



March 31, 2011

FORM ADV PART 2A BROCHURE

Thornburg Investment Management, Inc.

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This brochure provides information about the qualifications and business practices of Thornburg Investment Management, Inc. ("Thornburg"). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer at 1-800-533-9337 or www.thornburg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Thornburg is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Thornburg is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission amended Part 2 of Form ADV. Part 2 of Form ADV sets forth the minimum requirements for the disclosure statement that investment advisors must deliver to their advisory clients and prospective advisory clients. This brochure dated March 31, 2011 was prepared in accordance with the SEC's amendments to Part 2 of Form ADV. As such, this brochure is materially different in structure from Thornburg's previous brochure, and contains certain new information that Thornburg's previous brochure was not required to include.

Investment advisors must update the information in their brochure on at least an annual basis. In the future, this Item 2 will reference the date of Thornburg's previous annual updating amendment and include a summary discussion of the material changes that Thornburg has made to its brochure since that previous update. In the future, in lieu of providing clients with an updated brochure each year, we may provide Thornburg's existing advisory clients with this Item 2 summary describing any material changes occurring since the last annual update of the brochure. We will deliver a brochure or summary each year to existing clients within 120 days of the close of Thornburg's fiscal year. Clients wishing to receive a complete copy of the then-current brochure may request the complete brochure at no charge by contacting our Chief Compliance Officer, at 1-800-533-9337 or by sending an email to adv@thornburg.com.

Additional information about Thornburg Investment Management, Inc. is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Thornburg Investment Management, Inc. who are registered, or are required to be registered, as investment adviser representatives of Thornburg Investment Management, Inc.

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Item 4 – Advisory Business

Thornburg Investment Management, Inc. (“Thornburg”) is an employee-owned investment management company based in Santa Fe, New Mexico and organized as a corporation under the laws of Delaware. Thornburg is registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”), and has also filed registration exemptions in several Canadian provinces. The principal owner of Thornburg is Garrett Thornburg. Mr. Thornburg founded Thornburg in 1982 and currently owns 100% of Thornburg’s voting shares.

Assets under management (as of December 31, 2010):

Discretionary:	\$73,434,696,017
Non-Discretionary:	\$0
Total:	\$73,434,696,017

Thornburg provides discretionary portfolio management and investment services to a number of client types, including:

- Thornburg Investment Trust (the “Trust”), a diversified, open-end management investment company registered under the Investment Company Act of 1940, and having 16 separate investment portfolios represented by separate series of shares (each, a “Fund,” and together, the “Thornburg Mutual Funds”);
- unaffiliated registered investment companies;
- separate accounts for institutional clients (“Institutional Separate Accounts”);
- separate accounts for private clients (“Private Client Separate Accounts”);
- wrap fee accounts of sponsored program accounts (“Wrap Programs”);
- unified Managed Account programs (“UMA Programs”); and
- private investment funds (“Private Investment Funds”).

Additional detail about each of the client types for which Thornburg provides advisory services is provided in Item 7 , below.

Except for Wrap Programs as discussed below, Thornburg generally performs advisory services for each client under the terms of an investment advisory agreement with that client. In addition to the Thornburg Mutual Funds, Thornburg offers clients a range of investment strategies. Within a given strategy – and consistent with the stated investment objectives, policies and restrictions of that strategy – Thornburg typically exercises exclusive investment discretion regarding the purchase or sale of securities or other investments. Thornburg may also agree to manage a client’s account subject to certain reasonable restrictions

that the client imposes on the inclusion of specific securities, or types of securities, within that account. Additional detail about the various investment strategies offered by Thornburg is provided in Item 8, below.

Thornburg has also been retained as an investment manager under a number of Wrap Programs established by certain unaffiliated sponsors. Wrap Program clients typically enter into an investment advisory agreement with the sponsor, and the sponsor enters into a subadvisory agreement with Thornburg to provide portfolio management services to the Wrap Program. In these circumstances, the sponsor retains responsibility for analyzing the financial needs of each particular Wrap Program client and determining that Thornburg's portfolio management services are suitable for that client. Wrap Program clients generally do not pay an investment advisory fee directly to Thornburg; instead, the sponsor pays Thornburg's advisory fee out of the proceeds of the "wrap fee" that the clients pay to the sponsor. With some exceptions, Wrap Program accounts are managed by Thornburg in a manner that is generally similar to Private Client Separate Accounts. Differences may include limited flexibility of Wrap Program accounts to customize investment guidelines and the further limitation that certain Wrap Program sponsors may not allow their Wrap Program accounts to hold securities issued by the sponsor.

Item 5 – Fees and Compensation

The following information describes how Thornburg is compensated for the advisory services that it provides to each type of client account. Unless otherwise specified below or in the advisory contract that Thornburg enters into with a particular client, Thornburg's fees will be automatically deducted from client accounts on a quarterly basis.

Thornburg imposes investment minimums on certain types of accounts. For a discussion of the applicable investment minimums, see Item 7, below.

Advisory Fees for the Thornburg Mutual Funds

Each Thornburg Mutual Fund pays Thornburg an advisory fee at a specified annual percentage rate of the Fund's average daily net assets. For each Fund, Thornburg's advisory fee rate decreases if the Fund's assets increase (and may increase if the Fund's assets decrease) in accordance with the following breakpoint schedules. The fee levels reflected in the following schedules are the levels stated in each Fund's prospectus(es) as of the date of this brochure, and may be reduced in certain circumstances. These fee levels are not negotiable by individual Fund clients, but are reviewed by the Fund's governing board at least annually.

The Funds also pay certain other expenses in addition to the stated advisory fees, including certain distribution fees and expenses, administrative services fees, custodial and transfer agent fees, and other Fund operating expenses, as described in the Funds' prospectuses.

**Thornburg Limited Term Municipal Fund and
Thornburg California Limited Term Municipal Fund**

<u>Net Assets</u>	<u>Annual Fee</u>
\$0 to \$500 million	0.500%
\$500 million to \$1 billion	0.400%
\$1 billion to \$1.5 billion	0.300%
\$1.5 billion to \$2 billion	0.250%
Over \$2 billion	0.225%

Thornburg Intermediate Municipal Fund, Thornburg New Mexico Intermediate Municipal Fund, Thornburg New York Intermediate Municipal Fund, and Thornburg Limited Term Income Fund

<u>Net Assets</u>	<u>Annual Fee</u>
\$0 to \$500 million	0.500%
\$500 million to \$1 billion	0.450%
\$1 billion to \$1.5 billion	0.400%
\$1.5 billion to \$2 billion	0.350%
Over \$2 billion	0.275%

Thornburg Limited Term U.S. Government Fund

<u>Net Assets</u>	<u>Annual Fee</u>
\$0 to \$1 billion	0.375%
\$ 1 billion to \$2 billion	0.325%
Over \$2 billion	0.275%

Thornburg Strategic Municipal Income Fund and Thornburg Strategic Income Fund

<u>Net Assets</u>	<u>Annual Fee</u>
\$0 to \$500 million	0.750%
\$500 million to \$1 billion	0.675%
\$1 billion to \$1.5 billion	0.625%
\$1.5 billion to \$2 billion	0.575%
Over \$2 billion	0.500%

Thornburg Value Fund, Thornburg International Value Fund, Thornburg Core Growth Fund, Thornburg International Growth Fund, Thornburg Investment Income Builder Fund and Thornburg Global Opportunities Fund

<u>Net Assets</u>	<u>Annual Fee</u>
\$0 to \$500 million	0.875%
\$500 million to \$1 billion	0.825%
\$1 billion to \$1.5 billion	0.775%
\$1.5 billion to \$2 billion	0.725%
Over \$2 billion	0.675%

Thornburg Developing World Fund

<u>Net Assets</u>	<u>Annual Fee</u>
\$0 to \$500 million	0.975%
\$500 million to \$1 billion	0.925%
\$1 billion to \$1.5 billion	0.875%
\$1.5 billion to \$2 billion	0.825%
Over \$2 billion	0.775%

Additional information about the fees charged to the Thornburg Mutual Funds is available in the Funds' prospectuses, which are publicly available at Thornburg's website (www.thornburg.com), on the EDGAR Database on the SEC's website (www.sec.gov) or by contacting the Funds' principal underwriter, Thornburg Securities Corporation, at 1-800-847-0200.

Fees for Institutional and Private Client Separate Accounts

When Thornburg enters into an investment advisory agreement to provide portfolio management services to an institutional or private client through a separate account, Thornburg will charge each such separate account a fee at a specified annual percentage rate of the account's assets under management. Thornburg's standard fee rates for separate accounts are listed below. However, the fees charged to separate accounts are negotiable and will typically vary depending on a number of factors including, but not limited to:

- the type of client;
- whether the client wishes to impose particular restrictions on Thornburg's discretionary investment authority (e.g., restrictions on the types of securities that Thornburg may acquire for the account);
- the amount of client assets under management with Thornburg.

The fee rates listed below do not include fees that a separate account client pays to other third party service providers, such as custodial, third party money manager, consultant, brokerage and exchange fees. Note also that only some of the following strategies are available to Private Client Separate Account clients. See Item 7, below, for more detail about the types of strategies that may be available to each client.

Institutional Separate Account Fees:

All Cap Growth Strategy, International ADR Strategy, International Equity Strategy, International Growth Strategy, International Growth ADR Strategy, Socially Screened, International Equity Strategy and Ultra Focused International Equity Strategy

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$25 million	0.750%
\$25 million to \$75 million	0.650%
Over \$75 million	Negotiable

Developing World Strategy

<u>Net Assets</u>	<u>Annual Fee</u>
All assets	1.250%

Domestic Equity Strategy and Ultra Focused Domestic Equity Strategy

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$25 million	0.65%
Over \$25 million	Negotiable

Global Equity Income Strategy and Global Opportunities Strategy

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$25 million	0.80%
Over \$25 million	Negotiable

All Other Fixed Income Strategies

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$5 million	0.400%
\$5 million to \$50 million	0.350%
\$50 million to \$100 million	0.300%
Over \$100 million	Negotiable

Private Client Separate Account Fees:**All Cap Growth Strategy, Domestic Equity Strategy, International ADR Strategy and International Growth ADR Strategy**

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$25 million	0.750%
\$25 million to \$75 million	0.650%
Over \$75 million	Negotiable

International Income Strategy

<u>Net Assets</u>	<u>Annual Fee</u>
\$5 million to \$50 million	0.450%
\$50 million to \$100 million	0.400%
Over \$100 million	Negotiable

All Other Fixed Income Strategies

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$5 million	0.400%
\$5 million to \$50 million	0.350%
\$50 million to \$100 million	0.300%
Over \$100 million	Negotiable

Most Favored Nation Clauses for Institutional Separate Accounts. Certain Institutional Separate Account clients have negotiated “most favored nation” clauses in their investment advisory agreements with Thornburg. These clauses may require Thornburg to decrease the fees charged to the “most favored nation” client whenever Thornburg enters into an advisory agreement at a lower fee rate with another institutional client. The applicability of a “most favored nation” clause may depend on the degree of similarity between

institutional clients, including the amount of assets under management and the particular investment strategy selected by each client. Thornburg does not agree to “most favored nation” clauses in all circumstances.

Fees for Sub-Advisory Services to Unaffiliated Registered Investment Companies

Thornburg provides sub-advisory services to a number of unaffiliated mutual funds. The advisory fees that Thornburg receives for providing those services are negotiated between Thornburg and the principal adviser for each sub-advised fund, and are set forth in the sub-advisory agreement between Thornburg and that principal adviser. Thornburg’s fee is a component of the total investment advisory fee paid by an investor in the specific sub-advised mutual fund. Additional detail about the fees charged to an investor in any such fund is available in the then-current prospectus for that fund.

Fees for Wrap Program

A client in a Wrap Program typically pays the sponsor of the program an annual fee ranging from 1% to 3% of the client’s annual assets under management. In the event that Thornburg is engaged by a Wrap Program sponsor to provide investment subadvisory services to clients of the program, Thornburg’s subadvisory agreement with the sponsor will specify the amount of Thornburg’s subadvisory fee. In general, Thornburg receives an annual fee ranging from 0.35% to 0.75% of the client assets managed by Thornburg. The specific fee amount will be negotiated between Thornburg and the program sponsor and will depend on a number of factors, including the size of the Wrap Program and the particular Thornburg investment strategy(ies) that the program will offer to clients. The Wrap Program client does not pay any fees directly to Thornburg; instead, the sponsor pays Thornburg’s fee out of the proceeds of the “wrap fee” paid by the client. In the event that Thornburg’s service to the Wrap Program is terminated, any pre-paid advisory fee will be refunded to the client on a pro rata basis.

A portion of the wrap fee that clients pay to the Wrap Program sponsor is used to pay brokerage commissions incurred on securities traded within the client’s account. However, under certain circumstances, a Wrap Program client may pay brokerage commissions on securities transactions within the client’s account in addition to the wrap fee paid to the sponsor. For more information about the types of brokerage commissions that may be separately charged to Wrap Program clients, see Item 12, below.

Wrap Program clients who select the International ADR or International Growth ADR strategy may also incur additional fees – on top of the wrap fee paid to the sponsor – with respect to Thornburg’s management of those strategies. This additional fee arises because most of the securities transactions executed for the International ADR and International Growth ADR strategies may be “stepped out” to broker-dealers other than the sponsor. Please see “Directed Brokerage in Wrap Programs” under Item 12, below, for additional information.

Fees for Unified Managed Account Programs

Thornburg charges a fee to each sponsor of a UMA Program that enters into a contract to use Thornburg’s model portfolios to assist in the management of the sponsor’s client accounts. Thornburg typically charges UMA Program sponsors an annual fee of 0.35% of the assets under management using a particular strategy,

but the amount of the fee is negotiated between Thornburg and the sponsor and may vary depending on a number of factors, including the number of model portfolios that the sponsor is purchasing and the total assets under management.

Fees for Private Investment Funds

The fees that Thornburg charges for the portfolio management services that Thornburg provides to Private Investment Funds are listed below. These fees are generally not negotiable, and as noted below, are charged by Thornburg either quarterly or monthly, and typically in arrears.

Thornburg International Equity Fund (Q.P.) LLC

(charged monthly in arrears)

<u>Net Assets</u>	<u>Annual Fee</u>
\$0 to \$10 million	0.800%
\$10 million to \$25 million	0.750%
\$25 million to \$100 million	0.700%
Over \$100 million	0.600%

Thornburg Growth Partners, L.P.

(charged quarterly in advance)

<u>Net Assets</u>	<u>Annual Fee</u>
All assets	1.500% plus a performance fee (see below)

Thornburg Multiple Investment Trust

(charged monthly in arrears)

<u>Net Assets</u>	<u>Annual Fee</u>
All assets	0.600% or 0.650% (depending on the level of service required)

In addition to the 1.50% base fee described above, Thornburg charges investors in Thornburg Growth Partners, L.P. ("TGP") a performance fee equal to 20% of any net gain in the portfolio (realized and unrealized gains and losses; net of the asset based fee).

General Information about Fees

Refunds of Pre-Paid and Unearned Advisory Fees. Thornburg's advisory contracts with clients may typically be terminated at any time by either party upon written notice to the other party. If an advisory contract is terminated, Thornburg will promptly refund to the client any unearned and pre-paid advisory fees.

Portfolio Values for Fee Calculations. For purposes of calculating the amount of any asset-based fee owed and payable to Thornburg, the following methods are used for each type of client:

- Thornburg Mutual Funds: The net asset value of each Thornburg Mutual Fund is calculated each day that the New York Stock Exchange is open for business, based on data provided to Thornburg by the Fund's custodian bank and by independent third party pricing vendors, as more fully described in the Funds' prospectuses and reports to shareholders. A Fund's net asset value computed for each class of

shares of the Fund by adding the fair market value of the class's investments, cash and other assets, and by subtracting the liabilities of the class.

- Institutional Separate Accounts (including unaffiliated registered investment companies): As set forth in the client's contract with Thornburg, portfolio valuations are generally determined by either (i) the client's custodian or (ii) Thornburg, using its own asset valuations. Thornburg's valuations are generally based upon information that Thornburg receives from third party pricing vendors, and may be higher or lower than the portfolio valuation calculated by a custodian bank. If no pricing vendor information is available or Thornburg does not agree with the vendor's valuation, Thornburg uses various factors to determine a fair value.
- Private Client Separate Accounts: Portfolio valuations are generally determined by Thornburg using its own asset valuations. Those valuations are generally based upon information that Thornburg receives from third party pricing vendors, and may be higher or lower than the portfolio valuation calculated by a custodian bank. If no pricing vendor information is available or Thornburg does not agree with the vendor's valuation, Thornburg uses various factors to determine a fair value.
- Wrap Programs: Asset valuation within Wrap Programs is typically determined by the program's sponsor or the sponsor's agents or affiliates.
- Private Investment Funds: Asset valuations for TGP and the LLC are determined by their respective custodians. Asset valuations for TMIT are determined by the Trustee.

Additional Expenses. At times, Thornburg may invest a portion of the assets managed in a client's separate account or Wrap Program account in one or more of the Thornburg Mutual Funds. In those instances, the assets invested in a Fund would be subject to the applicable advisory fee imposed on Fund assets, as described in the Fund's then-current prospectus, but Thornburg would not separately assess an advisory fee on those assets at the separate account or Wrap Program account level. Assets invested in a Fund may also be subject to the other expenses described in the Funds' prospectuses, including certain distribution fees and administrative expenses.

In addition, if Thornburg invests the assets in a separate account or Wrap Program account in mutual funds or exchange-traded funds other than the Thornburg Mutual Funds, the client may incur additional expenses and fees as a shareholder of those mutual or exchange traded funds. These additional expenses may include: advisory/management fees, distribution fees, administrative expenses and other fund operating expenses.

Clients wishing to obtain more information about the fees and expenses that may apply due to the investment of client assets in other mutual funds or exchange-traded funds should contact Thornburg. Clients may also obtain more information by reviewing the relevant prospectus(es) for the underlying mutual funds or exchange-traded funds in which the clients' assets are invested.

Attention is also directed to Item 12, below for additional information about the types of brokerage and other transaction costs that Thornburg's clients may incur.

Services to Family and Friends of Thornburg. Thornburg may provide portfolio management services to certain family members or friends of Thornburg’s principals without charge, or for fee rates that are lower than the rates available to other clients. Thornburg’s employees are also eligible to invest in Thornburg International Equity Fund (Q.P.) LLC and Thornburg Growth Partners, L.P., despite the fact that Thornburg’s employees may not otherwise satisfy the eligibility requirements for investment in those private funds. Furthermore, Thornburg may choose to waive the performance-based fee with respect to assets invested by Thornburg’s employees in TGP.

Tax Implications - Liquidation of Existing Positions Upon Transition to Thornburg. Unless Thornburg is otherwise directed by a client pursuant to a contract, Thornburg will liquidate all securities deposited into an account if the securities are not suitable or consistent with Thornburg’s investment models for a particular strategy. Thornburg will then re-allocate the cash resulting from the liquidations according to the Thornburg strategy selected by the client. Thornburg does not consider tax consequences to a client when liquidating securities deposited into an account that we will manage.

Item 6 – Performance-Based Fees and Side-By-Side Management

As disclosed above in response to Item 5, Thornburg charges investors in Thornburg Growth Partners, L.P. (“TGP”) a base fee and a performance fee. TGP’s performance fee is equal to 20% of any net gain in the portfolio. Thornburg typically does not charge a performance fee to clients besides TGP, but Institutional Separate Account clients, upon request, may negotiate a performance fee with Thornburg. Any performance fee that Thornburg does charge to a client is intended to comply with the requirements of Thornburg’s Investment Advisory Agreements Policy and Rule 205-3 under the Investment Advisers Act of 1940.

To the extent that Thornburg charges a performance fee for a particular client account, Thornburg may be perceived to have an incentive to maximize gains in that account (and, therefore, maximize Thornburg’s performance fee) by making investments for that account that are riskier or more speculative than would be the case in the absence of a performance fee. Thornburg may also may be perceived to have an incentive to favor accounts for which it charges a performance fee over other types of client accounts, as by allocating more profitable investments to performance fee accounts or by devoting more resources toward the management of those accounts. Thornburg seeks to mitigate the conflicts which may arise from managing accounts that bear a performance fee by monitoring and enforcing its policies and procedures, including those related to investment allocation.

Item 7 – Types of Clients

The following information describes the types of clients for which Thornburg provides portfolio management services. Where relevant, this disclosure also includes information about the minimum account size necessary to open and maintain each type of client account. See Item 5, above, for a discussion of how Thornburg is compensated for managing each of the following types of client accounts.

Thornburg Investment Trust

Thornburg is the investment adviser and administrator to the Thornburg Investment Trust (the “Trust”), a diversified, open-end management investment company registered under the Investment Company Act of 1940. As of the date of this brochure, the shares of the Trust are divided into the following sixteen series (each, a “Fund,” and collectively, the “Thornburg Mutual Funds”):

Equity Funds

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

Fixed Income Funds

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

Thornburg’s services to each Fund are supervised by the governing board of the Trust, currently comprised of eight Trustees. Additional information about each Fund, including the services that Thornburg provides and the Funds’ investment objectives, strategies and risks, can be found in the Fund’s prospectuses and statements of additional information. Those documents are publicly available through Thornburg’s website (www.thornburg.com) or through the EDGAR database on the SEC’s website (www.sec.gov), and may also be obtained free of charge by contacting the principal underwriter for the Thornburg Mutual Funds, Thornburg Securities Corporation, at 1-800-847-0200.

Institutional Separate Accounts

Thornburg provides portfolio management services to Institutional Separate Accounts. Thornburg will manage an institutional client’s separate account consistent with the particular investment strategy or strategies selected by the client for that account. Clients may impose certain limitations or restrictions on Thornburg’s exercise of its discretionary authority. However, Thornburg reserves the right not to enter into a contract with a prospective client, or to terminate an agreement with an existing client, if the proposed limitation or restriction is likely in Thornburg’s opinion to impair its ability to provide services to a client or is otherwise believed by Thornburg to be administratively or practically not feasible. The menu of investment strategies which Thornburg may make available to Institutional Separate Account clients it has accepted is shown below. A brief description of each strategy’s investment objective(s), along with the investment strategies used to achieve the objective and the material risks associated with such investment strategies, is provided in response to Item 8, below. Additional detail about each strategy may be obtained at no charge by contacting Thornburg at 1-800-533-9337.

Equity Strategies

All Cap Growth
Developing World
Domestic Equity
Global Equity Income
Global Opportunities
International Equity
International ADR
International Growth
International Growth ADR
Socially Screened International Equity
Ultra Focused Domestic Equity
Ultra Focused International Equity
customized strategies as agreed

Fixed Income Strategies

Limited Term Municipal
Intermediate Municipal
International Income
Limited Term Income
Limited Term U.S. Government
Strategic Income Strategy
Strategic Municipal Income Strategy
customized strategies as agreed

The minimum account size for an institutional client separate account investing in the International Equity Strategy is \$25 million. The minimum account size for all other strategies is \$10 million. Thornburg reserves the right in its sole discretion to waive account minimums in certain circumstances.

Private Client Separate Accounts

From time to time, Thornburg may also provide portfolio management services to private clients. Thornburg will manage a private client's separate account consistent with the particular investment strategy or strategies selected by the client for that account. Clients may impose certain limitations or restrictions on Thornburg's exercise of its discretionary authority. However, Thornburg reserves the right not to enter into a contract with a prospective client, or to terminate an agreement with an existing client, if the proposed limitation or restriction is likely in Thornburg's opinion to impair its ability to provide services to a client or is otherwise believed by Thornburg to be administratively or practically not feasible. The menu of investment strategies which Thornburg may make available to Private Client Separate Account clients it has accepted is shown below. A brief description of each strategy's investment objective(s), along with the investment strategies used to achieve the objective and the material risks associated with such investment strategies, is provided in response to Item 8, below. Additional detail about each strategy can be obtained at no charge by contacting Thornburg at 1-800-533-9337, or on Thornburg's website at www.thornburg.com.

Equity Strategies

All Cap Growth
Domestic Equity
International ADR
International Growth ADR

Fixed Income Strategies

Limited Term Municipal
Intermediate Municipal
Limited Term Income
Limited Term U.S. Government
International Income

The minimum account size for a Private Client Separate account invested in an equity strategy is \$500,000. The minimum account size for a Private Client Separate Account invested in a fixed income strategy ranges from \$2 million to \$5 million, depending on the strategy selected. Thornburg reserves the right in its sole discretion to waive account minimums in certain circumstances.

Sub-Adviser to Unaffiliated Investment Companies

Thornburg provides portfolio management services on a sub-advisory basis to a number of unaffiliated mutual funds. In each such case, Thornburg has entered into a sub-advisory agreement with the principal investment adviser for the mutual fund. Thornburg makes available the same menu of investment strategies to sub-advised mutual funds as for Institutional Separate Account clients.

Account minimums for sub-advised mutual funds vary. A typical minimum account size is \$25 million for mutual funds pursuing the International Equity strategy, and \$10 million for mutual funds pursuing other strategies. Thornburg reserves the right in its sole discretion to waive account minimums in certain circumstances.

Wrap Programs

Thornburg has been retained as an investment manager under a number of Wrap Programs sponsored by certain unaffiliated sponsors. In a typical Wrap Program arrangement, the client enters into an investment advisory agreement with the sponsor, and the sponsor enters into a subadvisory agreement with Thornburg. The sponsor pays Thornburg's investment advisory fee out of the fee that the sponsor collects from the client. The sponsor retains responsibility for determining that Thornburg's portfolio management services are suitable for a particular client. The sponsor also remains responsible for monitoring and evaluating Thornburg's performance on behalf of the client, for executing brokerage transactions within the client's account, and for providing custodial services for the client's assets.

Thornburg's subadvisory agreement with a Wrap Program sponsor typically provides that Thornburg will maintain exclusive investment discretion over the purchase and sale of securities and other investments within the client's account, consistent with the particular investment strategy selected by the client and the capabilities of the client's custodian. The strategies which Thornburg makes available to Wrap Program clients vary from one Wrap Program to another; currently, not all of Thornburg's strategies are available in every Wrap Program.

Each Wrap Program sponsor imposes a minimum account size to open and maintain an account. Typical Wrap Program account minimums range from \$100,000 to \$500,000 for equity strategies and from \$2 million to \$5 million for fixed income strategies. Thornburg reserves the right in its sole discretion to waive account minimums in certain circumstances.

For a complete list of the Wrap Programs in which Thornburg may participate, see Thornburg's Form ADV, Part I, available on the SEC's web site, www.adviserinfo.sec.gov, or by contacting our Chief Compliance Officer, at 1-800-533-9337 or by sending an email to adv@thornburg.com.

Unified Managed Account Programs

Thornburg offers model portfolios for a fee to UMA Program sponsors. Those UMA Program sponsors use Thornburg's model portfolios as one input in developing the sponsors' investment recommendations and managing their clients' accounts. When engaged by a UMA Program sponsor, Thornburg constructs model portfolios that correspond to each Thornburg investment strategy selected by the sponsor. Thornburg provides the UMA Program sponsor with reports identifying Thornburg's recommendations as to the

securities and other property to be purchased, sold and held from time to time in each UMA Program account, as well as the percentage of the model portfolio that would be invested in each security. Thornburg provides this information to the UMA Program sponsor at or near the same time as Thornburg updates its models.

UMA Program sponsors retain sole authority and responsibility for managing their clients' accounts. Each UMA Program sponsor provides individualized investment advice and portfolio management services to its clients, and may or may not decide to implement all of Thornburg's recommendations as to the securities and other property to be held within an account.

In the event that a UMA Program sponsor determines to follow Thornburg's recommendation with respect to the purchase or sale of any securities or other investments, the UMA Program sponsor may cause those investments to be purchased or sold within its clients' accounts at the same time, prior to, or after Thornburg has effected the purchase and sale of those investments within the corresponding Thornburg strategy. The trading activity caused by the UMA Program sponsor could have a positive or negative impact on Thornburg's ability to execute trades for Thornburg's clients because the UMA Program sponsor's trading activity may affect the availability of securities in the marketplace and the prices for those securities. Thornburg seeks to mitigate the potential effect of this trading activity by pursuing the practices described in "Trade Rotation" under Item 12, below.

As of the date of this brochure, Thornburg provides model portfolios to the following UMA Program sponsors:

- Merrill Lynch
- Placemark
- LPL
- Raymond James & Associates

Private Investment Funds

Thornburg is the investment adviser to three pooled investment vehicles with shares or units of participation that are not registered with the Securities and Exchange Commission (*i.e.*, Private Investment Funds):

- Thornburg International Equity Fund (Q.P.) LLC ("TIEF");
- Thornburg Growth Partners, L.P. ("TGP"); and
- Thornburg Multiple Investment Trust ("TMIT").

Thornburg is also the managing member of TIEF and the general partner of TGP. Investors in the TIEF or TGP must be "accredited investors" within the meaning under Regulation D of the Securities Act of 1933, as amended, and investors in TIEF must also be "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act of 1940. TMIT investors are limited to certain eligible participants, including pension, profit-sharing and governmental plans. TMIT consists of two funds, one based on the International Equity Strategy and the other based on the Global Equity Strategy.

Each Private Investment Fund imposes the following minimum account size to open and maintain an account:

- TIEF: \$2 million
- TGP: \$1 million
- TMIT: no minimum

Thornburg reserves the right in its sole discretion to waive account minimums in certain circumstances.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

As described in Item 7, above, Thornburg offers its clients a range of equity and fixed income investment strategies. Different clients may be eligible to select some or all of these strategies. The following is a brief description of each strategy's investment objective(s), the general investment strategies that are typically used in managing assets within that strategy, and the material risks associated with an investment in the strategy. There is no assurance that a particular strategy will meet its investment objectives. Additionally, the investment strategies and techniques that Thornburg uses within a given strategy will vary over time depending on various factors.

Summaries of investment objectives, principal investment strategies and material risks provided below are necessarily limited, and are presented for general information purposes in accordance with regulatory requirements. Consequently, these summaries are in all instances qualified and superseded by the descriptions of objectives, strategies and risks, portfolio reports, and other communications which are provided to each client in connection with the creation and maintenance of the client's own account with Thornburg.

Additional detail about each strategy can be obtained at no charge by contacting Thornburg at 1-800-533-9337.

Thornburg also provides investment advisory services to the Thornburg Mutual Funds. Information about the investment objectives, strategies and risks of each Fund is publicly available in the Trust's prospectuses and statements of additional information, which can be obtained free of charge by contacting Thornburg at 1-800-533-9337, or on Thornburg's website at www.thornburg.com, or on the EDGAR Database on the SEC's website at www.sec.gov.

Thornburg also provides investment advisory services to Private Investment Funds. Information about their investment objectives, strategies and risks are described in their respective offering documents.

Investing in securities involves the risk of loss of money, and clients investing their money with Thornburg should be prepared to bear that loss. None of the strategies or Funds for which Thornburg provides portfolio management services is a deposit in any bank, nor are those investment vehicles insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Equity Strategies -- Objectives, Principal Investment Strategies and Material Risks

Note: The narrative discussion of each equity strategy includes a list of the material risks that may be associated with an investment in that strategy. A description of each of the named risks is included at the end of this Item 8, following the narrative discussion of all of the equity and fixed income strategies.

All Cap Growth Strategy

Investment Objective(s): The strategy seeks long-term growth of capital.

Principal Investment Strategies: The strategy typically invests in a selection of growth stocks that management believes will have growing revenues and earnings. The strategy may comprise companies of any size, from large, well-established firms to small, emerging growth franchises. Thornburg uses traditional fundamental research to evaluate securities and make buy/sell decisions. The strategy also may invest in debt securities of any type.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Smaller Company Risk; Foreign Investment Risk; Credit Risk; Interest Rate Risk; Liquidity Risk.

Developing World Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation by investing primarily in developing country issuers.

Principal Investment Strategies: The strategy invests primarily in equity securities of developing country issuers and issuers which are, in Thornburg's opinion, tied economically to one or more developing countries. The strategy may invest in companies of any size. The strategy also may invest in debt securities of any type.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Smaller Company Risk; Foreign Investment Risk; Credit Risk; Interest Rate Risk; Liquidity Risk.

Domestic Equity Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation. As a secondary, non-fundamental goal, the strategy seeks some current income.

Principal Investment Strategies: The strategy typically invests in a limited number of common stocks selected on a value basis using fundamental research. The strategy is diversified to include basic value stocks, but also includes stocks of companies with consistent earning characteristics and emerging

franchises when these issues are value priced. The strategy may invest in companies of any size. The strategy also may invest in debt securities of any type.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Smaller Company Risk; Foreign Investment Risk; Credit Risk; Interest Rate Risk; Liquidity Risk.

Global Equity Income Strategy

Investment Objective(s): The strategy seeks income and capital appreciation via a portfolio of companies that have the ability and willingness to pay dividends. There is no guarantee that the strategy will meet its objectives.

Principal Investment Strategies: The strategy primarily uses equity securities and hybrids from issuers around the world to invest for income and capital appreciation. A key consideration in security selection is the ability and willingness of the entity to pay dividends to investors. The strategy attempts to maintain a flexible approach by investing across sectors, geographies and capital structures. The strategy may invest in companies of any size. The strategy also may invest in debt securities of any type.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Liquidity Risk; Real Estate Risk.

Global Opportunities Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation by investing in equity and debt securities of all types from issuers around the world.

Principal Investment Strategies: The strategy considers investment in a variety of equity and debt securities from around the world. A flexible mandate allows the strategy to pursue long-term performance using a broad approach to geography, investing style and market capitalization. The strategy may invest in companies of any size.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Credit Risk; Interest Rate Risk; Liquidity Risk; Real Estate Risk.

International Equity Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation. The strategy normally invests at least 80% of assets outside the United States. The secondary goal of the strategy is to seek some current income.

Principal Investment Strategies: The strategy typically invests in a limited number of common stocks selected on a value basis using fundamental research. The strategy is diversified to include basic value stocks, but also includes stocks of companies with consistent earning characteristics and emerging franchises when these issues are value priced. The strategy may invest in companies of any size. The strategy also may invest in debt securities of any type.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Credit Risk; Interest Rate Risk; Liquidity Risk.

International ADR Strategy

Investment Objective(s): Seeks long-term capital appreciation by investing in a concentrated yet diversified portfolio of American Depositary Receipts (ADRs) or other dollar-denominated securities that are economically tied to international markets.

Principal Investment Strategies: The strategy is invested in a limited number of ADRs and other U.S.-traded foreign companies selected on a value basis using fundamental research. The strategy is diversified to include basic value stocks, but also includes stocks of companies with consistent earning characteristics and emerging franchises when these issues are value priced. The strategy may invest in companies of any size.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Liquidity Risk.

International Growth Strategy

Investment Objective(s): The strategy seeks long-term growth of capital.

Principal Investment Strategies: The strategy typically invests in a selection of growth stocks that management believes will have growing revenues and earnings. The strategy can invest in companies of any size, from large, well-established firms to small, emerging growth franchises. The strategy also may invest in debt securities of any type.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Credit Risk; Interest Rate Risk; Liquidity Risk.

International Growth ADR Strategy

Investment Objective(s): The strategy seeks long-term growth of capital by investing in American Depositary Receipts (ADRs) or other dollar-denominated securities that are selected for their growth potential.

Principal Investment Strategies: The strategy invests in ADRs and other U.S.-traded foreign companies from around the world. A flexible mandate allows the strategy to pursue long-term performance using a broad approach to geography, investing style, and market capitalization. The strategy may invest in companies of any size.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Liquidity Risk.

Socially Screened International Equity Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation. The strategy normally invests at least 80% of assets outside the United States. The secondary goal of the strategy is to seek some current income.

Principal Investment Strategies: The strategy typically invests in a limited number of common stocks

selected on a value basis using fundamental research. The portfolio is diversified to include basic value stocks, but also includes stocks of companies with *consistent earnings* characteristics and *emerging franchises*, when these issues are value priced. This strategy will restrict portfolio holdings based on a third-party or client-provided list of restricted holdings. However we may decline to accept a client or proposed restrictions from an existing client, among other reasons, if the restrictions are in our judgment too prohibitive to carry out our investment objectives. The strategy may invest in companies of any size. The strategy also may invest in debt securities of any type.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Credit Risk; Interest Rate Risk; Liquidity Risk.

Ultra Focused Domestic Equity Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation in US equity securities. Dividends or other shareholder distributions may be an important part of any total return.

Principal Investment Strategies: The strategy invests in a focused portfolio of common stocks selected on a value basis using traditional fundamental research evaluation methods. The strategy generally seeks to buy promising companies at a discount to their intrinsic value. Our portfolio is diversified and concentrated, typically holding about 10 stocks. Thornburg seeks to reduce the potentially increased risk associated with a focused portfolio through diversification across industries and success factors. The strategy may invest in companies of any size.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Smaller Company Risk; Liquidity Risk; Focused Strategy Risk.

Ultra Focused International Equity Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation in international equity securities. Dividends or other shareholder distributions may be an important part of any total return.

Principal Investment Strategies: The strategy is invested in a focused portfolio of common stocks selected on a value basis using fundamental research. The strategy generally seeks to buy promising companies at a discount to their intrinsic value. Our portfolio is diversified and concentrated, typically holding about 10 stocks. Thornburg seeks to reduce the potentially increased risk associated with a focused portfolio through diversification across industries and success factors. The strategy may invest in companies of any size.

Material Risks: Management Risk; Market and Economic Risk; Risks Affecting Specific Issuers; Foreign Investment Risk; Smaller Company Risk; Liquidity Risk; Focused Strategy Risk.

Fixed Income Strategies – Objectives, Investment Strategies and Material Risks

Note: the narrative discussion of each fixed income strategy includes a list of the material risks that may be associated with an investment in that strategy. A description of each of the named risks is included at the end of this Item 8, following the narrative discussion of all of the equity and fixed income strategies.

Intermediate Municipal Strategy

Investment Objective(s): The strategy seeks to obtain as high a level of current income exempt from regular federal individual income tax as is consistent, in the view of Thornburg, with preservation of principal. A secondary objective of the strategy is to reduce expected fluctuations in the portfolio's value compared to long-term bond portfolios.

Principal Investment Strategies: The strategy is a laddered portfolio of municipal bonds with an average maturity of three to ten years. Laddering involves building a portfolio of bonds with staggered maturities so that a portion of the portfolio matures each year; cash from maturing bonds is typically invested in bonds with longer maturities at the far end of the ladder. The portfolio is invested in municipal securities rated at the time of investment in the four highest categories of ratings services such as S&P, Moody's, or Fitch, or in unrated securities judged by Thornburg to be comparable to securities rated in the four highest ratings categories. A portion of the strategy's dividends could be subject to the federal Alternative Minimum Tax.

Material Risks: Management Risk; Interest Rate Risk; Credit Risk; Market and Economic Risk; Liquidity Risk.

International Income

Investment Objective(s): The strategy seeks to provide the highest level of income as in consistent, in the view of Thornburg, with an emphasis on preservation of US dollar purchasing power. A secondary objective is to seek long term capital appreciation from both principal and currency opportunities across the global marketplace.

Principal Investment Strategies: The strategy is designed to be a flexible global income-producing portfolio of fixed income securities with a primary emphasis on non-dollar denominated assets and will seek relative value opportunities across the global marketplace. The fund will place high emphasis on "hard asset" currencies deemed most likely to preserve purchasing power to US investors.

Material Risks: Management Risk; Interest Rate Risk; Credit Risk; Market and Economic Risk; Foreign Investment Risk; Liquidity Risk.

Limited Term Income Strategy

Investment Objective(s): The strategy seeks to provide the highest level of income as in consistent, in the view of Thornburg, with preservation of principal. A secondary objective of the strategy is to reduce expected fluctuations in the portfolio's value compared to longer intermediate and long-term portfolios.

Principal Investment Strategies: The strategy is a laddered portfolio of short/intermediate investment

grade obligations with an average maturity of less than five years. Laddering involves building a portfolio of bonds with staggered maturities so that a portion of the portfolio matures each year; cash from maturing bonds is typically invested in bonds with longer maturities at the far end of the ladder. The portfolio is invested in securities rated at the time of investment in the four highest categories of ratings services such as S&P, Moody's, or Fitch, or in unrated securities judged by Thornburg to be comparable to securities rated in the four highest ratings categories..

Material Risks: Management Risk; Interest Rate Risk; Prepayment Risk; Credit Risk; Market and Economic Risk; Foreign Investment Risk; Liquidity Risk.

Limited Term Municipal Strategy

Investment Objective(s): The strategy seeks to obtain as high a level of current income exempt from regular federal individual income tax as is consistent, in the view of Thornburg, with preservation of principal. A secondary objective of the strategy is to reduce expected fluctuations in the portfolio's value compared to longer intermediate and long-term bond portfolios.

Principal Investment Strategies: The strategy is a laddered portfolio of municipal bonds with an average maturity of less than five years. Laddering involves building a portfolio of bonds with staggered maturities so that a portion of the portfolio matures each year; cash from maturing bonds is typically invested in bonds with longer maturities at the far end of the ladder. The portfolio is invested in municipal securities rated at the time of investment in the four highest categories of ratings services such as S&P, Moody's, or Fitch, or in unrated securities judged by Thornburg to be comparable to securities rated in the four highest ratings categories. A portion of the strategy's dividends could be subject to the federal Alternative Minimum Tax.

Material Risks: Management Risk; Interest Rate Risk; Credit Risk; Market and Economic Risk; Liquidity Risk.

Limited Term U.S. Government Strategy

Investment Objective(s): The strategy seeks to provide the highest level of income as in consistent, in the view of Thornburg, with preservation of principal. A secondary objective of the strategy is to reduce expected fluctuations in the portfolio's value compared to longer intermediate and long-term portfolios.

Principal Investment Strategies: The strategy is a laddered portfolio of short/intermediate obligations issued by the U.S. Government, its agencies or instrumentalities that has an average maturity of less than five years. Laddering involves building a portfolio of bonds with staggered maturities so that a portion of the portfolio matures each year; cash from maturing bonds is typically invested in bonds with longer maturities at the far end of the ladder.

Material Risks: Management Risk; Interest Rate Risk; Prepayment Risk; Credit Risk; Market and Economic Risk; Liquidity Risk.

Strategic Income Strategy

Investment Objective(s): The strategy seeks to provide a high and sustainable yield throughout market cycles. A secondary objective of the strategy is to seek long term capital appreciation opportunities across the global marketplace.

Principal Investment Strategies The strategy is designed to be a flexible portfolio of global fixed income securities. The strategy will invest in both domestic and foreign currency denominated securities and will seek high income producing relative value opportunities and secondarily where Thornburg deems there to be a high likelihood of capital appreciation.

Material Risks: Management Risk; Interest Rate Risk; Prepayment Risk; Credit Risk; Market and Economic Risk; Liquidity Risk; Derivatives Risk; Smaller Company Risk; Foreign Investment Risk; Real Estate Risk; Structured Products Risk.

Strategic Municipal Income Strategy

Investment Objective(s): The strategy seeks to obtain a high level of current income exempt from regular federal individual income tax.

Principal Investment Strategies: The strategy invests in obligations and participations in obligations of any credit quality. The Fund may invest up to 50 percent of its portfolio in lower quality debt obligations rated at the time of purchase as below investment grade (sometimes called “junk” bonds or “high yield” bonds) or, if unrated, issued by obligors with comparable below investment-grade obligations outstanding or deemed by Thornburg to be comparable to obligors with outstanding below-investment grade obligations. The strategy may invest in municipal obligations of any maturity, but seeks to maintain a portfolio of investments having a dollar-weighted average effective duration of normally one to ten years. The strategy, will not necessarily maintain a laddered structure.

Material Risks: Management Risk; Interest Rate Risk; Credit Risk; Market and Economic Risk; Liquidity Risk; Derivatives Risk.

Descriptions of Material Risks

Credit Risk – If debt obligations held by an account are downgraded by ratings agencies or go into default, or if management action, legislation or other government action reduces the ability of issuers to pay principal and interest when due, the value of those obligations may decline and an account’s value may be reduced. Because the ability of an issuer of a lower-rated or unrated obligation (including particularly “junk” or “high yield” bonds) to pay principal and interest when due is typically less certain than for an issuer of a higher-rated obligation, lower rated and unrated obligations are generally more vulnerable than higher-rated obligations to default, to ratings downgrades, and to liquidity risk. Political, economic and other factors also may adversely affect governmental issues.

Derivatives Risk – An account’s investments in derivatives involve the risks associated with the securities or other assets underlying the derivatives, and also may involve risks different or greater than the risks affecting the underlying assets, including the inability or unwillingness of the other party to a derivative to perform its

obligations to an account, an account's inability or delays in selling or closing positions in derivatives, and difficulties in valuing derivatives.

Focused Investment Risk – A strategy which invests in an ultra focused portfolio of issuers may be subject to increased risk because changes in the value of one of the issuers may have a greater impact on the total value of the portfolio than if the portfolio is invested in a larger number of issuers. Further, to the extent that some of the issuers in the portfolio are in the same or related industries or sectors, any economic, political, regulatory or other event affecting one of those industries or sectors may have a greater impact on the total value of the portfolio.

Foreign Investment Risk – Investments in securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks may be more pronounced for investments in developing countries.

Interest Rate Risk – When interest rates increase, the value of the account's investments may decline and the account's share value may be reduced. This effect is typically more pronounced for intermediate and longer-term obligations. This effect is also typically more pronounced for mortgage- and other asset-backed securities, the value of which may fluctuate more significantly in response to interest rate changes. When interest rates decrease, the account's current income may decline.

Liquidity Risk – Due to a lack of demand in the marketplace or other factors, an account may not be able to sell some or all of the investments promptly, or may only be able to sell investments at less than desired prices.

Management Risk – Thornburg client accounts are actively managed portfolios, and the value of the accounts may be reduced if Thornburg pursues unsuccessful investments or fails to correctly identify risks affecting the broad economy or specific issuers in which the accounts invest.

Market and Economic Risk – The value of an account's investments may decline due to changes in general economic and market conditions. The value of a security held in an account may change in response to developments affecting entire economies, markets or industries, including changes in interest rates, political and legal developments, and general market volatility.

Prepayment Risk – Decreases in market interest rates may also result in prepayments of obligations the account acquires, requiring the account to reinvest at lower interest rates.

Real Estate Risk – An account's investments in real estate investment trusts ("REITs") are subject to risks affecting real estate investments generally (including market conditions, competition, property obsolescence, changes in interest rates and casualty to real estate), as well as risks specifically affecting REITs (the quality and skill of REIT management and the internal expenses of the REIT).

Risks Affecting Specific Issuers – The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may include a variety of factors, including but not limited to management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer’s competitive position.

Smaller Company Risk – Investments in smaller companies may involve additional risks because of limited product lines, limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling the investments.

Structured Products Risk – An account’s investments in structured finance arrangements, including CMOs, CDOs, CBOs and CLOs, involve the risks associated with the underlying pool of securities or other assets, and also may involve risks different or greater than the risks affecting the underlying assets. In particular, these investments may be less liquid than other debt obligations, making it difficult for an account to value its investment or sell the investment in a timely manner or at an acceptable price.

Item 9 – Disciplinary Information

Neither Thornburg, nor any of its management persons, has been the subject of any material legal or disciplinary action.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer

Thornburg is affiliated (under common control and ownership) with Thornburg Securities Corporation (“TSC”) a securities broker-dealer registered with the Financial Industry Regulatory Authority and the Securities and Exchange Commission. TSC is the principal underwriter and distributor of the Thornburg Mutual Funds.

Thornburg Mutual Funds

Thornburg is the investment adviser to Thornburg Investment Trust, a diversified, open-end management investment company registered under the Investment Company Act of 1940, and the 16 separate Funds of the Trust.

Thornburg Private Funds

Thornburg is the managing member of Thornburg International Equity Fund (Q.P.) LLC, a private fund organized as a limited liability company that primarily invests in international equity. Thornburg is also the

general partner of Thornburg Growth Partners, L.P., a private fund organized as a partnership that invests primarily in equity and derivative securities.

Potential Conflicts of Interest

Thornburg's services for the Thornburg Mutual Funds or for the Private Funds may be perceived to create potential conflicts of interest. These potential conflicts are identified in Item 5, *Fees and Compensation* under "Fees for Private Investment Funds," Item 6, *Performance-Based Fees and Side-By-Side Management*, Item 11, *Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*, and Item 12, *Brokerage Practices*.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Thornburg has established policies and procedures to address any potential conflicts of interest which could arise from effecting purchases or sales of securities with or between client accounts, or which could arise from the personal investment activities of Thornburg or its employees, officers or members of its board of directors. Conflicts may arise when an investment adviser effects trades with or between client accounts because an adviser could profit from the difference between the price it paid for an investment and the price it obtains upon the sale of that investment to a client account. Similarly, an adviser could favor one client account by causing it to purchase an investment at a favorable price from another client account. Conflicts also may arise when a person associated with an adviser purchases a security ahead of large purchases of the same security made by client accounts which cause the market value of the security to increase, permitting the associated person to profit from the value increase in the security.

Cross-Trading Policy

Thornburg has adopted a Cross-Trading Policy to address any potential conflicts which might arise from effecting trades between client accounts. This policy prohibits Thornburg from purchasing or selling investments from or to clients for its own account, and prohibits Thornburg from effecting a trade between clients if one of the clients is an ERISA client. The policy permits Thornburg to effect trades between client accounts which are not mutual funds subject to certain restrictions, including the requirements that:

- each trade is effected at the independently determined current market price of the investment;
- Thornburg receives no compensation for effecting the trade; and
- the trade is disclosed to the clients.

The policy similarly permits Thornburg to effect trades between its mutual fund clients subject to restrictions, including the requirements that the trade is effected at the "current market price" determined in accordance with rules issued by the Securities and Exchange Commission, and no brokerage commission is charged on the trade.

Personal Trading

Thornburg has also adopted a Personal Securities Transactions Policy to address any potential conflicts which may arise from the personal investment activities of its employees, officers and member of its board of directors. This Policy has various features, including requirements that certain “access persons” (*i.e.*, persons who may have access to client investment information):

- initially (upon hire) and annually thereafter disclose / report:
 - All brokerage accounts that are beneficially held
 - All securities that are beneficially held
- quarterly disclose / report all transactions in “reportable securities,” as defined in the Policy;
- pre-clear any personal transaction in a “reportable Security,” as defined in the Policy, including any purchase or sale of a Thornburg Mutual Fund, a “private placement” or an “initial public offering”;
- refrain from purchasing or selling securities on Thornburg’s “prohibited list” (securities that we restrict due to a determination by Thornburg that an employee may possess potentially material, non-public information).

Code of Ethics

In addition to the specific policies described above, Thornburg also has adopted a Code of Business Conduct and Ethics (the “Code of Ethics”) in accordance with rules issued by the Securities and Exchange Commission under the Investment Advisers Act of 1940. The Code of Ethics was adopted with the objectives of deterring wrongdoing, and promoting honest and ethical conduct, and compliance with applicable laws and regulations. The Code of Ethics prohibits:

- defined conflicts of ethics;
- trading on the basis of material nonpublic information;
- certain political contributions;
- the use of non-public, material information respecting an issuer of securities;
- other activities which are viewed by Thornburg as inconsistent with its obligations to its clients.

Thornburg will provide a copy of the Code of Ethics to its clients and prospective clients upon request by calling our Chief Compliance Officer, at 1-800-533-9337 or by sending a written request to Thornburg Investment Management, Attn: Chief Compliance Officer, 2300 N. Ridgetop Road, Santa Fe, NM 87506.

Item 12 – Brokerage Practices

Selection of Broker-Dealers to Execute Transactions in Client Accounts

Thornburg generally has the discretionary authority to select broker-dealers to execute investment purchase and sale transactions for client accounts. Clients may seek to limit Thornburg’s authority to select broker-dealers, or to direct Thornburg to place transactions through a particular broker-dealer, but in any such

instance Thornburg may determine not to accept a client's engagement or to terminate an existing advisory agreement. See "Directed Brokerage in Wrap Program Accounts"; "Other Client Directed Brokerage"; and "Additional Aspects of Directed Brokerage—Clients Subject to ERISA," below.

Thornburg maintains a list of approved broker-dealers with which it places client trades for execution based upon its investment decisions. Thornburg reevaluates broker-dealers on the list to confirm its perception that the approved broker-dealers continue to provide trade execution services which Thornburg views as satisfactory, and Thornburg may add or remove broker-dealers to or from its list.

Thornburg seeks to obtain the best available price and most favorable execution in placing orders for the execution of transactions for client accounts over which Thornburg has discretionary investment authority. "Best available price and most favorable execution" means, for this purpose, "best execution," or the execution of a particular transaction at the price and commission which provides the most favorable total cost or proceeds reasonably obtainable under the circumstances. Thornburg pursues this objective by placing orders for the execution of transactions for client accounts in accordance with its best execution policies, except as otherwise directed by clients. Selection of a broker-dealer by Thornburg in any instance is consequently based upon a variety of factors, which may include in the specific instance:

- commission rates;
- execution capability;
- responsiveness;
- the broker-dealer's willingness to commit capital;
- creditworthiness and financial stability;
- clearance and settlement capability; and
- the broker-dealer's provision of research and other brokerage services to Thornburg.

Transactions may not always be executed at the lowest available price or commission, no assurance can be given that best execution will be achieved for each client transaction, and perceptions of what constitutes best execution in any given instance may vary.

Directed Brokerage in Wrap Programs

Client accounts managed by Thornburg which originate through a Wrap Program ordinarily are directed brokerage accounts. Sponsors of these programs typically charge the program participants a fee which includes the execution of transactions for the participants' accounts, and most transactions are expected to be placed by the sponsor of the Wrap Program. Therefore, Wrap Program clients may not receive the same quality of trade execution which might be available in instances when Thornburg executes transactions, because of various factors. A Wrap Program client should confer with the program's sponsor and determine that the direction of brokerage provided for under the program is reasonable in view of the benefits received, and that the trade execution provided by the program's sponsor is in the client's best interest.

Thornburg may not use the Wrap Program sponsor for trade execution in instances when Thornburg is able to determine that another broker-dealer will provide more favorable execution for the client's account taking into consideration the price and other relevant matters, the potential additional cost to the client from placing

transactions outside of the program, and when Thornburg is otherwise able to do. In those instances, the Wrap Program client may pay additional commissions, fees, mark-ups or downs on security transactions placed away from the program sponsor.

For clients invested in the International ADR and International Growth ADR Strategies under a Wrap Program: As disclosed under Item 5, above, clients invested in these strategies will be exposed to additional trading costs, in addition to the wrap fee, because Thornburg will place most, if not all, transactions under these strategies away from the program sponsor. To gain access to these markets, issuers and liquidity, Thornburg generally cannot implement the International ADR Strategy or the International Growth ADR Strategy by placing transactions through program sponsors. As a result, Thornburg may directly place these trades on foreign exchanges and convert the shares to American Depositary Receipts (ADRs), and may settle the transactions using “step-out” trades. The additional costs that are charged to the client include the purchase or sale of foreign currency to settle transactions, and ADR conversion fee and related costs, which are then reflected in the “net price” a client pays for or receives from the transaction.

A “step-out” trade occurs when Thornburg executes a trade with a broker-dealer and then has the broker-dealer “step-out” the portion allocated to a client account to a broker-dealer identified by the client’s program sponsor. Wrap Program sponsors may charge a per “step-out” transaction fee to client accounts. Thornburg believes that trading directly with foreign exchanges is more likely to provide Wrap Program clients with best price and execution and is more likely to provide a higher degree of liquidity.

Other Client Directed Brokerage

Thornburg may accept client direction to use a particular broker-dealer, and requests that the direction be in writing as part of the advisory agreement between the client and Thornburg. A client may direct Thornburg to use a particular broker-dealer for a variety of reasons, including:

- the client’s relationship with the broker-dealer;
- the client’s own evaluation of the broker-dealer and the quality of its trade execution;
- discounts or other benefits the client receives from the broker-dealer;
- the existence of a commission recapture program under which the client receives the benefit of rebates or other benefits separately negotiated between the client and the broker-dealer.

Thornburg cannot and does not attempt to evaluate the client’s determination to direct the use of a particular broker-dealer.

When Thornburg is directed to use a particular broker-dealer, it is not able to negotiate commission levels or obtain discounts which otherwise may be available to Thornburg, and the client may not receive the same quality of execution that Thornburg may otherwise be able to obtain. Moreover, when a client directs Thornburg to use a particular broker-dealer, Thornburg may not be able to aggregate the client’s securities transactions with those of other clients, and therefore may not be able to obtain the potential efficiencies available from trade aggregation, unless the directed broker-dealer accepts “step-out” transactions (See discussion of “step-out” transactions in “Directed Brokerage in Wrap Programs,” above). When Thornburg is

able to use “step-outs” the client receives the potential benefit of the price obtained by Thornburg on the transaction, but the client also may pay an additional fee or commission to the client’s own broker-dealer.

Additional Aspects of Directed Brokerage – Clients Subject to ERISA

If a client account is subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) and the client directs Thornburg to place all transactions for the client’s account with a particular broker-dealer, the following apply:

- the client retains and accepts sole responsibility for the determination of whether the directed brokerage arrangement is reasonable in relation to the benefits received by the plan;
- the client acknowledges and represents to Thornburg that the directed brokerage arrangement is used solely and exclusively for the benefit of the plan and its participants; and
- the client acknowledges and represents to Thornburg that the directed brokerage arrangement is permissible under the plan’s governing documents.

Trade Rotation

Buys: All non-platform accounts (*i.e.*, Institutional Separate Accounts (including unaffiliated registered investment companies), Thornburg Mutual Funds, Private Investment Funds, and other accounts that are deemed to be managed similar to such accounts) are ordinarily aggregated and executed simultaneously on a best execution basis. After the non-platform accounts have reached half of the position, the Thornburg trading desk will execute (or inform sponsors who are responsible to execute) purchases for platform accounts (*i.e.*, UMA Programs, Wrap Programs, Private Client Separate Accounts, other accounts deemed to be managed similar to such accounts, or certain platform accounts that are smaller in size or that have certain restrictions in which Thornburg deems would be better traded with the platform accounts) on a random rotation basis to the fully desired position, then the non-platform accounts will execute the second half of the position. Platform accounts may aggregate and execute simultaneously through use of “step-outs.”

Sells: All non-platform accounts are aggregated and executed simultaneously on a best execution basis. After the non-platform accounts have reached half of the position, the trading desk will execute (or inform sponsors who are responsible to execute) sales for platform accounts on a random rotation basis to the fully desired position, then the non-platform accounts will execute the second half of the position. If trading volume in a security permits, platform accounts and non-platform accounts may execute simultaneously. Platform accounts may be aggregated and executed simultaneously through use of “step outs.”

Exceptions: On occasion, cash availabilities or needs, or other practical considerations may cause variances in the above “buy” and “sell” procedures. See “Equity Allocation,” below. Also, in cases where the UMA Program sponsor is not available to receive information at the time of the UMA Program’s position in the rotation, the UMA Program sponsor will be provided model portfolio information at the next available time.

Equity Allocation

Thornburg seeks to allocate transactions fairly and equitably among clients. Because it is not possible in all instances to execute a purchase or sale in one transaction, necessitating the execution of a series of purchases

or sales over a period of time, a series of transactions may be executed at different prices over the required period of time. In some instances, the availability of a given security may be limited because it is the subject of an initial public offering or for other reasons.

In circumstances where an allocation of equity securities is believed by Thornburg to be necessary, the allocation is performed using a pro-rata allocation method. In situations where a new transaction order is placed with Thornburg's trade desk while there is already a working order for the same security, the working order will be closed and a new transaction will be opened to include the new order in the allocation. There are various exceptions to this practice, including the situation where the new order is not material to the allocation for the existing order, the new order may be executed as part of the existing order or on its own, without closing the existing transaction order and reallocating. If completed trades for the day for a particular security are not material, trades may be allocated at the discretion of the portfolio manager or trader as practical. In unusual or unforeseen circumstances (*e.g.*, account cash requirements), allocations may be different than the procedures outlined above.

IPO Allocations

Allocations of initial public offerings ("IPOs") are made to client accounts in accordance with what Thornburg views as appropriate for the respective client accounts. Thornburg determines when a model strategy is appropriate for participation in an IPO, and IPO shares indicated for a given model strategy are allocated on a pro-rata basis to participating client accounts within the strategy. Participation in IPOs is generally limited to:

- non-platform accounts;
- clients whose investment guidelines do not restrict investment in IPOs; and
- "qualified institutional buyers" if the IPO is on a foreign exchange.

Platform accounts will not participate in IPOs. Any allocation of an IPO to a Private Investment Fund account for which Thornburg receives a performance fee must receive the prior written approval of the Chief Compliance Officer or their designee.

If the IPO shares actually available to Thornburg's clients are less than the number Thornburg anticipated would be available, then the actual shares available are allocated among the participating accounts pro-rata in accordance with Thornburg's original allocation. In that instance, a Portfolio Manager may decline the allocation to a model strategy if the Portfolio Manager determines that the allocation of the IPO shares is too small to warrant a position in the model strategy and the shares will be allocated to accounts in the other model strategies on a pro-rata basis in accordance with the original allocation.

Trade Aggregation

Multiple contemporaneous client orders may be aggregated in order to obtain more favorable pricing and execution. In the event any such aggregated order is effected in more than a single transaction and at other than a single price, the average weighted price of all such transactions shall be deemed to be the price at which the security was purchased or sold for all such clients.

Research and Other Benefits Paid For Using Client Commissions (“Soft Dollars”)

Thornburg may execute trades for client accounts with broker-dealers who provide research and brokerage services to Thornburg at no direct, out of pocket cost to Thornburg, and the receipt of research or brokerage services may be a factor in Thornburg’s selection of a broker-dealer to execute client transactions. Types of research and brokerage services received by Thornburg in the previous calendar year included, but were not limited to:

- information and analyses relative to the economy, industries or specific companies;
- technical and quantitative information about the markets;
- research reports on companies, industries, and securities;
- access to securities and industry analysts and corporate executives;
- financial publications; proxy analysis; trade industry seminars;
- access to computer databases;
- order routing and quotation services; and
- other brokerage and research services.

The provision of research or brokerage services to Thornburg by broker-dealers may present the potential for a conflict of interest, because Thornburg might be viewed as allocating trade execution to a broker-dealer with the primary purpose of obtaining the research or brokerage instead of obtaining best execution for its client. A conflict of interest also might arise because research or brokerage services obtained because of the execution of transactions for one client account may benefit a different account.

Thornburg seeks to address any potential conflict of interest by adopting policies and procedures for best execution and the use of client commissions to obtain research and brokerage services. When selecting broker-dealers which provide research or brokerage services to Thornburg, it is Thornburg’s policy to determine, among other matters, that:

- the research or brokerage service is an eligible service defined in Section 28(e) of the Securities Exchange Act of 1934;
- the service provides lawful and appropriate assistance to Thornburg in the performance of its investment management decisions; and
- the commissions paid (as broadly defined by the SEC to include a markup, markdown, commission equivalent or other fee in certain circumstances) for client transactions are reasonable in relation to the value of the research or brokerage provided.

In making these determinations, Thornburg does not attempt to assign a specific dollar value to the research or brokerage services provided, and may evaluate the reasonableness of commissions in terms of the particular transaction or in view of Thornburg’s overall service to clients. In circumstances where Thornburg determines that it has received research or brokerage services that fulfill these requirements, but which are combined with other products or services that do not fulfill the requirements, Thornburg determines the

portion it believes represents non-qualifying products or services and pays for those products or services from its own resources.

Thornburg may pay, or be deemed to pay, commission rates higher than it might otherwise pay in order to receive research or brokerage services which Thornburg views as beneficial to client accounts. Research or brokerage services received by Thornburg for conducting transactions in a client account may benefit other accounts, and a particular account may not benefit from services obtained because of transactions conducted through that account. Thornburg does not attempt to track or allocate the benefits of research or brokerage services it receives to the commissions associated with a particular account or group of accounts.

Thornburg may also participate in so-called “commission sharing arrangements” under which Thornburg receives credits from a broker-dealer through which it executes transactions for client accounts. Thornburg may use these credits to purchase research services from the broker-dealer, other broker-dealers or financial services firms which provide research. Thornburg does not use these credits to purchase services that are not in its view fully eligible under applicable regulatory interpretations. Thornburg believes these arrangements facilitate best execution of client transactions, and are useful in its investment decision-making process by improving access to a wider variety of research resources.

Evaluation of Thornburg’s use of client commissions to purchase research and brokerage services is conducted by Thornburg’s Best Execution Committee.

Trade Errors

On occasion, a trading error may occur in a client account that results in a loss or a profit to the client.

- If Thornburg caused the error and the error resulted in a loss to the client’s account, Thornburg contacts the client and corrects the error to place the client in the same position as if the error had not occurred.
- If Thornburg caused the error and the error resulted in a profit to the client account, Thornburg contacts the client, and with the client’s consent the profit is retained by the client. If the client does not consent to the trade error profit, the profit will be removed from the client’s account and a corrected trade, as of the original date, is placed in the account.
- If the error is not caused by Thornburg, the party that caused the error is responsible to correct the results of the error.
- If Thornburg shares responsibility for an error with another party, Thornburg pays the portion of any loss associated with its error.

Thornburg maintains records of all errors it identifies, including the original trade ticket, trade date, error correction date, error correction transactions, identification of who caused the error and the results of the error and any correction.

Item 13 – Review of Accounts

Reviews

Members of the Compliance Department or Institutional Group, or members of the Portfolio Management team, conduct reviews of each account no less often than monthly for adherence to investment strategy and to confirm that account performance is consistent with any model portfolio or client guidelines. Reviews are also conducted no less often than quarterly on an indirect basis by the monitoring of each strategy model. Reviewers may include the Chief Compliance Officer, Compliance Associates, the Director of Institutional Group (or designee), Portfolio Managers, Associate Portfolio Managers and Traders. The frequency, interval and scope of these reviews for each account are dependent upon a number of factors, including but not limited to:

- contributions or withdrawals of cash from an account;
- change in the investment restrictions, investment objectives or, for institutional accounts, the investment policy;
- client requests such as tax-loss harvesting;
- questions regarding performance or structure; and
- requirements that could be imposed by court order or by regulator (SEC, Department of Labor, etc.).

The Compliance Department also uses an automated order management system to perform a review each business night of client accounts to ensure portfolio level compliance (industry/sectors weights, adherence to investment guidelines, etc.). In addition, the Portfolio Managers and research analysts at Thornburg continually monitor markets, world and economic events, and securities held in accounts managed by Thornburg. This function provides each client account or portfolio with an indirect and continual portfolio review.

Clients should contact Thornburg if any changes occur in their particular financial situations which may affect the portfolio management services Thornburg provides.

Regular Reports

Institutional Separate Accounts: Thornburg provides each account with a quarterly portfolio report. The details may include:

- cash balances;
- type, name and amount of each security;
- portfolio weighting of each security;
- account performance (based upon Thornburg's independent valuations – separate from the client's custodian);
- current market value of the portfolio; and
- transactions during the report period.

These materials are provided in addition to the confirmations of transactions and custodial reports the client has agreed to receive directly from the custodian the client has selected.

Wrap Program and Private Client Separate Accounts: Thornburg generally does not provide reports to Wrap Program or Private Client Separate Account clients. Participants in a Wrap Program should expect reports it has agreed to receive from the sponsor in the program the client has selected. Private Client Separate Account clients should expect to receive reports from their financial intermediary.

Thornburg Mutual Funds: Reports are provided to the Trustees of the Funds at least four times in each calendar year. Reports to shareholders are issued in accordance with each Fund's prospectuses.

Private Investment Funds: The custodian or fund administrator delivers to each investor a monthly report.

Item 14 – Client Referrals and Other Compensation

Thornburg may pay fees to financial intermediaries, advisers, planners and individuals who refer clients to Thornburg, in accordance with applicable law.

Distribution of Thornburg Mutual Funds: Thornburg pays compensation to broker-dealers and other persons participating in the distribution of shares of the Thornburg Mutual Funds, as described in the publicly available prospectuses and statements of additional information for the Funds. Thornburg may be reimbursed by Thornburg Securities Corporation, the Funds' underwriter, for portions of this compensation, and also may be reimbursed by the Funds for amounts it pays pursuant to plans and agreements adopted by the Funds pursuant to Rule 12b-1 under the Investment Company Act of 1940.

Client Referrals: Thornburg is a party to written solicitation agreements with third party solicitors under which these solicitors may introduce prospective clients to Thornburg. Under each of these agreements, Thornburg agrees to pay the solicitor a portion of the investment management fee Thornburg receives from certain investment management clients who engage Thornburg during the term of the agreement. These percentage fees range from 5% to 30%. A solicitor may be subject to conflicts of interest arising from these arrangements, because the solicitor might be induced by the payments to recommend an investment manager to a client which the solicitor might not otherwise recommend in the absence of the payment. Thornburg enters into solicitation agreements, and pays fees under these agreements, in accordance with Rules 206(4)-3 and 206(4)-5 under the Advisers Act. Thornburg and the solicitors are not affiliated persons of each other as defined in the Advisers Act.

Education and Marketing Support: Thornburg actively seeks to educate consultants, broker-dealers, and other financial intermediaries (collectively, "Consultants") about its advisory services. Thornburg sponsors educational events where its representatives meet with Consultants and in some instances their clients. Thornburg may pay some of the costs associated with educational events, which provide Thornburg representatives with an opportunity to meet with Consultants and clients. These costs are paid by Thornburg from its own resources. Clients should confer with their Consultant regarding the details of the cost payments they may receive from Thornburg.

Item 15 – Custody

Under SEC Rule 206(4)-2, Thornburg may be viewed for regulatory purposes as having custody of certain client assets due to (i) Thornburg's ability to deduct fees directly from certain client accounts, and/or (ii) Thornburg's role as the managing member and general partner of the Thornburg International Equity Fund (Q.P.) LLC and Thornburg Growth Partners, L.P., respectively.

Thornburg encourages each client to review the custodial reports the client receives directly from the client's broker-dealer, bank or other custodian, and to compare the reports, if any, received from Thornburg. If you have any questions on the information provided by the custodian or Thornburg, please contact your Thornburg relationship manager.

Item 16 – Investment Discretion

Thornburg provides discretionary investment portfolio management services to its clients. This means that Thornburg has the authority to purchase or sell securities for a client's account, and determine the amount of the securities to purchase or sell, without obtaining the client's consent to the transactions. Thornburg may purchase or sell investments in a client's account whenever Thornburg believes it is prudent to do so. Thornburg consequently may purchase or sell investments without regard for the length of time the investments have been held. Transactions may result in taxable gains or losses in a client's account, and also may result in the payment of commissions and other transaction costs. In particular, in Wrap Programs and certain other accounts where a sponsor imposes fixed or minimum transaction fees, a larger number of transactions may result in higher costs to a client.

Clients may impose certain limitations or restrictions on Thornburg's exercise of its discretionary authority. However, Thornburg reserves the right not enter into a contract with a prospective client, or to terminate an agreement with an existing client, if the proposed limitation or restriction is likely in Thornburg's opinion to impair its ability to provide services to a client or is otherwise believed by Thornburg to be administratively or practically not feasible. Examples of limitations and restrictions which Thornburg has accepted in the past (but may elect not to accept in the future) include directions not to invest in a certain type of company or industry. All such requests for limitations or restrictions must be delivered by the client to Thornburg, in writing, and will not be effective or implemented until accepted by Thornburg.

Item 17 – Voting Client Securities

Thornburg accepts authority to vote proxies on behalf of its clients in most, but not all client accounts. When Thornburg has the authority (which will be set forth in the client's agreement with Thornburg), Thornburg will apply its written proxy voting policies and procedures ("Proxy Policy"). The Proxy Policy indicates that proxies are an asset of the account and are to be voted to enhance the value of the security or to reduce the potential for a decline in the value of a security. The Proxy Policy authorizes Thornburg to delegate certain

functions to service providers and Thornburg currently has a contract with Institutional Shareholder Services Inc. (“ISS”) that delegates certain proxy functions. These delegated functions include providing guidance on specific votes, recommending votes, and voting proxies on behalf of Thornburg.

Thornburg will not be able to vote proxies in cases where the proxy materials are delivered late to Thornburg or without enough advance notice for Thornburg to evaluate the issues and cast the votes. Thornburg does not control the setting of record dates, shareholder meeting dates, or the timing or manner of distribution of proxy materials and ballots relating to shareholder votes. In addition, administrative matters beyond Thornburg’s control may at times prevent Thornburg from voting proxies in certain non-US markets.

Conflicts may potentially arise between Thornburg’s interest and the interest of clients. For example, Thornburg may have an investment management agreement with a company whose shares are held by client accounts, and a conflict may arise if Thornburg is to vote proxies on those shares for a proposal by the management of the company, such as the election of directors. In any instance when Thornburg believes that a proxy vote involves an actual conflict of interest, and the vote relates to the election of a director in an uncontested election or ratification of selection of independent accountants, Thornburg votes in accordance with the recommendation of any proxy voting service engaged by Thornburg. If no recommendation is available, or if the proxy vote involves other matters, the Portfolio Manager informs the client of the conflict and refers the matter to the client for a decision.

Thornburg may decline to vote in a number of situations, including cases where an issue is not relevant to the Policy’s voting objective or where Thornburg believes it is not possible to ascertain what effect a vote may have on the value of an investment (*e.g.*, social issues) or where costs are prohibitive (*e.g.*, foreign issuers). For example, proxy voting in certain countries requires “share blocking.” During the share blocking period, shares that will be voted at a meeting may not be sold until the meeting has taken place and the shares are returned to the client’s custodian bank. Thornburg may choose not to vote a client’s shares in a share blocking market if Thornburg believes that the benefit of being able to sell the shares during the blocking period outweighs the benefit of voting. In addition, certain non-US markets require that Thornburg deliver a power of attorney authorizing a local agent to carry out Thornburg’s voting instructions or comply with other administrative requirements. While Thornburg may seek to provide the required power of attorney and otherwise comply with imposed requirements, Thornburg may at times be unable to do so in a timely manner, which may prevent it from voting client shares.

You may request a complete copy of Thornburg’s Proxy Voting Policies and Procedures by calling our Chief Compliance Officer, at 1-800-533-9337 or by sending a written request to Thornburg Investment Management, Attn: Chief Compliance Officer, 2300 N. Ridgetop Road, Santa Fe, NM 87506.

Item 18 – Financial Information
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Thornburg has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.