

4th Quarter 2011 Portfolio Manager Market Commentary

Thornburg International Growth Fund



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The fourth quarter of 2011 saw the market stabilize following a significant move down for international equities in the third quarter. The Thornburg International Growth Fund underperformed the MSCI All Country World ex-U.S. Growth Index returning 0.22% during the quarter (A shares without sales charge) compared to 4.12% for the benchmark. While we failed to keep up with the rebound in the benchmark during the fourth quarter, we remain pleased with the Fund's performance relative to the benchmark, year-to-date and since inception. For the full year of 2011 the Fund returned -2.97% (A shares without sales charge) vs. -14.20% for the benchmark. Since the February 1, 2007 inception, the Fund's A shares without sales charge have returned 17.84% cumulatively vs. the benchmark's -11.97% loss over the same time period; this is a nearly 6% annualized performance difference, throughout several years of historically tumultuous international market environments.

Underperformance during the quarter was divided between the portfolio's allocation and its individual security selection effect. The Fund's significant underweight allocation to materials and financials provided some positive allocation effect, however this was not enough to overcome results within the other sectors. The Fund had negative selection effect in consumer discretionary, information technology, health care, energy, financials and utilities. While the Fund generated positive stock selection in industrials, consumer staples, materials and telecom services, this was not enough to overcome the negative sectors.

Notable positive contributors to performance in the fourth quarter included MercadoLibre Inc., New Oriental Education & Technology Group, Experian plc, Start Today Co. Inc., MakeMyTrip Ltd., and Clicks Group, Ltd. MercadoLibre is an eBay-like, e-commerce platform serving Latin America. The company benefits from the long-term structural trend of customers moving from physical stores to online retail. MercadoLibre faces relatively few competitors in most of Latin America. Following recent improvements to services and features

INTERNATIONAL GROWTH FUND PERFORMANCE

A shares, as of December 31, 2011

	1-Yr	3-Yr	Since Incep
Without sales charge	-2.97%	21.38%	3.40%
With sales charge	-7.33%	19.51%	2.44%
MSCI AC World ex-U.S. Growth Index	-14.20%	10.84%	-2.56%

Periods over one year are annualized. Inception of the A shares is 2/01/07.

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 or call 877.215.1330. 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 1.70%. 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 A shares does not exceed 1.63%.

The International Growth 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

offered on the firm's online platform there has been a significant increase in goods sold on the site.

We also remain confident in the steady business model profile of Experian PLC, an information services firm providing consumer credit information. Experian provides credit scores, credit risk management, and approval decision-making data mainly to financial institutions. The firm has a consistent revenue profile with a significant portion of its revenue recurring.

Fourth quarter detractors to performance included Supergroup PLC, Blinkx PLC, ASOS PLC, Xing AG, and Credit Suisse Group AG. Supergroup PLC is a UK-based fashion retailer which sells apparel through their own brick-and-mortar outlets as well as through other department stores. After a solid post-IPO period of strong market and business results, the company experienced operational difficulties, including hiccups during the installation of a new inventory management system. We exited the position on concerns that the operational difficulties could be masking more serious issues, including brand deterioration.

Blinkx PLC, a bottom contributor within IT over the quarter, is a London-based specialty search engine focused on analyzing and aggregating video content. Blinkx encountered significant selling pressure after missing earnings expectations, doing a dilutive secondary offering to fund an unpopular acquisition, and announcing a significant change in strategy. The company was sold due to the fundamental deterioration mentioned above, and the impact on our investment thesis.

The cash position of the Fund as of December 31, 2011 was relatively high at 10.8%, however we would caution that it does not reflect our outlook for the market. In a concentrated portfolio, the sale of two or three positions can cause cash to rise significantly for short periods. We anticipate putting it to work over the coming weeks and returning cash to more normal levels.

We look forward to our 5-year anniversary in February 2012, and will continue to adhere to our core approach. As always, we continue to utilize our bottom-up, fundamental driven research process. Our goal is to find promising growth companies trading at attractive valuations. We encourage you to learn more about your portfolio. Descriptions of each holding and links to company websites can be found at www.thornburg.com/funds. Thank you for investing with us.

Important Information

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

There is no guarantee the Fund will meet its objectives.

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 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.

TOP 10 HOLDINGS AS OF 12/31/11

Start Today Co. Ltd.	4.1%
Covidien plc	3.5%
MercadoLibre, Inc.	3.1%
Hargreaves Lansdown plc	3.0%
Kabel Deutschland Holding AG	2.9%
CNOOC Ltd.	2.9%
Domino's Pizza UK & IRL plc	2.8%
Baidu, Inc. ADR	2.7%
Opera	2.6%
Check Point Software Technology Ltd.	2.5%

The MSCI All Country (AC) World ex-U.S. Growth Index is a market capitalization weighted index that includes growth companies in developed and emerging markets throughout the world, excluding the United States.

The performance of any index is not indicative of the performance of any particular investment. Keep in mind that indices do not take into account any fees and expenses of the individual investments that they track. You cannot make an investment in any index.

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.

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