 12/1/2037	1,437,500	1,116,521
b,c Oil Casualty Insurance, 8.00%, 9/15/2034	1,934,000	2,076,807
b Oil Insurance Ltd., 3.351%, 12/29/2049	1,000,000	937,400
b Prudential Holdings LLC, 8.695%, 12/18/2023	585,000	738,217
b,c QBE Insurance Group Ltd., 9.75%, 3/14/2014	780,000	903,682
b,c QBE Insurance Group Ltd., 5.647%, 7/11/2023	2,500,000	2,348,295
b,c Swiss Re Capital I LP, 6.854%, 5/29/2049	2,000,000	1,818,960
Unum Group, 7.125%, 9/30/2016	500,000	576,141
b,c White Mountains RE Group, 7.506%, 5/29/2049	2,150,000	1,972,990
Willis North America, Inc., 7.00%, 9/29/2019	1,286,000	1,487,654
b ZFS Finance USA Trust II, 6.45%, 12/15/2065	2,000,000	<u>1,760,000</u>
		<u>21,596,620</u>

## **MATERIALS — 1.35%**

### **CONTAINERS & PACKAGING — 0.63%**

b,g Sealed Air Corp., 8.125%, 9/15/2019	2,000,000	2,020,000
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### **METALS & MINING — 0.54%**

c ArcelorMittal, 9.85%, 6/1/2019	1,000,000	1,133,071
b,c Posco, 8.75%, 3/26/2014	500,000	565,002
c Rio Tinto Alcan, Inc., 5.00%, 6/1/2015	50,000	54,161

### **MISCELLANEOUS — 0.18%**

b,c Anglo American Capital, 9.375%, 4/8/2014	500,000	<u>580,841</u>
		<u>4,353,075</u>

## **MEDIA — 2.17%**

### **MEDIA — 2.17%**

DISH DBS Corp., 6.625%, 10/1/2014	2,000,000	2,022,500
b Friendfinder Networks, 14.00%, 9/30/2013	578,685	578,685
b Proquest LLC, 9.00%, 10/15/2018	2,000,000	1,835,000
Washington Post Co., 7.25%, 2/1/2019	500,000	608,322
b WM Finance Corp., 9.50%, 6/15/2016	1,000,000	1,012,500
b WM Finance Corp., 11.50%, 10/1/2018	1,000,000	<u>920,000</u>
		<u>6,977,007</u>

## **PHARMACEUTICALS, BIOTECHNOLOGY & LIFE SCIENCES — 0.74%**

### **PHARMACEUTICALS — 0.74%**

Axcan Intermediate Holdings, Inc., 12.75%, 3/1/2016	1,000,000	1,010,000
KV Pharmaceutical Co., 12.00%, 3/15/2015	2,000,000	<u>1,370,000</u>
		<u>2,380,000</u>

## **RETAILING — 0.47%**

### **INTERNET & CATALOG RETAIL — 0.16%**

Ticketmaster, 10.75%, 8/1/2016	500,000	525,000
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### **MULTILINE RETAIL — 0.31%**

b,c Grupo Famsa S.A.B. de C.V., 11.00%, 7/20/2015	1,000,000	<u>985,000</u>
		<u>1,510,000</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>SEMICONDUCTORS &amp; SEMICONDUCTOR EQUIPMENT — 0.89%</b>		
<b>SEMICONDUCTORS &amp; SEMICONDUCTOR EQUIPMENT — 0.89%</b>		
KLA Tencor Corp., 6.90%, 5/1/2018	\$ 1,000,000	\$ 1,142,648
MEMC Electronics Materials, Inc., 7.75%, 4/1/2019	2,000,000	1,710,000
		<u>2,852,648</u>
<b>SOFTWARE &amp; SERVICES — 1.74%</b>		
<b>INFORMATION TECHNOLOGY SERVICES — 0.29%</b>		
b Igate Corp., 9.00%, 5/1/2016	1,000,000	930,000
<b>INTERNET SOFTWARE &amp; SERVICES — 1.14%</b>		
b,c EAccess Ltd., 8.25%, 4/1/2018	1,000,000	915,000
EarthLink, Inc., 8.875%, 5/15/2019	2,000,000	1,755,000
SSI Investment II/CP-ISSR LLC, 11.125%, 6/1/2018	1,000,000	995,000
<b>SOFTWARE — 0.31%</b>		
Aspect Software, Inc., 10.625%, 5/15/2017	1,000,000	1,005,000
		<u>5,600,000</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT — 0.65%</b>		
<b>COMMUNICATIONS EQUIPMENT — 0.32%</b>		
b Brightstar Corp., 9.50%, 12/1/2016	1,000,000	1,020,000
<b>ELECTRONIC EQUIPMENT, INSTRUMENTS &amp; COMPONENTS — 0.33%</b>		
Avnet, Inc., 5.875%, 6/15/2020	1,000,000	1,077,223
		<u>2,097,223</u>
<b>TELECOMMUNICATION SERVICES — 5.41%</b>		
<b>DIVERSIFIED TELECOMMUNICATION SERVICES — 3.29%</b>		
Centurylink, Inc., 6.45%, 6/15/2021	2,000,000	1,853,232
Frontier Communications, 8.25%, 4/15/2017	1,000,000	970,000
Global Crossing Ltd., 12.00%, 9/15/2015	1,000,000	1,133,750
b Level 3 Communications, Inc., 11.875%, 2/1/2019	1,000,000	950,000
Level 3 Financing, Inc., 9.25%, 11/1/2014	1,500,000	1,481,250
g Qwest Corp., 6.75%, 12/1/2021	2,000,000	1,955,000
Qwest Corp., 8.875%, 3/15/2012	633,000	654,364
Qwest Corp., 8.375%, 5/1/2016	500,000	548,750
c Telefonica Emisiones SAU, 6.421%, 6/20/2016	1,000,000	1,025,240
<b>WIRELESS TELECOMMUNICATION SERVICES — 2.12%</b>		
b CC Holdings GS V LLC/Crown Castle Intl. Corp., 7.75%, 5/1/2017	1,500,000	1,597,500
b,c Digicel SA, 12.00%, 4/1/2014	500,000	547,500
b,c Vimpelcom, 8.25%, 5/23/2016	500,000	478,750
b,c Vimpelcom Holdings, 7.504%, 3/1/2022	2,000,000	1,610,000
b WCP Wireless Site Fund, 6.829%, 11/15/2040	2,500,000	2,602,685
		<u>17,408,021</u>
<b>TRANSPORTATION — 6.19%</b>		
<b>AIRLINES — 5.92%</b>		
b,c Air Canada, 9.25%, 8/1/2015	2,000,000	1,900,000
American Airlines, 10.375%, 7/2/2019	1,275,581	1,390,383
American Airlines, Inc., 13.00%, 8/1/2016	745,498	775,318
American Airlines, Inc., 10.50%, 10/15/2012	2,000,000	2,022,500
Continental Airlines, 6.90%, 7/2/2018	1,488,087	1,443,445
Continental Airlines, 7.02%, 5/1/2017	1,338,923	1,301,018

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
b Jet Equipment Trust, 9.41%, 12/15/2013	\$ 1,431,681	\$ 1,288,513
a JetBlue Airways Corp., 0.476%, 1/2/2014	2,000,000	1,830,000
United Airlines, Inc., 12.75%, 7/15/2012	491,040	514,364
b United Airlines, Inc., 9.875%, 8/1/2013	1,800,000	1,840,500
United Airlines, Inc., 10.40%, 5/1/2018	1,818,241	1,963,700
US Airways, 6.25%, 4/22/2023	2,000,000	1,800,000
US Airways, 7.076%, 9/20/2022	1,071,305	1,007,027
<b>MARINE — 0.27%</b>		
b Windsor Petroleum Transport Corp., 7.84%, 1/15/2021	937,056	860,573
		<u>19,937,341</u>
<b>UTILITIES — 10.47%</b>		
<b>ELECTRIC UTILITIES — 5.18%</b>		
Alabama Power Capital Trust V, 3.346%, 10/1/2042	700,000	690,872
b,c Centrais Eletricas DO PA, 10.50%, 6/3/2016	2,000,000	1,990,000
Comed Financing III, 6.35%, 3/15/2033	1,500,000	1,266,302
Commonwealth Edison, 6.15%, 3/15/2012	300,000	306,944
b,c Dubai Electricity & Water, 6.375%, 10/21/2016	1,000,000	1,027,500
b Duquesne Light Holdings, 6.40%, 9/15/2020	2,000,000	2,071,734
b,c Enel Finance International S.A., 6.25%, 9/15/2017	1,000,000	1,009,916
Metropolitan Edison, 7.70%, 1/15/2019	250,000	316,412
PNM Resources, Inc., 9.25%, 5/15/2015	3,070,000	3,384,675
Public Service Co. of New Mexico, 7.95%, 5/15/2018	1,325,000	1,520,322
Puget Energy, Inc., 6.50%, 12/15/2020	2,000,000	2,039,940
b,c Taqa Abu Dhabi National Energy Co., 6.60%, 8/1/2013	1,000,000	1,065,000
<b>GAS UTILITIES — 0.85%</b>		
b Source Gas LLC., 5.90%, 4/1/2017	1,000,000	1,040,620
Southern Union Co., 7.20%, 11/1/2066	2,000,000	1,690,000
<b>INDEPENDENT POWER PRODUCERS &amp; ENERGY TRADERS — 1.96%</b>		
b,c Inkia Energy Ltd., 8.375%, 4/4/2021	2,000,000	1,960,000
b Ipalco Enterprises, Inc., 5.00%, 5/1/2018	2,000,000	1,830,000
a,b Midland Cogen Venture, 6.00%, 3/15/2025	2,000,000	2,020,000
RRI Energy, Inc., 7.625%, 6/15/2014	500,000	488,750
<b>MULTI-UTILITIES — 2.48%</b>		
Amerenenergy Generating Co., 7.00%, 4/15/2018	1,000,000	1,012,500
Black Hills Corp., 9.00%, 5/15/2014	500,000	575,894
CMS Energy Corp., 8.75%, 6/15/2019	2,000,000	2,331,088
b Enogex LLC, 6.875%, 7/15/2014	1,000,000	1,097,765
NiSource Finance Corp., 6.40%, 3/15/2018	1,130,000	1,315,589
Sempra Energy, 9.80%, 2/15/2019	250,000	349,864
b Texas-New Mexico Power, 9.50%, 4/1/2019	1,000,000	1,312,949
		<u>33,714,636</u>
<b>TOTAL CORPORATE BONDS (Cost \$186,106,602)</b>		<u>193,137,728</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>CONVERTIBLE BONDS — 4.00%</b>		
<b>DIVERSIFIED FINANCIALS — 1.41%</b>		
<b>CAPITAL MARKETS — 0.68%</b>		
b Apollo Investment Corp., 5.75%, 1/15/2016	\$ 1,500,000	\$ 1,320,000
b Hercules Technology, 6.00%, 4/15/2016	1,000,000	866,250
<b>DIVERSIFIED FINANCIAL SERVICES — 0.73%</b>		
b ICAHN Enterprise LP, 4.00%, 8/15/2013	2,000,000	1,857,600
KKR Financial Holdings LLC, 7.00%, 7/15/2012	475,000	<u>486,875</u>
		<u>4,530,725</u>
<b>ENERGY — 0.54%</b>		
<b>OIL, GAS &amp; CONSUMABLE FUELS — 0.54%</b>		
SunPower Corp., 4.75%, 4/15/2014	2,000,000	<u>1,740,000</u>
		<u>1,740,000</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 0.53%</b>		
<b>BEVERAGES — 0.53%</b>		
Central European Distribution Corp., 3.00%, 3/15/2013	2,500,000	<u>1,712,500</u>
		<u>1,712,500</u>
<b>MATERIALS — 0.72%</b>		
<b>CONSTRUCTION MATERIALS — 0.22%</b>		
c Cemex SAB de CV, 4.875%, 3/15/2015	1,500,000	710,625
<b>METALS &amp; MINING — 0.50%</b>		
b,c Jaguar Mining, Inc., 4.50%, 11/1/2014	2,000,000	<u>1,625,000</u>
		<u>2,335,625</u>
<b>SOFTWARE &amp; SERVICES — 0.54%</b>		
<b>SOFTWARE — 0.54%</b>		
THQ, Inc., 5.00%, 8/15/2014	2,000,000	<u>1,727,500</u>
		<u>1,727,500</u>
<b>TRANSPORTATION — 0.26%</b>		
<b>MARINE — 0.26%</b>		
b,f Ultrapetrol Bahamas Ltd., 7.25%, 1/15/2017	1,000,000	<u>837,500</u>
		<u>837,500</u>
<b>TOTAL CONVERTIBLE BONDS (Cost \$14,518,500)</b>		<u>12,883,850</u>
<b>MUNICIPAL BONDS — 4.12%</b>		
California Health Facilities Financing Authority (Developmental Disabilities-B), 7.875%, 2/1/2026	1,940,000	2,282,022
Los Angeles California Municipal Improvement Corp. Lease Revenue (Build America Bonds), 6.165%, 11/1/2020	1,885,000	2,160,775
Louisiana Public Facilities Authority Revenue (Black & Gold Facilities Project C), 5.15%, 4/1/2012	90,000	90,146
b Midwest Family Housing, 5.168%, 7/1/2016	770,000	763,463
Oakland California Redevelopment Agency, 8.00%, 9/1/2016	1,000,000	1,081,080
Ohio State Solid Waste (Republic Services Project), 4.25%, 4/1/2033	900,000	924,300
Oklahoma Development Finance Authority, 8.00%, 5/1/2020	1,500,000	1,522,665
San Bernardino County California Redevelopment Agency (San Sevaine), 8.45%, 9/1/2030	2,000,000	2,140,540
San Marcos California Redevelopment Agency Tax Allocation, 6.125%, 10/1/2018	1,000,000	1,050,420

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
Texas State Public Finance Authority Charter School Finance Corp. (ED-New Frontiers Series Q), 8.75%, 8/15/2027	\$ 750,000	\$ 776,482
Wisconsin State Health & Educational Facilities (Richland Hospital), 7.08%, 6/1/2016	470,000	461,592
<b>TOTAL MUNICIPAL BONDS (Cost \$11,962,925)</b>		<u>13,253,485</u>
<b>U.S. TREASURY SECURITIES — 0.66%</b>		
U.S. Treasury, 2.25%, 1/31/2015	2,000,000	2,114,375
<b>TOTAL U.S. TREASURY SECURITIES (Cost \$1,994,277)</b>		<u>2,114,375</u>
<b>U.S. GOVERNMENT AGENCIES — 0.41%</b>		
<sup>b</sup> Agribank FCB, 9.125%, 7/15/2019	1,000,000	1,325,599
<b>TOTAL U.S. GOVERNMENT AGENCIES (Cost \$1,043,262)</b>		<u>1,325,599</u>
<b>OTHER GOVERNMENT — 0.31%</b>		
<sup>b,c</sup> Republic of Iceland, 4.875%, 6/16/2016	1,000,000	979,943
<b>TOTAL OTHER GOVERNMENT (Cost \$995,109)</b>		<u>979,943</u>
<b>MORTGAGE BACKED — 0.00%</b>		
Federal National Mtg Assoc. CMO Series 1994-37 Class L, 6.50%, 3/25/2024	9,619	10,785
<b>TOTAL MORTGAGE BACKED (Cost \$9,656)</b>		<u>10,785</u>
<b>FOREIGN BONDS — 8.00%</b>		
<b>BANKS — 0.63%</b>		
<b>COMMERCIAL BANKS — 0.63%</b>		
Banco Santander Chile (CHL), 6.50%, 9/22/2020	125,000,000	234,533
NRW Bank (NOK), 3.50%, 5/21/2013	5,000,000	864,546
Royal Bank of Scotland Group plc (CAD), 5.875%, 5/12/2016	1,000,000	940,290
		<u>2,039,369</u>
<b>CONSUMER SERVICES — 0.03%</b>		
<b>HOTELS, RESTAURANTS &amp; LEISURE — 0.03%</b>		
<sup>a,d,e</sup> FU JI Food (HKD), 0%, 10/18/2010	7,000,000	89,889
		<u>89,889</u>
<b>DIVERSIFIED FINANCIALS — 0.60%</b>		
<b>CAPITAL MARKETS — 0.60%</b>		
Morgan Stanley (AUD), 5.187%, 3/1/2013	1,000,000	937,359
Morgan Stanley (BRL), 10.09%, 5/3/2017	2,000,000	989,230
		<u>1,926,589</u>
<b>FOOD &amp; STAPLES RETAILING — 0.40%</b>		
<b>FOOD &amp; STAPLES RETAILING — 0.40%</b>		
Wesfarmers Ltd. (AUD), 7.47%, 9/11/2014	1,300,000	1,296,951
		<u>1,296,951</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	Shares/ Principal Amount	Value
<b>FOOD, BEVERAGE &amp; TOBACCO — 1.14%</b>		
<b>BEVERAGES — 0.67%</b>		
Ambev International Finance Co., Ltd. (BRL), 9.50%, 7/24/2017	\$ 2,000,000	\$ 1,084,962
Anheuser-Busch InBev (BRL), 9.75%, 11/17/2015	2,000,000	1,074,325
<b>FOOD PRODUCTS — 0.47%</b>		
Viterra, Inc. (CAD), 8.50%, 8/1/2017	1,500,000	1,524,478
		<u>3,683,765</u>
<b>INSURANCE — 0.47%</b>		
<b>INSURANCE — 0.47%</b>		
ELM BV (AUD), 7.635%, 12/31/2049	1,000,000	778,437
ELM BV (AUD), 6.35%, 12/27/2049	1,000,000	721,730
		<u>1,500,167</u>
<b>MEDIA — 0.68%</b>		
<b>MEDIA — 0.68%</b>		
<sup>b</sup> Corus Entertainment (CAD), 7.25%, 2/10/2017	1,000,000	973,375
CET 21 SPOL S.R.O. (EUR), 9.00%, 11/1/2017	1,000,000	1,205,775
		<u>2,179,150</u>
<b>MISCELLANEOUS — 2.12%</b>		
<b>MISCELLANEOUS — 2.12%</b>		
BK Nederlandse Gemeenten N.V. (NOK), 4.00%, 5/15/2015	5,000,000	898,393
<sup>a</sup> International Bank for Reconstruction and Development (BRL), 9.00%, 4/28/2014	1,000,000	543,587
International Finance Corp. (KRW), 1.75%, 8/23/2013	1,450,000,000	1,233,655
Kommunalbanken AS (NOK), 4.00%, 1/26/2015	5,000,000	886,154
New South Wales Treasury Corp. (AUD), 4.008%, 11/20/2020	1,000,000	1,158,231
Republic of Brazil (BRL), 12.50%, 1/5/2016	3,525,000	2,090,347
		<u>6,810,367</u>
<b>SOFTWARE &amp; SERVICES — 0.37%</b>		
<b>INTERNET SOFTWARE &amp; SERVICES — 0.37%</b>		
EAccess Ltd. (EUR), 8.375%, 4/1/2018	1,000,000	1,205,775
		<u>1,205,775</u>
<b>TELECOMMUNICATION SERVICES — 0.09%</b>		
<b>DIVERSIFIED TELECOMMUNICATION SERVICES — 0.09%</b>		
Wind Acquisition Finance SA (EUR), 11.75%, 7/15/2017	250,000	274,649
		<u>274,649</u>
<b>TRANSPORTATION — 1.18%</b>		
<b>AIR FREIGHT &amp; LOGISTICS — 0.45%</b>		
Livingston International (CAD), 10.125%, 11/9/2015	1,500,000	1,469,983
<b>AIRLINES — 0.73%</b>		
<sup>a</sup> Iberbond 2004 plc (EUR), 4.235%, 12/24/2017	2,000,000	2,344,562
		<u>3,814,545</u>
<b>UTILITIES — 0.29%</b>		
<b>INDUSTRIAL POWER PRODUCTION/ENERGY TRADING — 0.29%</b>		
Alinta Networks Holdings (AUD), 5.013%, 9/21/2012	1,000,000	947,635
		<u>947,635</u>
<b>TOTAL FOREIGN BONDS (Cost \$26,393,009)</b>		<u>25,768,851</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>OTHER SECURITIES — 0.77%</b>		
<b>LOAN PARTICIPATIONS — 0.77%</b>		
<sup>a</sup> Merisant Co. Term Loan B, 7.50%, 1/31/2014	\$ 1,572,232	\$ 1,525,066
Ocwen Financial Corp., 1.00%, 6/6/2016	1,000,000	<u>966,250</u>
<b>TOTAL OTHER SECURITIES (Cost \$2,481,379)</b>		<u>2,491,316</u>
<b>SHORT TERM INVESTMENTS — 6.06%</b>		
Darden Restaurants, Inc., 0.23%, 10/3/2011	9,500,000	9,499,879
Devon Energy Corp., 0.17%, 10/3/2011	10,000,000	<u>9,999,905</u>
<b>TOTAL SHORT TERM INVESTMENTS (Cost \$19,499,784)</b>		<u>19,499,784</u>
<b>TOTAL INVESTMENTS — 98.85% (Cost \$316,606,238)</b>		\$ 318,271,324
<b>OTHER ASSETS LESS LIABILITIES — 1.15%</b>		<u>3,710,333</u>
<b>NET ASSETS — 100.00%</b>		<u>\$ 321,981,657</u>

## Footnote Legend

- a Security currently fair valued by the valuation and pricing committee using procedures approved by the Trustees.
- b Securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. As of September 30, 2011, the aggregate value of these securities in the Fund's portfolio was \$106,218,365, representing 32.99% of the Fund's net assets.
- c Yankee Bond - Denominated in U.S. dollars and is issued in the U.S. by foreign banks and corporations.
- d Bond in default.
- e Non-income producing.
- f Segregated as collateral for a when-issued security.
- g When-issued security.

## Portfolio Abbreviations

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

ARM	Adjustable Rate Mortgage
AUD	Denominated in Australian Dollars
BRL	Denominated in Brazilian Real
CAD	Denominated in Canadian Dollars
CHL	Denominated in Chilean Peso
CMO	Collateralized Mortgage Obligation
EUR	Denominated in Euros
FCB	Farm Credit Bank
HKD	Denominated in Hong Kong Dollars
KRW	Denominated in Korean Won
Mtg	Mortgage
NOK	Denominated in Norwegian Krone
Pfd	Preferred Stock

See notes to financial statements.

# STATEMENT OF ASSETS AND LIABILITIES

Thornburg Strategic Income Fund

September 30, 2011

## ASSETS

Investments at value (cost \$316,606,238) (Note 2)	\$ 318,271,324
Cash	2,684,658
Receivable for investments sold	883,162
Receivable for fund shares sold	1,947,016
Unrealized appreciation on forward currency contracts (Note 7)	197,860
Dividends receivable	344,778
Dividend and interest reclaim receivable	3,243
Interest receivable	5,218,814
Prepaid expenses and other assets	31,057
<b>Total Assets</b>	<b><u>329,581,912</u></b>

## LIABILITIES

Payable for investments purchased	6,414,605
Payable for fund shares redeemed	596,459
Payable to investment advisor and other affiliates (Note 3)	232,012
Accounts payable and accrued expenses	112,417
Dividends payable	244,762
<b>Total Liabilities</b>	<b><u>7,600,255</u></b>

## NET ASSETS

**\$ 321,981,657**

## NET ASSETS CONSIST OF:

Undistributed net investment income	\$ 396,704
Net unrealized appreciation on investments and foreign currency translations	1,810,458
Accumulated net realized gain (loss)	8,123,636
Net capital paid in on shares of beneficial interest	311,650,859
	<b><u>\$ 321,981,657</u></b>

## STATEMENT OF ASSETS AND LIABILITIES, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

### NET ASSET VALUE:

#### Class A Shares:

Net asset value and redemption price per share

(\$115,703,414 applicable to 9,759,180 shares of beneficial interest outstanding - Note 4)

\$ 11.86

Maximum sales charge, 4.50% of offering price

0.56

Maximum offering price per share

\$ 12.42

#### Class C Shares:

Net asset value and offering price per share\*

(\$106,684,306 applicable to 9,009,726 shares of beneficial interest outstanding - Note 4)

\$ 11.84

#### Class I Shares:

Net asset value, offering and redemption price per share

(\$99,593,937 applicable to 8,418,193 shares of beneficial interest outstanding - Note 4)

\$ 11.83

\* 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 Strategic Income Fund

Year Ended September 30, 2011

### INVESTMENT INCOME:

Dividend income (net of foreign taxes withheld of \$42,798)	\$ 2,387,875
Interest income (net of premium amortized of \$455,574)	17,153,156
Other income	<u>401,114</u>

### Total Income

19,942,145

### EXPENSES:

Investment advisory fees (Note 3)	1,950,692
Administration fees (Note 3)	
Class A Shares	118,186
Class C Shares	115,697
Class I Shares	36,493
Distribution and service fees (Note 3)	
Class A Shares	237,612
Class C Shares	926,933
Transfer agent fees	
Class A Shares	84,338
Class C Shares	79,892
Class I Shares	39,337
Registration and filing fees	
Class A Shares	23,950
Class C Shares	27,347
Class I Shares	32,132
Custodian fees (Note 3)	87,695
Professional fees	68,694
Accounting fees	9,441
Trustee fees	6,069
Other expenses	<u>39,989</u>

### Total Expenses

3,884,497

Less:

Expenses reimbursed by investment advisor (Note 3)	(379,394)
Fees paid indirectly (Note 3)	<u>(188)</u>

### Net Expenses

3,504,915

### Net Investment Income

\$ 16,437,230

## STATEMENT OF OPERATIONS, CONTINUED

Thornburg Strategic Income Fund

Year Ended September 30, 2011

### REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:

Investments	\$ 8,600,651
Forward currency contracts (Note 7)	(195,320)
Foreign currency transactions	34,848
	<u>8,440,179</u>

Net change in unrealized appreciation (depreciation) on:

Investments	(16,049,769)
Forward currency contracts (Note 7)	304,410
Foreign currency translations	(66,105)
	<u>(15,811,464)</u>

**Net Realized and Unrealized Loss** (7,371,285)

**Net Increase in Net Assets Resulting from Operations** \$ 9,065,945

See notes to financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS

Thornburg Strategic Income Fund

	Year Ended September 30, 2011	Year Ended September 30, 2010
<b>INCREASE (DECREASE) IN NET ASSETS FROM</b>		
<b>OPERATIONS:</b>		
Net investment income	\$ 16,437,230	\$ 12,599,926
Net realized gain (loss) on investments, forward currency contracts and foreign currency transactions	8,440,179	5,885,277
Net unrealized appreciation (depreciation) on investments, forward currency contracts, and foreign currency translations	(15,811,464)	6,866,540
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	9,065,945	25,351,743
<b>DIVIDENDS TO SHAREHOLDERS:</b>		
From net investment income		
Class A Shares	(6,071,158)	(4,807,279)
Class C Shares	(5,413,401)	(4,024,693)
Class I Shares	(5,124,836)	(3,652,715)
From realized gains		
Class A Shares	(1,920,858)	(274,801)
Class C Shares	(1,933,399)	(238,982)
Class I Shares	(1,595,561)	(197,906)
<b>FUND SHARE TRANSACTIONS (NOTE 4):</b>		
Class A Shares	36,566,623	21,481,084
Class C Shares	29,275,505	25,873,288
Class I Shares	30,458,308	25,203,621
	<hr/>	<hr/>
<b>Net Increase in Net Assets</b>	83,307,168	84,713,360
<b>NET ASSETS:</b>		
Beginning of Year	238,674,489	153,961,129
	<hr/>	<hr/>
End of Year	\$ 321,981,657	\$ 238,674,489
	<hr/> <hr/>	<hr/> <hr/>
Undistributed net investment income	\$ 396,704	\$ 257,757

See notes to financial statements.

**NOTE 1 – ORGANIZATION**

Thornburg Strategic Income Fund, hereinafter referred to as the “Fund,” is a diversified series of Thornburg Investment Trust (the “Trust”). The Fund commenced operations on December 19, 2007. 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'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.

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, (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.

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

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

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:

	<b>Fair Value Measurements at September 30, 2011</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
<b>Investments in Securities*</b>				
Common Stock	\$ 13,387,961	\$ 13,387,961	\$ -	\$ -
Preferred Stock <sup>(a)</sup>	9,967,206	2,835,125	7,132,081	-
Asset Backed Securities	23,450,441	-	19,444,041	4,006,400
Corporate Bonds	193,137,728	-	189,107,950	4,029,778
Convertible Bonds	12,883,850	-	12,883,850	-
Municipal Bonds	13,253,485	-	13,253,485	-
U.S. Treasury Securities	2,114,375	2,114,375	-	-
U.S. Government Agencies	1,325,599	-	1,325,599	-
Other Government	979,943	-	979,943	-
Mortgage Backed	10,785	-	10,785	-
Foreign Bonds	25,768,851	-	22,790,813	2,978,038
Other Securities	2,491,316	-	966,250	1,525,066
Short Term Investments	19,499,784	-	19,499,784	-
<b>Total Investments in Securities</b>	<b>\$ 318,271,324</b>	<b>\$ 18,337,461</b>	<b>\$ 287,394,581</b>	<b>\$ 12,539,282</b>
<b>Other Financial Instruments**</b>				
Forward Currency Contracts	\$ 197,860	\$ -	\$ 197,860	\$ -

(a) At September 30, 2011, industry classifications for Preferred Stock in Level 2 consist of \$3,153,844 in Banks, \$637,612 in Diversified Financials, \$535,938 in Food, Beverage and Tobacco, \$1,154,687 in Miscellaneous, and \$1,650,000 in Utilities.

\* 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 Financial Instruments include investments not reflected in the Schedule of Investments, such as futures, forwards and swap contracts, which are valued at the unrealized appreciation (depreciation) on the investment.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

A rollforward of fair value measurements using significant unobservable inputs (Level 3) for the year ended September 30, 2011, is as follows:

	<u>Asset Backed</u>	<u>Corp. Bond</u>	<u>Foreign Bond</u>	<u>Other</u>	<u>Total</u>
Beginning Balance 9/30/2010	\$ -	\$7,717,142	\$ -	\$ 1,995,814	\$ 9,712,956
Accrued Discounts (Premiums)	-	87,460	12,782	32,633	132,875
Net Realized Gain (Loss)	-	35,496	-	278,723	314,219
Gross Purchases	3,999,977	2,000,000	3,292,940	1,880,000	11,172,917
Gross Sales	-	(3,026,146)	-	(2,454,344)	(5,480,490)
Change in Unrealized Appreciation (Depreciation)	6,423	(87,744)	(599,683)	(207,761)	(888,765)
Transfers into Level 3 <sup>(a)</sup>	-	-	271,999	-	271,999
Transfers out of Level 3 <sup>(a)</sup>	-	(2,696,429)	-	-	(2,696,429)
Ending Balance 9/30/2011 <sup>(b)</sup>	\$ 4,006,400	\$ 4,029,779	\$ 2,978,038	\$ 1,525,065	\$ 12,539,282

The change in unrealized appreciation (depreciation) on investments still held at September 30, 2011, was \$(602,113).

(a) Transfers into and/or out of Level 3 were to/from Level 2, and were due to changes in other significant observable inputs existing during the year ended September 30, 2011. Transfers into or out of Level 3 are based on the beginning market value of the period in which they occurred.

(b) Level 3 Securities represent 3.89% of Total Net Assets at the year ended September 30, 2011.

**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 1 and 2 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 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: Net investment income of the Fund is declared daily as a dividend on shares for which the Fund has received payment. Dividends are 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 .75 of 1% to .50 of 1% per annum of the average daily net assets of the Fund depending on the Fund's asset size. The Trust also has entered into administrative services agreements with the Advisor, whereby the Advisor will perform certain administrative services for the shareholders of each class of the Fund's shares, and for which fees will be payable at an annual rate of up to .125 of 1% per annum of the average daily net assets attributable to each class of shares. For the year ended September 30, 2011, the Advisor contractually reimbursed certain class specific expenses, administrative fees, and distribution fees of \$114,377 for Class A shares, \$254,610 for Class C shares, and \$10,407 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 \$70,666 from the sale of Class A shares, and collected contingent deferred sales charges aggregating \$11,395 from redemptions of Class C shares of the Fund.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

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 \$188.

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		Year Ended September 30, 2010	
	Shares	Amount	Shares	Amount
<b>Class A Shares</b>				
Shares sold	5,977,653	\$ 73,696,140	3,856,708	\$ 45,792,994
Shares issued to shareholders in reinvestment of dividends	468,268	5,700,033	293,662	3,506,242
Shares repurchased	(3,475,444)	(42,829,550)	(2,334,960)	(27,818,152)
Redemption fees received	-	-	-	-
Net increase (decrease)	<u>2,970,477</u>	<u>\$ 36,566,623</u>	<u>1,815,410</u>	<u>\$ 21,481,084</u>
<b>Class C Shares</b>				
Shares sold	3,644,725	\$ 44,913,099	2,960,710	\$ 35,190,787
Shares issued to shareholders in reinvestment of dividends	408,684	4,971,988	231,359	2,762,178
Shares repurchased	(1,678,284)	(20,609,582)	(1,013,608)	(12,079,677)
Redemption fees received	-	-	-	-
Net increase (decrease)	<u>2,375,125</u>	<u>\$ 29,275,505</u>	<u>2,178,461</u>	<u>\$ 25,873,288</u>
<b>Class I Shares</b>				
Shares sold	5,860,149	\$ 71,847,585	3,284,125	\$ 39,301,651
Shares issued to shareholders in reinvestment of dividends	430,504	5,242,513	258,669	3,095,659
Shares repurchased	(3,782,241)	(46,631,790)	(1,441,646)	(17,193,689)
Redemption fees received	-	-	-	-
Net increase (decrease)	<u>2,508,412</u>	<u>\$ 30,458,308</u>	<u>2,101,148</u>	<u>\$ 25,203,621</u>

**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 and U. S. Government obligations) of \$198,784,149 and \$120,176,742, 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>\$ 316,290,580</u>
Gross unrealized appreciation on a tax basis	\$ 15,160,312
Gross unrealized depreciation on a tax basis	<u>(13,179,568)</u>
Net unrealized appreciation (depreciation) on investments (tax basis)	<u>\$ 1,980,744</u>
Distributable earnings - ordinary income (tax basis)	\$ 2,678,939
Distributable capital gains (tax basis)	\$ 5,968,365

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.

In order to account for permanent book/tax differences, the Fund decreased accumulated net realized gain by \$342,366 and increased undistributed net investment income by \$342,366. This reclassification has no impact on the net asset value of the Fund. Reclassifications result primarily from foreign currency gains (losses) and foreign bond gains (losses).

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

	<u>2011</u>	<u>2010</u>
Distributions from:		
Ordinary income	\$19,951,912	\$13,135,555
Capital gains	<u>2,107,301</u>	<u>60,821</u>
Total Distributions	<u>\$22,059,213</u>	<u>\$13,196,376</u>

**NOTE 7 – DERIVATIVE 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. During the year ended September 30, 2011, the Fund's principal exposure to derivative financial instruments of the type addressed by ASC 815 was investment in foreign exchange contracts. A foreign exchange contract is an agreement between two parties to exchange different currencies at a specified rate of exchange at an agreed upon future date. Foreign exchange contracts involve risks to the Fund, including the risk that a contract counterparty will not meet its obligations to the Fund, the risk that a change in a contract's value may not correlate perfectly with the currency the contract was intended to track, and the risk that the Fund's advisor is unable to correctly implement its strategy in using a contract. In any such

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

September 30, 2011

instance, the Fund may not achieve the intended benefit of entering into a contract, and may experience a loss. Additionally, the Fund's risk of loss may exceed the amounts recognized on the Statement of Assets and Liabilities.

The Fund entered into forward currency contracts during the year ended September 30, 2011 in the normal course of pursuing its investment objectives, in anticipation of purchasing foreign investments or with the intent of reducing the risk to the value of the Fund's foreign investments from adverse changes in the relationship between the U.S. dollar and foreign currencies. In each case these contracts have been initiated in conjunction with foreign investment transactions.

These contracts are accounted for by the Fund under ASC 815. Unrealized gains and unrealized losses on outstanding contracts are reported in the Fund's Statement of Assets and Liabilities at the Fund's net equity, as measured by the difference between the forward exchange rates at the reporting date and the forward exchange rates at each contract's inception date. Net realized gain (loss) on contracts closed during the period, and changes in net unrealized appreciation (depreciation) on outstanding contracts are recognized in the Fund's Statement of Operations. Values of open currency contracts are indicative of the activity for the year ended September 30, 2011.

The following table displays the outstanding forward currency contracts at September 30, 2011:

### Outstanding Forward Currency Contracts to Buy or Sell at September 30, 2011

Contract Description	Buy/Sell	Contract Amount	Contract Value Date	Value USD	Unrealized Appreciation	Unrealized Depreciation
Euro	Sell	2,087,000	02/21/2012	2,795,107	\$ 197,860	\$ -
Total					<u>\$ 197,860</u>	<u>\$ -</u>

The unrealized appreciation (depreciation) of the outstanding forward currency contracts recognized in the Fund's Statement of Assets and Liabilities at September 30, 2011 is disclosed in the following table:

### Fair Values of Derivative Financial Instruments at September 30, 2011

Asset Derivatives	Balance Sheet Location	Fair Value
Foreign exchange contracts	Assets - Unrealized appreciation on forward currency contracts	\$ 197,860

The realized gains (losses) from forward currency contracts, and the change in unrealized appreciation (depreciation) of outstanding forward currency contracts recognized in the Fund's Statement of Operations for the year ended September 30, 2011 are disclosed in the following tables:

### Amount of Realized Gain (Loss) on Derivative Financial Instruments Recognized in Income for the Year Ended September 30, 2011

	Total	Forward Currency Contracts
Foreign exchange contracts	\$(195,320)	\$(195,320)

### Change in Unrealized Appreciation (Depreciation) of Derivative Financial Instruments Recognized in Income for the Year Ended September 30, 2011

	Total	Forward Currency Contracts
Foreign exchange contracts	\$304,410	\$304,410

#### OTHER NOTES:

**Risks:** The Fund's investments subject it to risks including, but not limited to, credit risk, interest rate risk, prepayment risk, management risk, market and economic risk, liquidity risk, risks affecting specific issuers, and the risks associated with investments in derivative instruments, smaller companies, non-U.S. issuers, real estate investment trusts, and structured finance arrangements. 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 Strategic Income 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>	\$ 12.35	0.79	(0.21)	0.58	(0.79)	(0.28)	(1.07)	\$ 11.86
2010 <sup>(b)</sup>	\$ 11.63	0.81	0.77	1.58	(0.81)	(0.05)	(0.86)	\$ 12.35
2009 <sup>(b)</sup>	\$ 10.57	0.78	1.06	1.84	(0.78)	-	(0.78)	\$ 11.63
2008 <sup>(b)(c)</sup>	\$ 11.94	0.59	(1.41)	(0.82)	(0.55)	-	(0.55)	\$ 10.57
<b>Class C Shares</b>								
2011	\$ 12.34	0.72	(0.22)	0.50	(0.72)	(0.28)	(1.00)	\$ 11.84
2010	\$ 11.62	0.75	0.77	1.52	(0.75)	(0.05)	(0.80)	\$ 12.34
2009	\$ 10.57	0.73	1.04	1.77	(0.72)	-	(0.72)	\$ 11.62
2008 <sup>(c)</sup>	\$ 11.94	0.55	(1.42)	(0.87)	(0.50)	-	(0.50)	\$ 10.57
<b>Class I Shares</b>								
2011	\$ 12.35	0.83	(0.20)	0.63	(0.87)	(0.28)	(1.15)	\$ 11.83
2010	\$ 11.64	0.85	0.75	1.60	(0.84)	(0.05)	(0.89)	\$ 12.35
2009	\$ 10.58	0.81	1.05	1.86	(0.80)	-	(0.80)	\$ 11.64
2008 <sup>(c)</sup>	\$ 11.94	0.63	(1.42)	(0.79)	(0.57)	-	(0.57)	\$ 10.58

(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 19, 2007.

(d) Annualized.

+ Based on weighted average shares outstanding.

See notes to financial statements.

# FINANCIAL HIGHLIGHTS, CONTINUED

Thornburg Strategic Income 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 (%)
6.47	1.20	1.20	1.32
6.86	1.25	1.25	1.35
7.66	1.25	1.25	1.49
6.51 <sup>(d)</sup>	1.27 <sup>(d)</sup>	1.25 <sup>(d)</sup>	1.79 <sup>(d)</sup>
5.86	1.80	1.80	2.07
6.31	1.80	1.80	2.12
7.13	1.79	1.79	2.29
5.96 <sup>(d)</sup>	1.82 <sup>(d)</sup>	1.80 <sup>(d)</sup>	2.65 <sup>(d)</sup>
6.71	0.97	0.97	0.98
7.13	0.98	0.98	1.00
7.94	0.99	0.99	1.12
6.81 <sup>(d)</sup>	1.01 <sup>(d)</sup>	0.99 <sup>(d)</sup>	1.44 <sup>(d)</sup>

## SUPPLEMENTAL DATA

Total Return (%) <sup>(a)</sup>	Portfolio Turnover Rate (%)	Net Assets at End of Year (Thousands)
4.78	48.09	\$ 115,704
14.07	38.87	\$ 83,822
18.67	47.88	\$ 57,853
(7.18)	36.22	\$ 18,538
4.11	48.09	\$ 106,684
13.48	38.87	\$ 81,841
17.95	47.88	\$ 51,789
(7.57)	36.22	\$ 13,829
5.16	48.09	\$ 99,594
14.27	38.87	\$ 73,011
18.95	47.88	\$ 44,319
(6.90)	36.22	\$ 15,145

To the Trustees and Shareholders of  
Thornburg Strategic Income 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 Strategic Income Fund (one of the portfolios constituting Thornburg Investment Trust, hereafter referred to as the “Fund”) at September 30, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, 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 Strategic Income 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;

(2) ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other Fund expenses.

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

The example is based on a \$1,000 investment beginning on 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.

	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	\$ 989.20	\$ 5.79
Hypothetical*	\$1,000.00	\$ 1,019.25	\$ 5.88
<b>Class C Shares</b>			
Actual	\$1,000.00	\$ 985.40	\$ 8.96
Hypothetical*	\$1,000.00	\$ 1,016.04	\$ 9.10
<b>Class I Shares</b>			
Actual	\$1,000.00	\$ 990.80	\$ 4.86
Hypothetical*	\$1,000.00	\$ 1,020.19	\$ 4.93

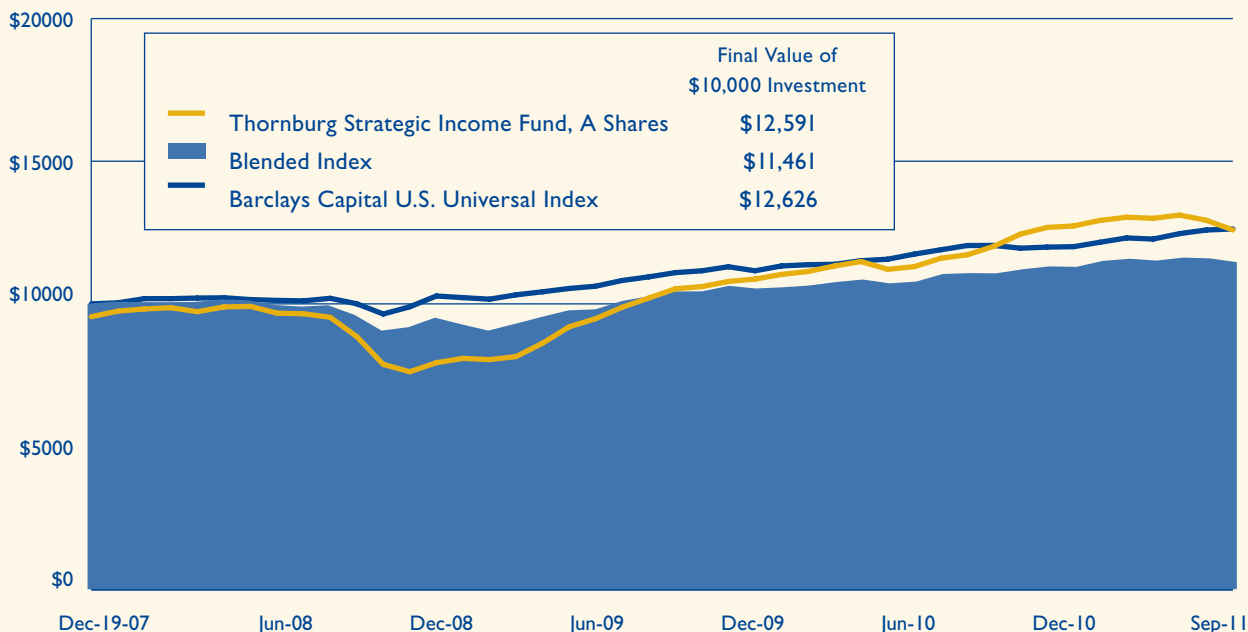
<sup>†</sup> Expenses are equal to the annualized expense ratio for each class (A: 1.16%; C: 1.80%; I: 0.97%) multiplied by the average account value over the period, multiplied by 183/365 to reflect the one-half year period.

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

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

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

Thornburg Strategic Income Fund versus Barclays Capital U.S. Universal Index & Blended Index  
(December 19, 2007 to September 30, 2011)



## AVERAGE ANNUAL TOTAL RETURNS

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

	1 Yr	3 Yrs	Since Inception
<b>A Shares</b> (Incep: 12/19/07)	0.08%	10.64%	6.25%
<b>C Shares</b> (Incep: 12/19/07)	3.15%	11.69%	6.92%
<b>I Shares</b> (Incep: 12/19/07)	5.16%	12.64%	7.85%
<b>Barclays U.S. Universal Index</b>	4.77%	8.17%	6.43%
<b>Blended Index</b>	3.52%	6.76%	4.21%

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. 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.

## TRUSTEES AND OFFICERS

Thornburg Strategic Income 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 Strategic Income 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 Strategic Income 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, dividends paid by the Thornburg Strategic Income Fund of \$2,107,301 are designated as long-term capital gain dividends for federal income tax purposes.

For the tax year ended September 30, 2011, the Thornburg Strategic Income Fund designates 5.31% (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.

2.86% (or the maximum allowed) of the ordinary income distributions paid by the Fund for the 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 Strategic Income 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 consideration of the advisory agreement's renewal, the independent Trustees met in May 2011 to plan the Trustees' 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 specified information with the Trustees and addressed questions presented by the Trustees at a meeting session scheduled for the 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 unanimously voted 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 since the Fund's inception relative to a broad-based securities index, a blended benchmark comprised of two securities indices, and two categories of multi-sector fixed income mutual funds assembled by independent mutual fund analyst firms, and (iv) comparative measures of portfolio volatility, risk and return.

The Trustees also considered their perceptions of portfolio management personnel developed in formal and informal meetings throughout the year, the Advisor's staffing and other resources, trade execution, the Advisor's performance of accounting and other services, the Advisor's observance of compliance and regulatory requirements, the Advisor's responsiveness to the Trustees, and other factors.

In evaluating quantitative and performance data presented, the Trustees noted (among other aspects of the data) performance data for the three calendar years since the Fund's inception, which showed that the Fund's investment return for the most recent calendar year had exceeded the average return of the mutual fund category for which calendar year data was presented, and that the Fund's returns had exceeded the average return of the category in one of the two preceding calendar years. Other noted quantitative data showed that the Fund's investment returns fell within the top decile of performance for the first fund category for the three-month and year-to-date periods ended with the second quarter of the current year and fell within the top quintile of the category for the one-year and three-year periods, and that the Fund's investment returns fell within the top decile of performance for the second fund category for the three-month, year-to-date and one-year periods and within the top quintile for the three-year period.

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 objectives 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 had received any ancillary benefits from its relationship with the Fund.

In evaluating the level of the management fee, the Trustees considered the fee 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, and comparisons of the Advisor's fee and other Fund expenses to median and average fees and expenses charged to two groups of 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 was slightly higher than the median and average fee levels for one mutual fund group and somewhat higher than the median and average rates for the second group, and that the overall expense ratio for the Fund was comparable to the median and average expense ratios for the first fund group and slightly higher than the median expense ratio and comparable to the average ratio of the second group. The Trustees did not identify the 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 rendered, respectively, to institutional clients and 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 observed 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 consid-

ered 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 certain research services from broker dealers, and the benefits to both the 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 and other factors, that the management fee charged to the Fund by the Advisor was fair and reasonable in view of the nature, extent 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 expenses 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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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®  
800.847.0200

*Distributor:*  
Thornburg Securities Corporation®  
800.847.0200

THI784

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