



Investment Management®

Strategies for Building Real Wealth

# Thornburg Strategic Income Fund

Semi-Annual Report – March 31, 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 March 31, 2011. The managers' views, portfolio holdings, and sector and country diversification are provided for the general information of the Fund's shareholders; they are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

Investments in the Fund carry risks, including possible loss of principal. Bond funds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds. The principal value of bonds will fluctuate relative to changes in interest rates, decreasing when interest rates rise. Unlike bonds, bond funds have ongoing fees and expenses. 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** – Index covering the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+ or below.

**Barclays Capital U.S. Universal Index** – Represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment-Grade I44A 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 it's 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.

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

**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.

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

**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 but sustainable 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

### 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¢	20.8¢	22.0¢	78.8¢
2010	18.8¢	20.5¢	19.8¢	22.0¢	81.1¢
2011	17.8¢				

### 30-DAY YIELDS, Class A As of 3/31/11

SEC Yield	4.92%
Annualized Distribution Yield	5.54%
<i>Without fee waivers and expense reimbursements, the 30-day SEC Yield would have been 4.89% and the Annualized Distribution Yield would have been 5.51%.</i>	

### AVERAGE ANNUAL TOTAL RETURNS FOR PERIODS ENDED 3/31/11

	1 Yr	3 Yrs	Since Inception
<b>A Shares</b> (Incep: 12/19/07)			
Without sales charge	12.33%	9.34%	9.11%
With sales charge	7.25%	7.68%	7.59%
<b>Barclays U.S. Universal Index</b> (Since 12/19/07)	5.73%	5.67%	5.82%
<b>Blended Index</b> (Since 12/19/07)	7.07%	4.61%	4.42%

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

do not have a very low credit quality, in fact, quite the opposite. By constantly sifting 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 3/31/11

##### Fixed Income Statistics

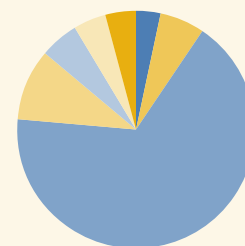
Weighted Average Coupon	7.5%
Average Maturity	7.8 yrs
Effective Duration	3.4 yrs
Bond Holdings	216

##### Equity Statistics

Portfolio P/E (12-mo. trailing)	9.61
Median Market Cap	\$5.5 B
Equity & Pref. Equity Holdings	25

#### PORTFOLIO COMPOSITION

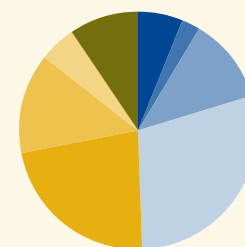
As of 3/31/11



Asset Backed Bonds	3.6%
US Gov. (Treasury & Agency)/ Muni	6.0%
Corporate/Yankee Bonds	66.8%
Foreign / Other	9.9%
Common Equity	5.1%
Preferred Equity	4.6%
Other Assets & Cash Equivalents	4.0%

#### CREDIT QUALITY SUMMARY

As of 3/31/11



AAA/AAA Equivalents	6.2%
AA	2.6%
A	11.6%
BBB	29.1%
BB	22.5%
B	13.6%
CCC	5.0%
C	0.1%
Not Rated	9.3%

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 Semi-Annual Report

## Thornburg Strategic Income Fund

March 31, 2011

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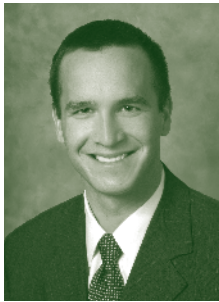
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This report is certified under the Sarbanes-Oxley Act of 2002, which requires that public companies, including mutual funds, affirm that the information provided in their annual and semiannual shareholder reports fully and fairly represents their financial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

# Letter to Shareholders

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**Jason H. Brady, cfa**  
Co-Portfolio Manager

April 17, 2011

Dear Fellow Shareholder:

We are very pleased to present the Semi-Annual Report for the Thornburg Strategic Income Fund for the six months ended March 31, 2011. The net asset value (NAV) of a Class A share of the Fund increased 3 cents to \$12.38 since September 30, 2010. If you were invested for the entire period, you received dividends of 39.8 cents per share. If you reinvested your dividends, you received 40.1 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 accompanying exhibits for more detailed information.



**George Strickland**  
Co-Portfolio Manager

Putting income and price change together, the Class A shares of the Thornburg Strategic Income Fund produced a total return of 5.93% (at NAV) since September 30, 2010. The Blended Index of 80% of the Barclays Capital Aggregate Bond Index and 20% of the MSCI World Index produced a 2.04% total return and the Barclays Capital U.S. Universal Index produced a negative 0.37% in total return over the same time period. These indices reflect no deduction for fees, expenses, or taxes.

We continue to navigate a volatile environment in both the global fixed income and equity markets. While we believe we are well positioned to continue to pursue the Fund's primary goal, which is a relatively high income stream, the market price environment has changed quite dramatically from even 12 months ago. As a result, our posture with regard to the marketplace continues to change as detailed below. Though we do not believe that the past year's returns are available in many markets for 2011, we remain focused on achieving the best income returns possible for a reasonable level of risk.

The various markets in which we participate have continued to appreciate in price and depreciate in available yield. With our mandate of strong and sustainable income, we are finding opportunities notably fewer and further between. In addition, we are increasingly aware of other market participants engaging in risky behavior without regard to the consequence. In fact, with default rates on below investment grade bonds (as one example) approaching all time lows, it isn't surprising that yields on those same securities are also approaching all time lows. That said, investing is a forward looking activity (or should be). We believe that a large driver of lower default rates is the easy money policy of the Federal Reserve (the Fed), which is pumping large amounts of liquidity (money at zero percent interest rates) into the global economy. The United

## Letter to Shareholders, *Continued*

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States continues to drag along with a legacy of large consumer debt and growing government debt. Housing prices are falling and the overall level of employment is bumping along the bottom. It is an open question whether the Fed will blink in the face of a renewed slowdown in U.S. economic activity as it did toward the end of 2010. On the other hand, perhaps the U.S. economy is healthy enough to justify the optimism indicated by market prices and will take the “handoff” from the Fed at the end of QE2 and continue to run. We remain cautious.

With regard to market movements, we are pleased to have participated in a good portion of the “risk on” market rally of the past several years. We feel as though our individual asset selection has also been a significant benefit to shareholders. Going forward, the environment for total returns is not as favorable, yet we believe that our asset selection, as well as our portfolio positioning, will continue to allow us to provide our shareholders with a strong and sustainable income stream with a good balance of risk and reward. We have been moving the portfolio to a more liquid position with a shorter duration to be better able to take advantage of interesting opportunities in the future. At the same time, though the Fed’s injection of liquidity has revved all risk markets to very hot levels, we still feel that deep security analysis and a disdain for what investors “have” to do allows us to invest well and appropriately within our mandate. We are unlikely to be the highest-yielding portfolio, but our broad purview certainly comes in handy in finding the best risk-reward in the marketplace. We continue to find what we believe are good stories and interesting risk-reward in various pockets of the marketplace. This has always been the investment style of Thornburg Investment Management, and this Fund is a great beneficiary of that legacy.

As we said in our last letter, we expect consumer spending to remain muted as leverage comes down and savings rates climb. This is healthy in the long term, but a headwind in the short term. Despite recent actions in government and the return of risk-seeking behavior by corporations, we expect leverage in general, for the investment community, corporations, and individuals, to decline. Again, this is healthy in the sense that it makes the “system” more robust, but it also hampers returns relative to the past decade. We believe generally this is to the advantage of shareholders of the Strategic Income Fund.

For these reasons, we believe that remaining invested in income producing assets is crucial. While many market participants are caught between running for the safety of U.S. Treasuries in bad times and swapping out for notably riskier assets in good times, this portfolio should enjoy continued compounding of interesting yields. The Fund could certainly print a higher yield, but we aim for a sustainable income stream. The default environment is favorable, but the speculative fervor of the market makes us wary of a heavier weighting in speculative grade corporates and a downgrading of the credit quality of the portfolio. Instead, selectively investing in good quality assets and keeping an eye on income production is this Fund’s goal. It is a mindset which we believe will serve our shareholders over time and across many different environments.

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

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of instruments. While future performance cannot be guaranteed, Thornburg Investment Management will continue to strive to chart a steady course in what continues to be a volatile marketplace.

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

March 31, 2011 (Unaudited)

### SUMMARY OF INDUSTRY EXPOSURE As of 3/31/11

Utilities	10.5%	Health Care Equipment & Services	1.2%
Energy	9.1%	Consumer Services	0.9%
Banks	8.7%	Retailing	0.8%
Insurance	8.4%	Consumer Durables & Apparel	0.8%
Transportation	7.8%	Food & Staples Retailing	0.5%
Diversified Financials	6.6%	Industrials	0.4%
Telecommunication Services	6.0%	Semiconductors & Semiconductor Equipment	0.4%
Capital Goods	5.8%	Commercial & Professional Services	0.4%
Food, Beverage & Tobacco	3.2%	Automobiles & Components	0.2%
Media	2.7%	<b>Other Non-Classified Securities:</b>	
Real Estate	2.5%	Municipal Bonds	4.7%
Miscellaneous	2.1%	Asset Backed Securities	3.6%
Technology Hardware & Equipment	2.0%	U.S. Treasury Securities	0.8%
Software & Services	1.7%	Other Securities	0.7%
Materials	1.6%	U.S. Government Agencies	0.5%
Pharmaceuticals, Biotechnology & Life Sciences	1.4%	Other Assets & Cash Equivalents	4.0%

### SUMMARY OF COUNTRY EXPOSURE As of 3/31/11

United States	71.1%	Czech Republic	0.6%
Australia	4.0%	Germany	0.5%
Bermuda	3.2%	Trinidad and Tobago	0.5%
Canada	3.1%	Indonesia	0.5%
Norway	1.3%	Mexico	0.4%
Brazil	1.3%	France	0.2%
Cayman Islands	1.2%	Ireland	0.2%
Japan	1.1%	Belgium	0.2%
Spain	1.0%	Switzerland	0.1%
United Kingdom	0.9%	Chile	0.1%
South Korea	0.9%	Singapore	0.1%
United Arab Emirates	0.8%	Greece	0.1%
Italy	0.8%	Iceland*	0.0%
Russia	0.6%	China*	0.0%
Netherlands	0.6%	Other Assets & Cash Equivalents	4.0%
Luxembourg	0.6%		

\* Country percentage was less than 0.1%.

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>COMMON STOCK — 5.15%</b>		
<b>CONSUMER SERVICES — 0.07%</b>		
<b>HOTELS, RESTAURANTS &amp; LEISURE — 0.07%</b>		
OPAP SA	8,300	\$ 177,735
		<u>177,735</u>
<b>DIVERSIFIED FINANCIALS — 1.06%</b>		
<b>CAPITAL MARKETS — 0.78%</b>		
Apollo Investment Corp.	168,060	2,026,804
<b>DIVERSIFIED FINANCIAL SERVICES — 0.28%</b>		
KKR Financial Holdings LLC	73,000	714,670
		<u>2,741,474</u>
<b>ENERGY — 1.20%</b>		
<b>ENERGY EQUIPMENT &amp; SERVICES — 0.64%</b>		
Seadrill Ltd.	46,100	1,667,194
<b>OIL, GAS &amp; CONSUMABLE FUELS — 0.56%</b>		
Eni S.p.A.	58,500	1,436,764
		<u>3,103,958</u>
<b>INSURANCE — 0.10%</b>		
<b>INSURANCE — 0.10%</b>		
Swiss Re	4,400	251,736
		<u>251,736</u>
<b>REAL ESTATE — 1.18%</b>		
<b>REAL ESTATE INVESTMENT TRUSTS — 1.18%</b>		
Annaly Capital Management, Inc.	101,900	1,778,155
Chimera Investment Corp.	165,900	656,964
Invesco Mortgage Capital, Inc.	29,000	633,650
		<u>3,068,769</u>
<b>TELECOMMUNICATION SERVICES — 1.17%</b>		
<b>DIVERSIFIED TELECOMMUNICATION SERVICES — 0.98%</b>		
France Telecom SA	26,900	602,719
Telefonica SA	21,500	538,249
Telstra Corp. Ltd.	483,000	1,408,846
<b>WIRELESS TELECOMMUNICATION SERVICES — 0.19%</b>		
Mobistar SA	7,000	485,306
		<u>3,035,120</u>
<b>UTILITIES — 0.37%</b>		
<b>ELECTRIC UTILITIES — 0.37%</b>		
E. ON AG	13,100	400,083
Enel S.p.A.	87,856	553,818
		<u>953,901</u>
<b>TOTAL COMMON STOCK (Cost \$12,130,645)</b>		<u>13,332,693</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>PREFERRED STOCK — 4.61%</b>		
<b>BANKS — 2.04%</b>		
<b>COMMERCIAL BANKS — 0.79%</b>		
Huntington Bancshares Pfd, 8.50%	750	\$ 871,875
<sup>a</sup> Sovereign REIT Pfd 12.00%	1,000	1,160,000
Webster Financial Corp. Pfd Series A, 8.50%	15	16,013
<b>THRIFTS &amp; MORTGAGE FINANCE — 1.25%</b>		
<sup>a</sup> Falcons Funding Trust I Pfd, 8.875%	3,000	<u>3,240,937</u>
		<u>5,288,825</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 0.21%</b>		
<b>FOOD PRODUCTS — 0.21%</b>		
<sup>a</sup> H.J. Heinz Finance Co. Pfd, 8.00%	5	<u>537,500</u>
		<u>537,500</u>
<b>INSURANCE — 0.39%</b>		
<b>INSURANCE — 0.39%</b>		
Genworth Financial, Inc. Pfd Series A, 5.25%	20,000	<u>1,007,500</u>
		<u>1,007,500</u>
<b>MISCELLANEOUS — 0.43%</b>		
<b>U.S. GOVERNMENT AGENCIES — 0.43%</b>		
Farm Credit Bank of Texas Pfd, 10.00%	1,000	<u>1,120,625</u>
		<u>1,120,625</u>
<b>REAL ESTATE — 0.49%</b>		
<b>REAL ESTATE INVESTMENT TRUSTS — 0.49%</b>		
Alexandria Real Estate Pfd, 7.00%	50,000	<u>1,285,000</u>
		<u>1,285,000</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT — 0.38%</b>		
<b>COMMUNICATIONS EQUIPMENT — 0.38%</b>		
Lucent Technologies Capital Trust I Pfd, 7.75%	1,000	<u>980,000</u>
		<u>980,000</u>
<b>UTILITIES — 0.67%</b>		
<b>MULTI-UTILITIES — 0.67%</b>		
Centerpoint Energy, Inc. Pfd, 7.5%	50,000	<u>1,728,125</u>
		<u>1,728,125</u>
<b>TOTAL PREFERRED STOCK (Cost \$10,891,575)</b>		<u>11,947,575</u>
<b>ASSET BACKED SECURITIES — 3.59%</b>		
<b>BANKS — 0.06%</b>		
<b>COMMERCIAL BANKS — 0.06%</b>		
Wells Fargo Asset Securities Corp. Series 2005-ARI Class BI, 2.744%, 2/25/2035	\$ 385,905	76,478
Wells Fargo Asset Securities Corp. Series 2005-AR2 Class BI, 3.483%, 3/25/2035	385,543	<u>77,033</u>
		<u>153,511</u>
<b>DIVERSIFIED FINANCIALS — 2.58%</b>		
<b>CAPITAL MARKETS — 1.51%</b>		
Bear Stearns ARM Mtg Series 2003-6 Class 2B-1, 2.803%, 8/25/2033	606,247	441,706

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
Bear Stearns Commercial Mtg Securities Series 2007-T26 Class A1, 5.145%, 1/12/2045	\$ 26,127	\$ 26,633
Bear Stearns Commercial Mtg Securities Series 2007-T28 Class A1, 5.422%, 9/11/2042	13,198	13,412
GS Mtg Securities Corp. II Series 2007-GG10 Class A1, 5.69%, 8/10/2045	4,008	4,056
LB-UBS Commercial Mtg Trust Series 2007-CI Class A1, 5.391%, 2/15/2040	7,363	7,458
Merrill Lynch Mtg Investors Trust, 2.787%, 8/25/2034	339,506	282,377
Merrill Lynch Mtg Trust, 5.211%, 11/12/2037	130,431	130,857
Merrill Lynch/Countrywide Commercial Mtg Trust Series 2007-6 Class A1, 5.175%, 3/12/2051	4,974	5,016
Morgan Stanley Capital I Series 2007-HQ11 Class A1, 5.246%, 2/20/2044	6,596	6,641
Morgan Stanley Capital I Series 2007-IQ13 Class A1, 5.05%, 3/15/2044	13,910	14,033
Morgan Stanley Capital I Series 2007-T25 Class A1, 5.391%, 11/12/2049	26,574	26,957
Morgan Stanley Capital, Inc. Series 2005-HE7 Class A2C, 0.57%, 11/25/2035	1,957,933	1,687,440
New York Mtg Trust 2005-3 Class A Floating Rate Note, 0.49%, 2/25/2036	1,542,539	1,265,476
<b>DIVERSIFIED FINANCIAL SERVICES — 1.07%</b>		
Banc of America Funding Corp. Series 2006-I Class SB1, 3.407%, 12/20/2036	966,016	200,034
Banc of America Mtg Services Series 2005-A Class B1, 3.236%, 2/25/2035	934,671	420,357
Citigroup Commercial Mtg Trust Series 2004-HYB2 Class B1, 2.886%, 3/25/2034	190,742	159,620
Citigroup Commercial Mtg Trust Series 2007-C6 Class A1, 5.622%, 12/10/2049	58,454	58,520
Countrywide Series 2005-II Class AF3, 4.778%, 2/25/2036	978,704	852,625
Countrywide Series 2006-I5 Class A6, 5.826%, 10/25/2046	404,752	315,229
JPMorgan Chase Commercial Mtg Securities Corp. Series 2006-LDP9 Class A1, 5.17%, 5/15/2047	6,941	6,972
JPMorgan Chase Commercial Mtg Securities Corp. Series 2007-LDPX Class A1, 5.122%, 1/15/2049	1,781	1,787
JPMorgan Series 2007-CH5 Class A2, 0.30%, 5/25/2037	793,792	<u>764,860</u>
		<u>6,692,066</u>
<b>PHARMACEUTICALS, BIOTECHNOLOGY &amp; LIFE SCIENCES — 0.36%</b>		
<b>PHARMACEUTICALS — 0.36%</b>		
a QHP PhaRMA, 10.25%, 3/15/2015	919,797	<u>937,346</u>
		<u>937,346</u>
<b>TRANSPORTATION — 0.59%</b>		
<b>AIRLINES — 0.59%</b>		
United Airlines 2000 Pass-Through Trust Series I-B, 8.03%, 1/1/2013	1,498,727	<u>1,521,208</u>
		<u>1,521,208</u>
<b>TOTAL ASSET BACKED SECURITIES (Cost \$10,681,022)</b>		
		<u>9,304,131</u>
<b>CORPORATE BONDS — 60.89%</b>		
<b>AUTOMOBILES &amp; COMPONENTS — 0.19%</b>		
<b>AUTOMOBILES — 0.19%</b>		
a American Honda Finance, 2.658%, 6/29/2011	500,000	<u>502,573</u>
		<u>502,573</u>
<b>BANKS — 5.75%</b>		
<b>COMMERCIAL BANKS — 5.75%</b>		
a,b Banco Industrial e Comercial S.A., 6.25%, 1/20/2013	1,000,000	1,030,000
a,b Banco Pine SA, 8.75%, 1/6/2017	1,000,000	1,016,250
Charter One Bank NA, 5.50%, 4/26/2011	250,000	250,706
a,b DBS Bank Ltd., 5.125%, 5/16/2017	200,000	206,948
a,b,c,d Islandsbanki, 4.41%, 10/15/2008	60,000	18,300
a,b,c,d LandsBanki Islands HF, 5.73%, 8/25/2009	175,000	14,000
National City Bank Floating Rate Note, 0.68%, 6/7/2017	1,000,000	942,604
a PNC Preferred Funding Trust III Floating Rate Note, 8.70%, 12/31/2049	500,000	534,710
Provident Bank of Maryland, 9.50%, 5/1/2018	1,500,000	1,656,664

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
a,b Santander Issuances, 6.50%, 8/11/2019	\$ 1,000,000	\$ 1,007,018
b Shinhan Bank, 6.819%, 9/20/2036	100,000	104,045
Silicon Valley Bank, 6.05%, 6/1/2017	1,000,000	1,047,977
Sovereign Bank, 5.125%, 3/15/2013	100,000	103,093
a,e Sovereign Bank Lease Pass-Through Trust, 12.18%, 6/30/2020	986,734	1,307,423
Susquehanna Capital II, 11.00%, 3/23/2040	1,000,000	1,075,000
a Webster Bank, 5.875%, 1/15/2013	2,000,000	2,004,264
Wells Fargo Capital XIII Preferred Note, 7.70%, 12/29/2049	500,000	515,000
Whitney National Bank, 5.875%, 4/1/2017	1,000,000	991,110
Zions Bancorp, 7.75%, 9/23/2014	1,000,000	1,086,016
		<u>14,911,128</u>
<b>CAPITAL GOODS — 5.83%</b>		
<b>BUILDING PRODUCTS — 0.46%</b>		
Owens Corning, Inc., 9.00%, 6/15/2019	1,000,000	1,181,861
<b>INDUSTRIAL CONGLOMERATES — 2.68%</b>		
General Electric Capital Corp., 0.449%, 6/20/2014	1,000,000	968,672
a,b Hutchison Whampoa International (10) Ltd., 6.00%, 12/29/2049	2,000,000	2,032,500
Otter Tail Corp., 9.00%, 12/15/2016	3,000,000	3,397,500
a,b Smiths Group plc, 6.05%, 5/15/2014	500,000	536,322
<b>MACHINERY — 1.49%</b>		
Case New Holland, Inc., 7.75%, 9/1/2013	1,000,000	1,088,750
Ingersoll-Rand Co., 9.50%, 4/15/2014	500,000	600,091
a SPX Corp., 6.875%, 9/1/2017	1,000,000	1,075,000
Timken Co., 6.00%, 9/15/2014	1,000,000	1,103,045
<b>TRADING COMPANIES &amp; DISTRIBUTORS — 1.20%</b>		
a,f Aviation Capital Group, 6.75%, 4/6/2021	2,000,000	2,000,000
a,b Noble Group Ltd., 8.50%, 5/30/2013	1,000,000	1,117,500
		<u>15,101,241</u>
<b>COMMERCIAL &amp; PROFESSIONAL SERVICES — 0.39%</b>		
<b>COMMERCIAL SERVICES &amp; SUPPLIES — 0.39%</b>		
Corrections Corp. of America, 6.25%, 3/15/2013	1,000,000	1,000,000
		<u>1,000,000</u>
<b>CONSUMER DURABLES &amp; APPAREL — 0.82%</b>		
<b>HOUSEHOLD DURABLES — 0.82%</b>		
FGI Operating Co., Inc., 10.25%, 8/1/2015	2,000,000	2,132,500
		<u>2,132,500</u>
<b>DIVERSIFIED FINANCIALS — 2.62%</b>		
<b>CAPITAL MARKETS — 0.43%</b>		
a,b Macquarie Group Ltd., 7.30%, 8/1/2014	1,000,000	1,109,483
<b>CONSUMER FINANCE — 1.23%</b>		
North Fork Bancorp, Inc., 5.875%, 8/15/2012	1,000,000	1,046,565
SLM Corp., 6.25%, 1/25/2016	1,000,000	1,042,500
a TMX Finance LLC/TitleMax Finance Corp., 13.25%, 7/15/2015	1,000,000	1,110,000
<b>DIVERSIFIED FINANCIAL SERVICES — 0.96%</b>		
a Citicorp Series 1999-I Class 2, 8.04%, 12/15/2019	250,000	286,425
Citigroup, Inc., 5.00%, 9/15/2014	750,000	783,152

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
e Counts Series 1998 II-A, 6.67%, 2/15/2018	\$ 201,200	\$ 192,649
b Korea Development Bank, 5.30%, 1/17/2013	200,000	211,120
a SquareTwo Financial Corp., 11.625%, 4/1/2017	1,000,000	<u>1,015,000</u>
		<u>6,796,894</u>
<b>ENERGY — 7.89%</b>		
<b>ENERGY EQUIPMENT &amp; SERVICES — 0.83%</b>		
a,b RDS Ultra-Deepwater Ltd., 11.875%, 3/15/2017	1,000,000	1,095,000
Seacor Holdings, Inc., 7.375%, 10/1/2019	1,000,000	1,063,761
<b>OIL, GAS &amp; CONSUMABLE FUELS — 7.06%</b>		
Black Elk Energy Offshore, 13.75%, 12/1/2015	2,000,000	2,040,000
a,b Bumi Capital PTE Ltd., 12.00%, 11/10/2016	1,000,000	1,167,500
a DCP Midstream LLC, 9.75%, 3/15/2019	500,000	644,452
Energy Transfer Partners LP, 8.50%, 4/15/2014	500,000	584,253
Enterprise Products Operating LP, 7.034%, 1/15/2068	2,000,000	2,075,000
a,b Gaz Capital SA, 7.51%, 7/31/2013	1,000,000	1,111,460
a Maritimes & Northeast Pipeline LLC, 7.50%, 5/31/2014	938,900	1,015,552
Niska Gas Storage, 8.875%, 3/15/2018	2,000,000	2,175,000
a Northern Tier Energy LLC, 10.50%, 12/1/2017	1,500,000	1,698,750
a,b Petro Co. Trinidad Tobago Ltd., 9.75%, 8/14/2019	1,000,000	1,212,500
Plains All American Pipeline LP, 8.75%, 5/1/2019	1,000,000	1,251,050
a Raam Global Energy Co., 12.50%, 10/1/2015	2,000,000	2,100,000
Tennessee Gas Pipeline Co., 8.00%, 2/1/2016	1,000,000	<u>1,206,342</u>
		<u>20,440,620</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 1.02%</b>		
<b>BEVERAGES — 0.44%</b>		
a,b Bacardi Ltd., 7.45%, 4/1/2014	500,000	575,358
Constellation Brands, Inc., 8.375%, 12/15/2014	500,000	566,250
<b>FOOD PRODUCTS — 0.13%</b>		
Bunge Ltd. Finance Co., 5.10%, 7/15/2015	321,000	334,912
<b>TOBACCO — 0.45%</b>		
Lorillard Tobacco Co, 8.125%, 6/23/2019	1,000,000	<u>1,164,346</u>
		<u>2,640,866</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES — 1.23%</b>		
<b>HEALTH CARE EQUIPMENT &amp; SUPPLIES — 0.21%</b>		
Beckman Coulter, Inc., 6.00%, 6/1/2015	500,000	546,107
<b>HEALTH CARE PROVIDERS &amp; SERVICES — 0.40%</b>		
a Aurora Diagnostics Holdings LLC, 10.75%, 1/15/2018	1,000,000	1,030,000
<b>HEALTH CARE TECHNOLOGY — 0.62%</b>		
Merge Healthcare, Inc., 11.75%, 5/1/2015	1,500,000	<u>1,620,000</u>
		<u>3,196,107</u>
<b>INDUSTRIALS — 0.43%</b>		
<b>CAPITAL GOODS — 0.43%</b>		
g Da-Lite Screen Co., Inc., 12.50%, 4/1/2015	1,000,000	<u>1,128,750</u>
		<u>1,128,750</u>
<b>INSURANCE — 7.27%</b>		
<b>INSURANCE — 7.27%</b>		
a,b Dai-ichi Mutual Life, 7.25%, 12/31/2049	2,000,000	1,977,108

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
a International Lease Finance Corp., 6.50%, 9/1/2014	\$ 2,000,000	\$ 2,135,000
a National Life Insurance of Vermont, 10.50%, 9/15/2039	1,000,000	1,256,115
Northwind Holdings LLC Series 2007-1A Class A1, 1.091%, 12/1/2037	1,531,689	1,171,405
a,b,e Oil Casualty Insurance, 8.00%, 9/15/2034	1,934,000	1,817,960
a Oil Insurance Ltd., 7.558%, 12/29/2049	1,000,000	948,860
a Prudential Holdings LLC, 8.695%, 12/18/2023	585,000	716,058
a,b QBE Insurance Group Ltd., 5.647%, 7/1/2023	2,500,000	2,324,792
a,b QBE Insurance Group Ltd., 9.75%, 3/14/2014	780,000	902,073
a,b Swiss Re Capital I LP, 6.854%, 5/29/2049	2,000,000	1,957,080
Unum Group, 7.125%, 9/30/2016	500,000	563,667
a,b White Mountains RE Group, 7.506%, 5/29/2049	1,000,000	956,620
Willis North America, Inc., 7.00%, 9/29/2019	1,000,000	1,082,969
a ZFS Finance USA Trust II, 6.45%, 12/15/2065	1,000,000	1,020,000
		<u>18,829,707</u>
<b>MATERIALS — 0.97%</b>		
<b>METALS &amp; MINING — 0.74%</b>		
Allegheny Technologies, Inc., 9.375%, 6/1/2019	1,000,000	1,266,886
a,b Posco, 8.75%, 3/26/2014	500,000	585,740
b Rio Tinto Alcan, Inc., 5.00%, 6/1/2015	50,000	54,101
<b>MISCELLANEOUS — 0.23%</b>		
a,b Anglo American Capital, 9.375%, 4/8/2014	500,000	598,040
		<u>2,504,767</u>
<b>MEDIA — 1.67%</b>		
<b>MEDIA — 1.67%</b>		
a Friendfinder Networks, 14.00%, 9/30/2013	715,102	761,583
a Proquest LLC, 9.00%, 10/15/2018	2,000,000	2,060,000
Washington Post Co., 7.25%, 2/1/2019	500,000	570,107
a,e Yahoo!, Inc., 6.65%, 8/10/2026	962,400	943,152
		<u>4,334,842</u>
<b>PHARMACEUTICALS, BIOTECHNOLOGY &amp; LIFE SCIENCES — 1.45%</b>		
<b>BIOTECHNOLOGY — 1.02%</b>		
a,e JPR Royalty LLC, 14.00%, 12/1/2020	2,000,000	2,000,000
a,b Novasep Holding SAS, 9.75%, 12/15/2016	1,000,000	640,000
<b>PHARMACEUTICALS — 0.43%</b>		
Axcan Intermediate Holdings, Inc., 12.75%, 3/1/2016	1,000,000	1,112,500
		<u>3,752,500</u>
<b>RETAILING — 0.84%</b>		
<b>INTERNET &amp; CATALOG RETAIL — 0.21%</b>		
Ticketmaster, 10.75%, 8/1/2016	500,000	546,250
<b>MULTILINE RETAIL — 0.42%</b>		
a,b Grupo Famsa S.A.B. de C.V., 11.00%, 7/20/2015	1,000,000	1,072,500
<b>SPECIALTY RETAIL — 0.21%</b>		
Best Buy, Inc., 6.75%, 7/15/2013	500,000	546,664
		<u>2,165,414</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>SEMICONDUCTORS &amp; SEMICONDUCTOR EQUIPMENT — 0.43%</b>		
<b>SEMICONDUCTORS &amp; SEMICONDUCTOR EQUIPMENT — 0.43%</b>		
KLA Instruments Corp., 6.90%, 5/1/2018	\$ 1,000,000	\$ <u>1,102,874</u>
		<u>1,102,874</u>
<b>SOFTWARE &amp; SERVICES — 1.23%</b>		
<b>INTERNET SOFTWARE &amp; SERVICES — 0.82%</b>		
a,b,f EAccess Ltd., 8.25%, 4/1/2018	1,000,000	1,000,000
SSI Investment II/CP-ISSR LLC, 11.125%, 6/1/2018	1,000,000	1,120,000
<b>SOFTWARE — 0.41%</b>		
a Aspect Software, Inc., 10.625%, 5/15/2017	1,000,000	<u>1,070,000</u>
		<u>3,190,000</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT — 1.58%</b>		
<b>COMMUNICATIONS EQUIPMENT — 1.18%</b>		
a Brightstar Corp., 9.50%, 12/1/2016	1,000,000	1,073,750
a,e Richland Towers, 7.87%, 3/15/2041	2,000,000	1,990,000
<b>ELECTRONIC EQUIPMENT, INSTRUMENTS &amp; COMPONENTS — 0.40%</b>		
Avnet, Inc., 5.875%, 6/15/2020	1,000,000	<u>1,022,341</u>
		<u>4,086,091</u>
<b>TELECOMMUNICATION SERVICES — 3.87%</b>		
<b>DIVERSIFIED TELECOMMUNICATION SERVICES — 1.89%</b>		
Frontier Communications, 8.25%, 4/15/2017	1,000,000	1,080,000
Global Crossing Ltd., 12.00%, 9/15/2015	1,000,000	1,140,000
Level 3 Financing, Inc., 9.25%, 11/1/2014	452,000	462,170
Qwest Corp., 8.875%, 3/15/2012	1,000,000	1,070,000
Qwest Corp., 8.375%, 5/1/2016	500,000	595,000
b Telecom Italia Capital, 0.913%, 7/18/2011	550,000	550,070
<b>WIRELESS TELECOMMUNICATION SERVICES — 1.98%</b>		
a CC Holdings GS V LLC / Crown Castle Intl. Corp., 7.75%, 5/1/2017	1,500,000	1,635,000
a,b Digicel Group Ltd., 10.50%, 4/15/2018	1,600,000	1,832,000
a,b Digicel SA, 12.00%, 4/1/2014	500,000	586,250
a,b Vimpelcom, 8.25%, 5/23/2016	500,000	553,750
a,b Vimplecom, 6.493%, 2/2/2016	500,000	<u>517,500</u>
		<u>10,021,740</u>
<b>TRANSPORTATION — 6.34%</b>		
<b>AIR FREIGHT &amp; LOGISTICS — 0.17%</b>		
FedEx Corp., 8.76%, 5/22/2015	397,958	438,727
<b>AIRLINES — 5.44%</b>		
a,b Air Canada, 9.25%, 8/1/2015	2,000,000	2,085,000
American Airlines, Inc., 10.50%, 10/15/2012	2,000,000	2,175,000
American Airlines, Inc., 13.00%, 8/1/2016	806,158	946,228
Continental Airlines, 7.02%, 5/1/2017	1,651,030	1,651,030
Continental Airlines, 6.90%, 7/2/2018	1,488,087	1,484,367
a Jet Equipment Trust, 9.41%, 12/15/2013	1,536,732	1,475,263
JetBlue Airways Corp., 0.533%, 1/2/2014	2,000,000	1,840,000
a United Airlines, Inc., 9.875%, 8/1/2013	1,800,000	1,901,250
United Airlines, Inc., 12.75%, 7/15/2012	491,040	541,371

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>MARINE — 0.73%</b>		
United Maritime LLC, 11.75%, 6/15/2015	\$ 1,000,000	\$ 1,037,500
a Windsor Petroleum Transport Corp., 7.84%, 1/15/2021	956,943	<u>866,713</u>
		<u>16,442,449</u>
<b>UTILITIES — 9.07%</b>		
<b>ELECTRIC UTILITIES — 3.93%</b>		
Alabama Power Capital Trust V, 3.403%, 10/1/2042	700,000	684,096
Comed Financing III, 6.35%, 3/15/2033	1,500,000	1,270,590
Commonwealth Edison, 6.15%, 3/15/2012	300,000	314,920
a,b Dubai Electricity & Water, 6.375%, 10/21/2016	1,000,000	1,007,500
a Duquesne Light Holdings, 6.40%, 9/15/2020	2,000,000	2,034,750
Metropolitan Edison, 7.70%, 1/15/2019	250,000	295,610
Public Service Co. of New Mexico, 7.95%, 5/15/2018	1,325,000	1,488,627
a Puget Energy, Inc., 6.50%, 12/15/2020	2,000,000	2,005,460
a,b Taqa Abu Dhabi National Energy Co., 6.60%, 8/1/2013	1,000,000	1,071,250
<b>GAS UTILITIES — 1.12%</b>		
a Source Gas LLC., 5.90%, 4/1/2017	1,000,000	986,019
Southern Union Co., 7.20%, 11/1/2066	2,000,000	1,910,000
<b>INDEPENDENT POWER PRODUCERS &amp; ENERGY TRADERS — 0.96%</b>		
a,b,f Inkia Energy Ltd., 8.375%, 4/4/2021	2,000,000	1,983,380
RRI Energy, Inc., 7.625%, 6/15/2014	500,000	517,500
<b>MULTI-UTILITIES — 3.06%</b>		
Amerenenergy Generating Co., 7.00%, 4/15/2018	1,000,000	1,013,555
Black Hills Corp., 9.00%, 5/15/2014	500,000	568,321
CMS Energy Corp., 8.75%, 6/15/2019	2,000,000	2,386,854
a Enogex LLC, 6.875%, 7/15/2014	1,000,000	1,095,112
NiSource Finance Corp., 6.40%, 3/15/2018	1,130,000	1,264,206
Sempra Energy, 9.80%, 2/15/2019	250,000	331,916
a Texas-New Mexico Power, 9.50%, 4/1/2019	1,000,000	<u>1,268,869</u>
		<u>23,498,535</u>
<b>TOTAL CORPORATE BONDS (Cost \$143,329,677)</b>		<u>157,779,598</u>
<b>CONVERTIBLE BONDS — 5.88%</b>		
<b>CONSUMER SERVICES — 0.79%</b>		
<b>HOTELS, RESTAURANTS &amp; LEISURE — 0.79%</b>		
a ICAHN Enterprise LP, 4.00%, 8/15/2013	2,000,000	<u>2,040,000</u>
		<u>2,040,000</u>
<b>DIVERSIFIED FINANCIALS — 1.66%</b>		
<b>CAPITAL MARKETS — 1.46%</b>		
a Apollo Investment Corp., 5.75%, 1/15/2016	1,500,000	1,575,000
a,g Prospect Capital Corp., 6.25%, 12/15/2015	2,000,000	2,192,500
<b>DIVERSIFIED FINANCIAL SERVICES — 0.20%</b>		
KKR Financial Holdings LLC, 7.00%, 7/15/2012	505,000	<u>526,463</u>
		<u>4,293,963</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 0.33%</b>		
<b>BEVERAGES — 0.33%</b>		
Central European Distribution Corp., 3.00%, 3/15/2013	\$ 1,000,000	\$ <u>868,750</u>
		<u>868,750</u>
<b>MATERIALS — 0.68%</b>		
<b>METALS &amp; MINING — 0.68%</b>		
a,b Jaguar Mining, Inc., 4.50%, 11/1/2014	2,000,000	<u>1,765,000</u>
		<u>1,765,000</u>
<b>REAL ESTATE — 0.82%</b>		
<b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT — 0.82%</b>		
g Avatar Holdings, Inc., 7.50%, 2/15/2016	2,000,000	<u>2,117,500</u>
		<u>2,117,500</u>
<b>SOFTWARE &amp; SERVICES — 0.45%</b>		
<b>SOFTWARE — 0.45%</b>		
a,b Telvent Git SA, 5.50%, 4/15/2015	1,000,000	<u>1,162,500</u>
		<u>1,162,500</u>
<b>TELECOMMUNICATION SERVICES — 0.77%</b>		
<b>WIRELESS TELECOMMUNICATION SERVICES — 0.77%</b>		
NII Holdings, Inc., 3.125%, 6/15/2012	2,000,000	<u>2,010,000</u>
		<u>2,010,000</u>
<b>TRANSPORTATION — 0.38%</b>		
<b>MARINE — 0.38%</b>		
a Ultrapetrol (Bahamas) Ltd., 7.25%, 1/15/2017	1,000,000	<u>975,000</u>
		<u>975,000</u>
<b>TOTAL CONVERTIBLE BONDS (Cost \$14,327,687)</b>		<u>15,232,713</u>
<b>MUNICIPAL BONDS — 4.72%</b>		
California Health Facilities Financing Authority (Developmental Disabilities-B), 7.875%, 2/1/2026	1,940,000	1,957,479
Los Angeles California Municipal Improvement Corp. Lease Revenue (Build America Bonds), 6.165%, 11/1/2020	1,885,000	1,795,217
Louisiana Public Facilities Authority Revenue (Black & Gold Facilities Project C), 5.15%, 4/1/2012	90,000	89,888
a Midwest Family Housing, 5.168%, 7/1/2016	860,000	825,669
Oakland California Redevelopment Agency, 8.00%, 9/1/2016	1,000,000	1,032,250
Ohio State Solid Waste (Republic Services Project), 4.25%, 4/1/2033	900,000	917,676
Oklahoma Development Finance Authority, 8.00%, 5/1/2020	1,500,000	1,473,945
San Bernardino County California Redevelopment Agency (San Sevaine), 8.45%, 9/1/2030	2,000,000	1,919,040
San Marcos California Redevelopment Agency Tax Allocation, 6.125%, 10/1/2018	1,000,000	970,820
Texas State Public Finance Authority Charter School Finance Corp. (ED-New Frontiers Series Q), 8.75%, 8/15/2027	750,000	738,997
Wisconsin State Health & Educational Facilities (Richland Hospital), 7.08%, 6/1/2016	565,000	<u>512,506</u>
<b>TOTAL MUNICIPAL BONDS (Cost \$12,100,637)</b>		<u>12,233,487</u>
<b>U.S. TREASURY SECURITIES — 0.79%</b>		
U.S. Treasury, 2.25%, 1/31/2015	2,000,000	<u>2,041,562</u>
<b>TOTAL U.S. TREASURY SECURITIES (Cost \$1,993,452)</b>		<u>2,041,562</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>U.S. GOVERNMENT AGENCIES — 0.46%</b>		
a Agribank FCB, 9.125%, 7/15/2019	\$ 1,000,000	\$ 1,193,881
<b>TOTAL U.S. GOVERNMENT AGENCIES (Cost \$1,045,400)</b>		<u>1,193,881</u>
<b>MORTGAGE BACKED — 0.00%</b>		
Federal National Mtg Assoc. CMO Series 1994-37 Class L, 6.50%, 3/25/2024	10,700	11,802
<b>TOTAL MORTGAGE BACKED (Cost \$10,743)</b>		<u>11,802</u>
<b>FOREIGN BONDS — 9.22%</b>		
<b>BANKS — 0.85%</b>		
<b>COMMERCIAL BANKS — 0.85%</b>		
a Banco Santander Chile (CHL), 6.50%, 9/22/2020	125,000,000	240,762
NRW Bank (NOK), 3.50%, 5/21/2013	5,000,000	902,508
Royal Bank of Scotland Group plc (CAD), 5.875%, 5/12/2016	1,000,000	1,051,367
		<u>2,194,637</u>
<b>CONSUMER SERVICES — 0.00—%</b>		
<b>HOTELS, RESTAURANTS &amp; LEISURE — 0.00%</b>		
c,d,e FU JI Food (HKD), 0%, 10/18/2010	7,000,000	0
		<u>0</u>
<b>DIVERSIFIED FINANCIALS — 1.25%</b>		
<b>CAPITAL MARKETS — 0.84%</b>		
Morgan Stanley (AUD), 5.37%, 3/1/2013	1,000,000	1,012,620
a Morgan Stanley (BRL), 10.09%, 5/3/2017	2,000,000	1,169,877
<b>DIVERSIFIED FINANCIAL SERVICES — 0.41%</b>		
e Bank of America Corp. (BRL), 10.00%, 11/19/2014	1,750,000	1,055,799
		<u>3,238,296</u>
<b>FOOD &amp; STAPLES RETAILING — 0.54%</b>		
<b>FOOD &amp; STAPLES RETAILING — 0.54%</b>		
Wesfarmers Ltd. (AUD), 7.68%, 9/11/2014	1,300,000	1,393,010
		<u>1,393,010</u>
<b>FOOD, BEVERAGE &amp; TOBACCO — 1.60%</b>		
<b>BEVERAGES — 0.95%</b>		
Anheuser-Busch InBev (BRL), 1.00%, 11/17/2015	2,000,000	1,258,690
Ambev International Finance Co., Ltd. (BRL), 9.50%, 7/24/2017	2,000,000	1,212,752
<b>FOOD PRODUCTS — 0.65%</b>		
Viterra, Inc. (CAD), 8.50%, 8/1/2017	1,500,000	1,690,304
		<u>4,161,746</u>
<b>INSURANCE — 0.64%</b>		
<b>INSURANCE — 0.64%</b>		
ELM BV (AUD), 6.458%, 12/27/2049	1,000,000	798,466
ELM BV (AUD), 7.635%, 12/31/2049	1,000,000	858,304
		<u>1,656,770</u>

# SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

	<u>Shares/ Principal Amount</u>	<u>Value</u>
<b>MEDIA — 1.02%</b>		
<b>MEDIA — 1.02%</b>		
CET 21 SPOL S.R.O. (EUR), 9.00%, 11/1/2017	\$ 1,000,000	\$ 1,544,747
<sup>a</sup> Corus Entertainment (CAD), 7.25%, 2/10/2017	1,000,000	<u>1,101,083</u>
		<u>2,645,830</u>
<b>MISCELLANEOUS — 2.19%</b>		
<b>MISCELLANEOUS — 2.19%</b>		
BK Nederlandse Gemeenten N.V. (NOK), 4.00%, 5/15/2015	5,000,000	904,395
International Finance Corp. (KRW), 1.75%, 8/23/2013	1,450,000,000	1,311,209
Kommunalbanken AS (NOK), 4.00%, 1/26/2015	5,000,000	906,111
New South Wales Treasury Corp. (AUD), 3.75%, 11/20/2020	1,000,000	1,144,601
Republic of Brazil (BRL), 12.50%, 1/5/2016	2,025,000	<u>1,407,757</u>
		<u>5,674,073</u>
<b>TELECOMMUNICATION SERVICES — 0.16%</b>		
<b>DIVERSIFIED TELECOMMUNICATION SERVICES — 0.16%</b>		
Wind Acquisition Finance SA (EUR), 11.75%, 7/15/2017	250,000	410,102
		<u>410,102</u>
<b>TRANSPORTATION — 0.58%</b>		
<b>AIR FREIGHT &amp; LOGISTICS — 0.58%</b>		
Livingston International (CAD)	1,500,000	1,516,911
		<u>1,516,911</u>
<b>UTILITIES — 0.39%</b>		
<b>INDUSTRIAL POWER PRODUCTION / ENERGY TRADING — 0.39%</b>		
Alinta Networks Holdings (AUD), 5.24%, 9/21/2012	1,000,000	1,000,446
		<u>1,000,446</u>
<b>TOTAL FOREIGN BONDS (Cost \$21,847,154)</b>		<u>23,891,821</u>
<b>OTHER SECURITIES — 0.70%</b>		
<b>LOAN PARTICIPATIONS — 0.70%</b>		
<sup>e</sup> Merisant Co. Term Loan B, 7.50%, 1/31/2014	1,822,496	1,808,828
<b>TOTAL OTHER SECURITIES (Cost \$1,724,429)</b>		<u>1,808,828</u>
<b>SHORT TERM INVESTMENTS — 3.74%</b>		
Wellpoint, Inc., 0.20%, 4/1/2011	9,700,000	9,700,000
<b>TOTAL SHORT TERM INVESTMENTS (Cost \$9,700,000)</b>		<u>9,700,000</u>
<b>TOTAL INVESTMENTS — 99.75% (Cost \$239,782,421)</b>		\$ 258,478,091
<b>OTHER ASSETS LESS LIABILITIES — 0.25%</b>		<u>645,173</u>
<b>NET ASSETS — 100.00%</b>		<u>\$ 259,123,264</u>

## SCHEDULE OF INVESTMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

### Footnote Legend

- a 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 March 31, 2011, the aggregate value of these securities in the Fund's portfolio was \$102,402,840, representing 39.52% of the Fund's net assets.
- b Yankee Bond - Denominated in U.S. dollars and is issued in the U.S. by foreign banks and corporations.
- c Bond in default.
- d Non-income producing.
- e Security currently fair valued by the valuation and pricing committee using procedures approved by the Trustees.
- f When-issued security.
- g Segregated as collateral for a 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
REIT	Real Estate Investment Trust

See notes to financial statements.

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# STATEMENT OF ASSETS AND LIABILITIES

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

## ASSETS

Investments at value (cost \$239,782,421) (Note 2)	\$ 258,478,091
Cash	522,525
Receivable for investments sold	354,219
Receivable for fund shares sold	1,670,797
Dividends receivable	200,409
Dividend and interest reclaim receivable	823
Interest receivable	3,962,513
Prepaid expenses and other assets	34,881
<b>Total Assets</b>	<b><u>265,224,258</u></b>

## LIABILITIES

Payable for securities purchased	5,234,589
Payable for fund shares redeemed	273,832
Unrealized depreciation on forward currency contracts (Note 7)	103,585
Payable to investment advisor and other affiliates (Note 3)	258,222
Accounts payable and accrued expenses	64,807
Dividends payable	165,959
<b>Total Liabilities</b>	<b><u>6,100,994</u></b>

## NET ASSETS

**\$ 259,123,264**

## NET ASSETS CONSIST OF:

Undistributed net investment income	\$ 81,999
Net unrealized appreciation on investments	18,607,953
Accumulated net realized gain (loss)	5,411,836
Net capital paid in on shares of beneficial interest	235,021,476
	<b><u>\$ 259,123,264</u></b>

## STATEMENT OF ASSETS AND LIABILITIES, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

### NET ASSET VALUE:

#### Class A Shares:

Net asset value and redemption price per share

(\$92,082,204 applicable to 7,436,458 shares of beneficial interest outstanding - Note 4)

\$ 12.38

Maximum sales charge, 4.50% of offering price

0.58

Maximum offering price per share

\$ 12.96

#### Class C Shares:

Net asset value and offering price per share \*

(\$91,279,520 applicable to 7,379,743 shares of beneficial interest outstanding - Note 4)

\$ 12.37

#### Class I Shares:

Net asset value, offering and redemption price per share

(\$75,761,540 applicable to 6,122,916 shares of beneficial interest outstanding - Note 4)

\$ 12.37

\* 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

Six Months Ended March 31, 2011 (Unaudited)

### INVESTMENT INCOME:

Dividend income (net of foreign taxes withheld of \$4,709)	\$ 973,041
Interest income (net of premium amortized of \$189,455)	8,119,125
Other income	182,171
	<hr/>
<b>Total Income</b>	<b>9,274,337</b>

### EXPENSES:

Investment advisory fees (Note 3)	907,456
Administration fees (Note 3)	
Class A Shares	53,230
Class C Shares	53,362
Class I Shares	17,860
Distribution and service fees (Note 3)	
Class A Shares	106,792
Class C Shares	426,032
Transfer agent fees	
Class A Shares	35,968
Class C Shares	41,428
Class I Shares	17,608
Registration and filing fees	
Class A Shares	11,115
Class C Shares	11,951
Class I Shares	21,242
Custodian fees (Note 3)	40,465
Professional fees	27,774
Accounting fees	3,435
Trustee fees	2,859
Other expenses	18,848
	<hr/>
<b>Total Expenses</b>	<b>1,797,425</b>
Less:	
Expenses reimbursed by investment advisor (Note 3)	(156,276)
Fees paid indirectly (Note 3)	(145)
	<hr/>
<b>Net Expenses</b>	<b>1,641,004</b>
	<hr/>
<b>Net Investment Income</b>	<b>\$ 7,633,333</b>

## STATEMENT OF OPERATIONS, CONTINUED

Thornburg Strategic Income Fund

Six Months Ended March 31, 2011 (Unaudited)

### REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) from:

Investments	\$ 5,464,618
Forward currency contracts (Note 7)	(88,173)
Foreign currency transactions	25,614
	<u>5,402,059</u>

Net change in unrealized appreciation (depreciation) on:

Investments	980,887
Forward currency contracts (Note 7)	2,965
Foreign currency translations	2,179
	<u>986,031</u>

**Net Realized and Unrealized Gain** 6,388,090

**Net Increase in Net Assets Resulting from Operations** \$ 14,021,423

See notes to financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS

Thornburg Strategic Income Fund

	Six Months Ended March 31, 2011*	Year Ended September 30, 2010
<b>INCREASE (DECREASE) IN NET ASSETS FROM</b>		
<b>OPERATIONS:</b>		
Net investment income	\$ 7,633,333	\$ 12,599,926
Net realized gain (loss) on investments, forward currency contracts and foreign currency transactions	5,402,059	5,885,277
Increase (Decrease) in unrealized appreciation (depreciation) on investments, forward currency contracts and foreign currency translations	986,031	6,866,540
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	14,021,423	25,351,743
<b>DIVIDENDS TO SHAREHOLDERS:</b>		
From net investment income		
Class A Shares	(2,754,769)	(4,807,279)
Class C Shares	(2,533,882)	(4,024,693)
Class I Shares	(2,505,232)	(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	7,950,938	21,481,084
Class C Shares	9,160,721	25,873,288
Class I Shares	2,559,394	25,203,621
	<hr/>	<hr/>
<b>Net Increase in Net Assets</b>	20,448,775	84,713,360
<b>NET ASSETS:</b>		
Beginning of Period	238,674,489	153,961,129
	<hr/>	<hr/>
End of Period	\$ 259,123,264	\$ 238,674,489
	<hr/> <hr/>	<hr/> <hr/>
Undistributed net investment income	\$ 81,999	\$ 257,757

\* Unaudited

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: 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, create a serious 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 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.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

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 March 31, 2011. In any instance when valuation inputs from more than one level are used to determine the fair value of a specific investment, the investment is placed in the level of the table based upon the lowest level input that is significant in determining the fair value of the investment:

	Fair Value Measurements at March 31, 2011			
	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Investments in Securities*				
Common Stock	\$ 13,332,693	\$ 13,332,693	\$ -	\$ -
Preferred Stock <sup>(a)</sup>	11,947,575	9,226,562	2,721,013	-
Asset Backed Securities	9,304,131	-	9,304,131	-
Corporate Bonds	157,779,598	-	149,528,414	8,251,184
Convertible Bonds	15,232,713	-	15,232,713	-
Municipal Bonds	12,233,487	-	12,233,487	-
U.S. Treasury Securities	2,041,562	2,041,562	-	-
U.S. Government Agencies	1,193,881	-	1,193,881	-
Mortgage Backed	11,802	-	11,802	-
Foreign Bonds	23,891,821	-	22,836,022	1,055,799
Other Securities	1,808,828	-	-	1,808,828
Short Term Investments	9,700,000	-	9,700,000	-
Total Investments in Securities	\$ 258,478,091	\$ 24,600,817	\$ 222,761,463	\$ 11,115,811
<b>Liabilities</b>				
Other Financial Instruments**				
Forward Currency Contracts	\$ (103,585)	\$ -	\$ (103,585)	\$ -

(a) Industry classifications for Preferred Stock in Level 2 consisted of \$1,176,013 in Banks, \$537,500 in Food, Beverage & Tobacco, and \$1,007,500 in Insurance at March 31, 2011.

\* 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 Barra 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

March 31, 2011 (Unaudited)

A rollforward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended March 31, 2011, was as follows:

	Beginning Balance 9/30/2010	Gross Purchases	Gross Sales	Net Realized Gain/(Loss)	Net Unrealized Appreciation/ (Depreciation)	Net Transfers in/(out) of Level 3 <sup>(b)</sup>	Ending Balance 3/31/2011
Investments in Securities <sup>(a)</sup>	\$9,712,956	\$ 5,340,955	\$(199,967)	\$ 10,644	\$ (195,906)	\$(3,552,871)	\$ 11,115,811

(a) Level 3 Securities represent 4.29% of Total Net Assets at the period ended March 31, 2011.

(b) Net transfers out of Level 3 were to Level 2, and were due to changes in other significant observable inputs existing during the six months ended March 31, 2011. Transfers into or out of Level 3 are based on the beginning market value of the period in which they occurred.

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

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.

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

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

Dividends: Dividends to shareholders, if any, are generally paid quarterly and are reinvested in additional shares of the Fund at net asset value per share at the close of business on the dividend payment date or, at the shareholder's option, paid in cash. Net realized capital gains, to the extent available, will be distributed at least annually. Distributions to shareholders are based on income tax regulations and therefore, their characteristics may differ for financial statement and tax purposes.

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

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

Use of Estimates: The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

### **NOTE 3 – INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES**

Pursuant to an investment advisory agreement, Thornburg Investment Management, Inc. (the "Advisor") serves as the investment advisor and performs services to the Fund for which the fees are payable at the end of each month. For the six months ended March 31, 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 six months ended March 31, 2011, the Advisor contractually reimbursed certain class specific expenses, administrative fees, and distribution fees of \$27,004 for Class A shares, \$118,866 for Class C shares, and \$10,406 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 six months ended March 31, 2011, the Distributor has advised the Fund that it earned commissions aggregating \$25,073 from the sale of Class A shares, and collected contingent deferred sales charges aggregating \$2,818 from redemptions of Class C shares of the Fund.

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

The Trust has also adopted a distribution plan pursuant to Rule 12b-1, applicable only to the Fund's Class C shares, under which the Fund compensates the Distributor for services in promoting the sale of Class C shares of the Fund at an annual rate of up to .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 six months ended March 31, 2011, are set forth in the Statement of Operations.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

The Trust has an agreement with the custodian bank to indirectly pay a portion of the custodian's fees through credits earned by the Fund's cash on deposit with the bank. This deposit agreement is an alternative to overnight investments. Custodial fees have been adjusted to reflect amounts that would have been paid without this agreement, with a corresponding adjustment reflected as fees paid indirectly in the Statement of Operations. For the six months ended March 31, 2011, fees paid indirectly were \$145.

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

### NOTE 4 – SHARES OF BENEFICIAL INTEREST

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

	Six Months Ended		Year Ended	
	March 31, 2011 (Unaudited)		September 30, 2010 (Audited)	
	Shares	Amount	Shares	Amount
<b>Class A Shares</b>				
Shares sold	2,084,072	\$ 25,599,280	3,856,708	\$ 45,792,994
Shares issued to shareholders in reinvestment of dividends	269,009	3,278,959	293,662	3,506,242
Shares repurchased	(1,705,326)	(20,927,301)	(2,334,960)	(27,818,152)
Net Increase (Decrease)	<u>647,755</u>	<u>\$ 7,950,938</u>	<u>1,815,410</u>	<u>\$ 21,481,084</u>
<b>Class C Shares</b>				
Shares sold	1,506,340	\$ 18,507,565	2,960,710	\$ 35,190,787
Shares issued to shareholders in reinvestment of dividends	246,650	3,003,257	231,359	2,762,178
Shares repurchased	(1,007,848)	(12,350,101)	(1,013,608)	(12,079,677)
Net Increase (Decrease)	<u>745,142</u>	<u>\$ 9,160,721</u>	<u>2,178,461</u>	<u>\$ 25,873,288</u>
<b>Class I Shares</b>				
Shares sold	1,788,906	\$ 21,951,391	3,284,125	\$ 39,301,651
Shares issued to shareholders in reinvestment of dividends	273,788	3,339,006	258,669	3,095,659
Shares repurchased	(1,849,559)	(22,731,003)	(1,441,646)	(17,193,689)
Net Increase (Decrease)	<u>213,135</u>	<u>\$ 2,559,394</u>	<u>2,101,148</u>	<u>\$ 25,203,621</u>

### NOTE 5 – SECURITIES TRANSACTIONS

For the six months ended March 31, 2011, the Fund had purchase and sale transactions of investment securities (excluding short-term investments and U.S. Government obligations) of \$79,531,598 and \$65,908,675, respectively.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

### NOTE 6 – INCOME TAXES

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

Cost of investments for tax purposes	<u>\$ 239,782,421</u>
Gross unrealized appreciation on a tax basis	\$ 23,030,214
Gross unrealized depreciation on a tax basis	<u>(4,334,544)</u>
Net unrealized appreciation (depreciation) on investments (tax basis)	<u>\$ 18,695,670</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 six months ended March 31, 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 instance, the Fund may not achieve the intended benefit of entering into a contract, and may experience a loss.

The Fund entered into forward currency contracts during the six months ended March 31, 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.

The following table displays the outstanding forward currency contracts, at March 31, 2011:

#### Outstanding Forward Currency Contracts to Buy or Sell at March 31, 2011

Contract Description	Buy/Sell	Contract Amount	Contract Value Date	Value USD	Unrealized Appreciation	Unrealized Depreciation
Euro	Sell	1,525,600	08/18/2011	2,155,623	\$ -	\$ (103,585)
Total					<u>\$ -</u>	<u>\$ (103,585)</u>

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

The unrealized appreciation (depreciation) of the outstanding forward currency contracts recognized in the Fund's Statement of Assets and Liabilities at March 31, 2011 is disclosed in the following table:

### Fair Values of Derivative Financial Instruments at March 31, 2011

Liability Derivatives	Balance Sheet Location	Fair Value
Foreign exchange contracts	Liabilities - Unrealized depreciation on forward currency contracts	\$(103,585)

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 six months ended March 31, 2011 are disclosed in the following tables:

### Amount of Realized Gain (Loss) on Derivative Financial Instruments Recognized in Income for the Six Months Ended March 31, 2011

	Total	Forward currency contracts
Foreign exchange contracts	\$(88,173)	\$(88,173)

### Change in Unrealized Appreciation (Depreciation) of Derivative Financial Instruments Recognized in Income for the Six Months Ended March 31, 2011

	Total	Forward currency contracts
Foreign exchange contracts	\$2,965	\$2,965

## OTHER NOTES

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

# FINANCIAL HIGHLIGHTS

## Thornburg Strategic Income Fund

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

Unless Otherwise Noted, Periods are Fiscal Years Ended Sept. 30,	Net Asset Value Beginning of Period	Net Investment Income (Loss)	Net Realized & Unrealized Gain (Loss) on Investments	Total from Investment Operations	Dividends from Net Investment Income	Dividends from Net Realized Gains	Total Dividends	Net Asset Value End of Period
<b>Class A Shares</b>								
2011 <sup>(b)(c)</sup>	\$ 12.35	0.39	0.32	0.71	(0.40)	(0.28)	(0.68)	\$ 12.38
2010 <sup>(c)</sup>	\$ 11.63	0.81	0.77	1.58	(0.81)	(0.05)	(0.86)	\$ 12.35
2009 <sup>(c)</sup>	\$ 10.57	0.78	1.06	1.84	(0.78)	-	(0.78)	\$ 11.63
2008 <sup>(c)(e)</sup>	\$ 11.94	0.59	(1.41)	(0.82)	(0.55)	-	(0.55)	\$ 10.57
<b>Class C Shares</b>								
2011 <sup>(b)</sup>	\$ 12.34	0.36	0.31	0.67	(0.36)	(0.28)	(0.64)	\$ 12.37
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>(e)</sup>	\$ 11.94	0.55	(1.42)	(0.87)	(0.50)	-	(0.50)	\$ 10.57
<b>Class I Shares</b>								
2011 <sup>(b)</sup>	\$ 12.35	0.41	0.32	0.73	(0.43)	(0.28)	(0.71)	\$ 12.37
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>(e)</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) Unaudited Six Month Period Ended March 31.

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

(d) Annualized.

(e) Fund commenced operations on December 19, 2007.

+ 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 (%)
6.42 <sup>(d)</sup>	1.25 <sup>(d)</sup>	1.25 <sup>(d)</sup>	1.31 <sup>(d)</sup>
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>
5.87 <sup>(d)</sup>	1.80 <sup>(d)</sup>	1.80 <sup>(d)</sup>	2.08 <sup>(d)</sup>
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 <sup>(d)</sup>	0.96 <sup>(d)</sup>	0.96 <sup>(d)</sup>	0.99 <sup>(d)</sup>
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 Period (Thousands)
5.93	28.07	\$ 92,082
14.07	38.87	\$ 83,822
18.67	47.88	\$ 57,853
(7.18)	36.22	\$ 18,538
5.66	28.07	\$ 91,280
13.48	38.87	\$ 81,841
17.95	47.88	\$ 51,789
(7.57)	36.22	\$ 13,829
6.13	28.07	\$ 75,761
14.27	38.87	\$ 73,011
18.95	47.88	\$ 44,319
(6.90)	36.22	\$ 15,145

## EXPENSE EXAMPLE

Thornburg Strategic Income Fund

March 31, 2011 (Unaudited)

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

(1) transaction costs, including

(a) sales charges (loads) on purchase payments for Class A shares;

(b) a deferred sales charge on redemptions of any part or all of a purchase of \$1 million of Class A shares within 12 months of purchase;

(c) a deferred sales charge on redemptions of Class C shares within 12 months of purchase;

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

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

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

### ACTUAL EXPENSES

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

### HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

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

	Beginning Account Value 10/1/10	Ending Account Value 3/31/11	Expenses Paid During Period <sup>†</sup> 10/1/10–3/31/11
<b>Class A Shares</b>			
Actual	\$1,000.00	\$ 1,059.30	\$ 6.42
Hypothetical*	\$1,000.00	\$ 1,018.70	\$ 6.29
<b>Class C Shares</b>			
Actual	\$1,000.00	\$ 1,056.60	\$ 9.21
Hypothetical*	\$1,000.00	\$ 1,015.97	\$ 9.03
<b>Class I Shares</b>			
Actual	\$1,000.00	\$ 1,061.30	\$ 4.92
Hypothetical*	\$1,000.00	\$ 1,020.16	\$ 4.82

<sup>†</sup> Expenses are equal to the annualized expense ratio for each class (A: 1.25%; C: 1.80%; I: 0.96%) multiplied by the average account value over the period, multiplied by 182/365 to reflect the one-half year period.

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

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

**PORTFOLIO PROXY VOTING****Policies and Procedures:**

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

**AVAILABILITY OF QUARTERLY PORTFOLIO SCHEDULE**

The Fund files with the Securities and Exchange Commission schedules of its portfolio holdings on Form N-Q for the first and third quarters of each fiscal year. The Fund's Forms N-Q are available on the Commission's web site 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 web site at [www.thornburg.com/download](http://www.thornburg.com/download) or upon request by calling 1-800-847-0200.

# Trustees' Statement to Shareholders

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*Not part of the Certified Semi-Annual Report*

February 8, 2005, as readopted September 13, 2010

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

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

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

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

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

# Retirement and Education Accounts

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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 \$80 billion. Founded in 1982, the firm manages seven equity funds, nine bond funds, and separate portfolios for select institutions and individuals.

## Investment Philosophy

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

## Portfolio Holdings Disclosure

We believe you should know about your portfolio. Our web site keeps investors informed of the Funds' equity holdings. Go to [www.thornburg.com/funds](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 \$285 million in Thornburg products.

## Thornburg Equity Funds

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

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

## Thornburg Bond Funds

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

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

*Before investing, carefully consider the Fund's investment goals, risks, charges, and expenses. For a prospectus containing this and other information, contact your financial advisor or visit [thornburg.com](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 Ridgetop Road, Santa Fe, NM 87506

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

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

*Investment Advisor:*  
Thornburg Investment Management<sup>®</sup>  
800.847.0200

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

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