

# Thornburg Investment Management®

Strategies for Building Real Wealth

Quarterly Review  
June 30, 2010

## Thornburg Developing World Fund

### INVESTMENT STRATEGY

The Fund invests at least 80% of its assets in equity securities and debt obligations of developing country issuers. A developing country issuer is a company or sovereign entity that is domiciled or otherwise tied economically to one or more developing countries. The Fund portfolio is diversified to include basic value stocks, companies with consistent earnings, and emerging franchises.

### FUND INVESTMENT OBJECTIVE

The Fund seeks long-term capital appreciation. There is no guarantee that the Fund will meet its objectives.

### PORTFOLIO MANAGER

Lewis Kaufman, CFA

### PORTFOLIO BASKETS

Emerging Franchises	36.3%
Basic Value	31.3%
Consistent Earners	27.9%
Cash & Cash Equivalents	4.5%

**Basic Value:** financially sound companies with well-established businesses

**Consistent Earners:** growing companies with steady earnings and dividend growth

**Emerging Franchises:** companies in the process of establishing a leading position in a product, service or market

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

### KEY PORTFOLIO ATTRIBUTES

Portfolio P/E Trailing 12 months*	20.5x
Portfolio Price to Cash Flow*	14.9x
Portfolio Price to Book Value*	4.9x
Median Market Cap*	\$7.9 M
Holdings	42
Fund Assets	\$16 M
Cash	4.5%

\* Source: FactSet

### AVERAGE ANNUAL TOTAL RETURNS

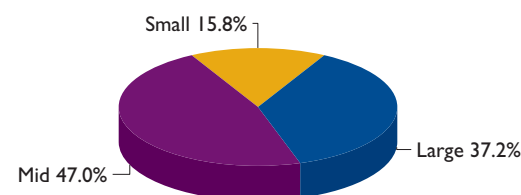
(as of June 30, 2010)

	YTD	Since Inception
<b>A Shares</b> (Incep: 12/16/09)		
Without sales charge	1.83%	2.35%
With sales charge	-2.78%	-2.24%
<b>C Shares</b> (Incep: 12/16/09)		
Without sales charge	1.67%	2.18%
With sales charge	0.67%	1.18%
<b>MSCI Emerging Markets Index</b> (Since: 12/16/09)		
	-6.16%	-4.57%

Returns for less than one year are not annualized.

The Fund may invest in shares of companies through initial public offerings (IPOs). IPOs have the potential to produce substantial gains and there is no assurance that the Fund will have continued access to profitable IPOs. As Fund assets grow, the impact of IPO investments on performance may decline.

### CAPITALIZATION EXPOSURE



Small Cap (< \$2.5 B); Mid Cap (\$2.5–12 B); Large Cap (> \$12 B)

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). The maximum sales charge for the Fund's A shares is 4.50%. C shares include a 1% contingent deferred sales charge (CDSC) for the first year only. The Fund's A shares carry a 30-day redemption fee of 1%.

The total annual fund operating expenses are as follows: A shares, 2.38%; C shares, 3.13%. Thornburg Investment Management and Thornburg Securities Corporation have contractually agreed to waive fees and reimburse expenses through at least February 1, 2011, so that actual expenses do not exceed the following: A shares, 1.83%; C shares, 2.38%.

## SYMBOLS AND CUSIPS

A Shares THDAX 885-216-408

C Shares THDCX 885-216-507

## IMPORTANT INFORMATION

Investments in the Fund carry risks, including possible loss of principal. Special risks may be associated with investments outside the United States, especially in emerging markets, including currency fluctuations, illiquidity and volatility. Investments in small capitalization companies may increase the risk of greater price fluctuations. Investments in the Fund are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity.

*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.*

## GLOSSARY

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 27, 2010 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. Indices do not take into account fees and expenses. Investors cannot make direct investments in an index.

Thornburg Securities Corporation,® Distributor  
2300 North Ridgetop Road  
Santa Fe, New Mexico 87506  
800.847.0200

[www.thornburg.com](http://www.thornburg.com)

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# Thornburg Developing World Fund

## TOP TEN POSITIONS

### 1. Colgate Palmolive Co. 4.4%

Colgate Palmolive produces and markets toothpaste and other soap and cleaning products as well as pet products. Brands include Colgate, Palmolive, Tom's of Maine, Ajax, Softsoap, Speed Stick, and Science Diet. The company operates in over 70 countries and sells its products in more than 200 countries.

### 2. China Life Insurance Co. Ltd. 4.1%

China Life Insurance Co. provides annuity products and life insurance for both individuals and groups. The firm controls about half of China's life insurance market. China Life also provides asset management services and health and accident insurance.

### 3. Totvs SA 3.2%

Based in Sao Paulo, Brazil, Totvs SA develops enterprise management software for domestic and international markets. The company's software products include enterprise resource planning, business intelligence and supply chain management. In addition, the company offers performance consulting, the outsourcing of administrative processes, technology, infrastructure and distance education.

### 4. Hero Honda Motors Ltd. 3.1%

Founded in 1984, Hero Honda Motors Ltd. is India's largest motorcycle manufacturer. It has two manufacturing facilities at Dharuhera and Gurgaon in Haryana and a third plant in Haridwar.

### 5. Commercial International Bank 3.0%

Headquartered in Cairo, Commercial International Bank is the largest private-sector lender in Egypt. The company offers commercial banking for institutions, small- to medium-sized enterprises, and consumers.

### 6. PT Indocement Tunggal Prakarsa 3.0%

Indocement is one of the largest producers of cement, cement products, and aggregates in Indonesia. The

company's products are marketed under the Tiga Roda brand.

### 7. Turkiye Garanti Bankasi AS 2.9%

Based in Turkey, Turkiye Garanti Bankasi provides corporate, commercial, and retail banking services through a network of domestic and foreign branches. The main business segments are banking, leasing, insurance, factoring, and other financial and non-financial sectors.

### 8. Dabur India Ltd. 2.9%

Headquartered in Ghaziabad, a few kilometers from New Delhi, Dabur has a broad product portfolio including hair oil, shampoo, toothpaste, skin care, nutritional supplements, home care, and over-the-counter medications. Many of Dabur's products are positioned as all-natural alternatives to the chemical-based products offered by multi nationals.

### 9. New Oriental Education & Technology Group Inc. 2.9%

New Oriental Education & Technology Group provides private educational services primarily in the People's Republic of China. New Oriental offers a K-12 boarding school, child and adult foreign language classes, test preparation, online courses, and educational materials.

### 10. Tencent Holdings Ltd. 2.8%

Tencent Holdings, an investment holding company, provides instant messaging, online media, interactive entertainment, Internet value-added, e-commerce, online advertising, and mobile and telecommunications value-added services in the People's Republic of China.

## TOP TEN INDUSTRIES

Software & Services	11.9%
Energy	9.8%
Household & Personal Products	9.7%
Banks	9.2%
Pharmaceuticals, Biotechnology & Life Sciences	7.8%
Food & Staples Retailing	7.6%
Materials	7.6%
Retailing	4.5%
Consumer Services	4.4%
Insurance	4.1%

## TOP TEN COUNTRIES

China	26.1%
Brazil	12.7%
India	10.3%
Russia	8.2%
Mexico	6.3%
Turkey	5.0%
South Africa	4.7%
USA	4.6%
Egypt	3.2%
Indonesia	3.1%

*Emerging Markets Exposure* 89.6%

Portfolio characteristics are derived using currently available data that is believed to be accurate. Portfolio attributes and holdings can and do vary. The information above should not be considered buy or sell recommendations. For more detailed commentary on equity holdings see [www.thornburg.com/funds](http://www.thornburg.com/funds).