

2nd Quarter 2010 Portfolio Manager Market Commentary

Thornburg Global Opportunities Fund



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It has been a volatile 2010 in the financial markets. Prices of stocks and bonds broadly declined on investor concerns about Greece, China, Europe, a sluggish jobs picture in the United States, and receding expectations regarding the strength of an economic recovery.

In the quarter ending June 30, 2010, Thornburg Global Opportunities Fund net asset value per A share declined 12% from \$14.67 to \$12.91. This quarterly result essentially matched the 12.12% decline for the benchmark MSCI All Country World Index (ACWI). On a year-to-date basis the Fund has declined 4.01% versus a 9.38% decline for the same benchmark. From a slightly longer-term perspective, the net asset value per A share was \$10.95 on June 30, 2009.

Performance comparisons of Global Opportunities Fund to the MSCI All Country World Index over various time periods are shown in the chart on the right. Reviewing these, you will see that the performance of the Fund compares well to its benchmark over most time periods. With respect to the quarter ending June 30th, we note the following:

1. Every sector of the MSCI All Country World Index showed price declines, ranging from -7% (Consumer Staples and Telecommunications Services) to -16% (Energy).
2. As of June 30th, investments in firms in the financials (36.5% Fund weighting), information technology (11%), and energy (10%) sectors comprised the largest sector weightings in the Thornburg Global Opportunities Fund portfolio. Average prices of the Fund's holdings in these sectors declined -11.3%, -18.6%, and -14.2%, respectively, during the quarter. Business conditions and balance sheet strength for a majority of the firms we hold in these sectors appear to be modestly improved in 2010 to date, vs. the prior year.
3. Among our holdings in the financials sector, Bank of America Corp. (BAC), Hartford Financial Services Group (HIG), ING Group (INGA NA), and Apollo Investment Corp. (AINV) were each down between 19% and 25% during the quarter in sympathy with an overall downgrade in the outlook for the global economy. The 2010 and 2011 earnings outlooks for these firms, as reflected by the averages of analyst earn-

GLOBAL OPPORTUNITIES FUND PERFORMANCE

A shares, as of June 30, 2010

	1YR	3YR	Since Incep.
Without sales charge	20.09%	-8.12%	4.87%
With sales charge	14.64%	-9.51%	3.65%
MSCI AC World Index	11.75%	-10.51%	-2.90%

Periods over one year are annualized. Inception of the A shares is 7/28/06.

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. For performance current to the most recent month end, visit thornburg.com.

The maximum sales charge for the Fund's A shares is 4.50%. The Fund's A shares carry a 30-day redemption fee of 1%. The total annual fund operating expense for A shares is 1.55%.

The Thornburg Global Opportunities Fund may invest in shares of companies through initial public offerings (IPOs). IPOs have the potential to produce substantial gains and there is no assur-

ings estimates, showed mixed revisions during the quarter, with the exception of clear downward revisions for both years for Apollo. We realized positive returns from KeyCorp (KEY), Erste Bank Group (EBS AV) and SVB Financial Group (SIVB) as a result of selling these down earlier in the quarter. We also realized a positive return from newly acquired Verwaltungen und Privat Bank AG (VPB-SW).

4. Among our holdings in the information technology sector, Google (GOOG), Microsoft (MSFT), and Dell (DELL) were each down by between 20% and 22% during the quarter. The 2010 and 2011 earnings outlooks for these firms, as reflected by the averages of analyst earnings estimates, showed generally upward revisions during the quarter.
5. Among our holdings in the energy sector, ENI (ENI IM), Ensign Energy Services (ESI CN), and Gazprom (OGZD LI) were down 17% to 18% during the quarter. The 2010 and 2011 earnings outlooks for these firms, as reflected by the averages of analyst earnings estimates, showed mixed changes during the quarter, with Ensign's outlook cut, Gazprom's raised, and ENI's flat.
6. Among other portfolio holdings, communications infrastructure provider Global Crossing (GLBC) and manufacturer United States Steel Corp. (X) were also down significantly in the second quarter. The 2010 and 2011 earnings outlooks for these firms, as reflected by the averages of analyst earnings estimates, were revised up for United States Steel and down for Global Crossing. Few of the Fund's other investments provided significant enough positive returns during the quarter to merit specific mention.
7. Non-U.S. equities comprise approximately 58% of the portfolio. We have hedged more than 60% of the currency risk associated with our euro (~8.5% of the portfolio) equity holdings. For now, we do not hedge the currency risk of our Australian \$, Canadian \$, and Asian currency denominated equity holdings.

We do not expect to pay any capital gain for 2010. At June 30th 2010, the Fund had tax basis capital realized losses of more than \$250 million, which may be carried forward to offset future capital gains to the extent permitted by regulations.

Expectations for world economic growth were revised down in the second quarter, primarily due to expected reductions in government spending in the near term. Greece gets much publicity in this regard, but many investors consider the current drama in Greece to mirror problems that exist in a broad group of industrial democracies: bloated public sectors that cannot be supported by a straining private sector, high debt loads, and unsustainable deficits.

We are concerned about these issues. At the same time, we see that global consumer demand is holding up reasonably well, supported by emerging economies with modest public and private debt loads and expanding private sectors. Inventories of primary, intermediate and finished goods were drawn down significantly between late 2008 and mid 2009. The rebuilding of inventories, as final demand holds up on a global basis, is supporting overall industrial activity. Since the U.S. economy came to be over dependent on residential real estate over the last generation, certain geographies in this country that were particularly caught up in that phenomenon are still in the penalty box. It remains very challenging for those whose jobs depended on the U.S. residential real estate boom to find work. Aggregate employment statistics for the United States reflect that, as the country struggles to channel investment and employment to other uses. To a large extent, this is not a global issue.

The average price/earnings multiple of the 33 stocks in the Global Opportunities Fund portfolio was 10.0x on an estimated forward basis as of June 30th, using estimates provided by FACTSET and The Institutional Brokers' Estimate System (IBES). For comparative reference, the forward price/earnings multiple of the MSCI All Country World Index was 12.2x (again using estimates from those sources).

ance that the Fund will have continued access to profitable IPOs. As Fund assets grow, the impact of IPO investments on performance may decline.

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. Read it carefully before investing.

We remind readers that the Thornburg Global Opportunities Fund, which has generally included between 30 and 40 stocks, is very concentrated relative to the MSCI All Country World Index, which includes more than 2,400 stocks. We believe that our focus on a relatively small group of stocks can help us outperform the broader index over time.

Remember that you can review descriptive comments about the portfolio holdings under the “Holdings Commentary” section of our web site at thornburg.com/funds.

Important Information

The views expressed by the Portfolio Managers reflect their professional opinions and should not be considered buy or sell recommendations. These views are subject to change.

Securities, countries and sectors mentioned are presented for the general information of Fund shareholders. Portfolio holdings are subject to change daily. Under no circumstances does the information contained within represent a recommendation to buy or sell securities.

The Morgan Stanley Capital International All Country World Index (MSCI AC World Index) is a market capitalization weighted index composed of over 2,000 companies, and is representative of the market structure of 45 developed and emerging market countries in North and South America, Europe, Africa, and the Pacific Rim. The index is calculated with net dividends reinvested in U.S. dollars.

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

FactSet Research Systems is a financial data and software company who provides financial information and analytic software for investment professionals.

The Institutional Brokers' Estimate System (IBES) is a service founded by the New York brokerage firm Lynch, Jones & Ryan. IBES began collecting earnings estimates for U.S. companies around 1976 and used the raw data to calculate statistical time series for each company. Currently the database is owned by Thomson Reuters.

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