

4th Quarter 2009 Portfolio Manager Market Commentary

Thornburg International Growth Fund



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The fourth quarter of 2009 saw continued positive performance in equity markets around the world. The Thornburg International Growth Fund returned 5.53% (A shares at without sales charge), slightly beating its benchmark, the MSCI All-Country World ex-US Growth Index, which returned 5.29%. The fourth quarter also ended the Fund's second full calendar year, with a 2009 return of 44.81%, outperforming the index return of 38.67%.

The Thornburg International Growth Fund employs a basket approach whereby stocks are classified into one of three baskets: Growth Industry Leaders, Consistent Growers, and Emerging Growth Companies. We expect Growth Industry Leaders and Emerging Growth Companies to lead in periods of market strength and Consistent Growers to provide a level of downside protection if the market encounters headwinds. During the quarter, the top five contributors came from the Emerging Growth Company and Growth Industry Leader baskets while four of the top six detractors were Consistent Growers. This result follows our expectations and is why we think our basket approach helps reduce risk while preserving the opportunity to participate in all market environments.

Positive returns were widespread during the quarter with nine of the ten sectors in the benchmark ending higher. We had particularly good results from two consumer discretionary names, Yoox SpA (YOOX) and Net Servicos de Comunicacao (NETC4 BZ), and two commercial and professional service names, Seek (SEK AU) and Experian (EXP LN). Yoox is an Italian e-commerce retailer experiencing rapid growth in Europe by providing wholesale distribution opportunities for high-end fashion designers. Net Servicos de Comunicacao is a Brazilian Media company with a dominant share in cable TV and improving positions in broadband and voice. Net Servicos' stock traded higher on good subscriber numbers driven by the company's attractive triple-play offering. Seek is Australia's leading online job website that traded higher based on the strength of the country's economic recovery and declining unemployment rate. Additionally, Seek has ownership stakes in several companies domiciled in rapidly growing emerging markets. Experian is a UK-based credit rating agency whose revenue has increased as consumers have taken a more active role in monitoring their credit. Other top contributors to performance were Drogasil (DROG5 BZ), Arm Holdings (ARM LN), BPZ Resources (BPZ), Bayer (BAY GR), Telecity Group (TCY LN), and Solera Holdings (SLH).

INTERNATIONAL GROWTH FUND PERFORMANCE

A shares, as of December 31, 2009

YTD	1-yr	Since Incep.
Without sales charge		
44.81%	44.81%	-1.59%
With sales charge		
38.21%	38.21%	-3.13%
MSCI AC World ex-U.S. Growth		
38.67%	38.67%	-3.69%

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.

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 2.00%. Thornburg Investment Management intends to waive fees and reimburse expenses so that actual expenses do not exceed 1.63% for the Fund's A shares. The subsidized expense ratio reflects the annual operating expenses of the Fund minus any fee waivers or expense reimbursements. The fee waivers and expense reimbursements are voluntary and may be terminated at any time.

The only sector in the benchmark with negative performance for the quarter was financials. Marfin Popular Bank (MYPSY), a bank based in Cyprus, has exposure to the struggling Greek economy and was sold during the quarter. While not in the financial space, Coca-Cola Hellenic Bottling (EHEK GA) also traded down on investor concerns over its Greek exposure along with unfavorable currency moves. The largest single detractor from performance was Actelion (ATLN VX), a Swiss-based biotechnology company. We are confident in the company's drug pipeline and took advantage of the opportunity to add to the position during the quarter. Other detractors included Shanda Games (GAME), Fidessa Group (FDSA LN), RRSat Global Communications (RRST), Baidu (BIDU), Tokyo Steel Manufacturing (5423 JP), Research in Motion (RIMM), and New Oriental Education & Technology (EDU). It is important to note that three of these detractors - Baidu, RIMM and New Oriental maintained their positions as top contributors for 2009 in aggregate, despite pulling back in the fourth quarter.

A large underweight to materials, the strongest performing sector in the benchmark, hurt relative performance. We try to identify attractive growth stocks through rigorous, bottom-up, fundamental research and invest in companies where we identify sustainable long-term secular growth trends. The Fund's low weight in this sector reflects our belief that better opportunities, which are more aligned with our approach, exist in other areas of the market.

The period since we launched the Fund has been difficult for equity investors. February 1st marks the Fund's three-year anniversary, and we are pleased that our approach of finding promising growth companies at a discount to their long-term fundamental value has led to relative outperformance vs. its benchmark. We have consistently followed this same process with the Fund's domestic sibling for almost ten years and we hope this approach will continue to serve long-term investors far into the future. We go forward in search of strong growth stories and unappreciated stocks, while staying ever mindful of diversification and risk.

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 ex-U.S. Growth Index (MSCI AC World ex-U.S. Growth Index) is a market capitalization weighted index which 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.

Funds invested in a limited number of holdings may expose an investor to greater volatility.

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Without these waivers, total returns and yields would be lower.

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.

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

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.