



November 4, 2015

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

This brochure was updated on November 4, 2015, providing information that is different from or supplemental to information Thornburg provided to clients and potential clients in our previous annual brochure dated March 31, 2015. The following is a summary of the more significant updates that were made in the brochure:

- In Item 4, clarifications were made to language regarding Thornburg's existing practices for ERISA clients.
- In Items 5, 7 and 8 the Socially Screened International Equity Strategy was removed and the International Equity ESG Strategy and the Thornburg Better World International Fund were added.
- In Item 12, information was added related to Thornburg's fixed income allocation procedures and clarifications were made to language regarding Thornburg's existing practices for Trade Errors.

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Item 4 – Advisory Business

Thornburg Investment Management, Inc. (“Thornburg”) is a privately held 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. Garrett Thornburg founded Thornburg in 1982 and currently owns 100% of Thornburg’s voting shares. As of December 31, 2014, client assets under management totaled approximately \$64,455,000,000, all of which is managed on a discretionary basis,

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 18 separate investment portfolios represented by separate series of shares (each, a “Fund,” and together, the “Thornburg Mutual Funds”);
- registered investment companies as to which Thornburg is a subadviser;
- 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 and other non-SEC registered investment vehicles (“Other Pooled Investment Vehicles”).

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

Except for certain relationships, including 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 sub-advisory 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.

Clients Subject to ERISA. To the extent a client account is subject to ERISA, the client must inform us of any employer securities the client is not permitted to own under ERISA. In addition, in order to rely on the class exemption for qualified professional asset managers, the client must provide us with a list of any "party in interest" as defined in Section 3(14) of ERISA and every party with the authority to appoint or terminate Thornburg as investment adviser or to negotiate the terms of an investment management agreement with Thornburg with respect to the account.

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 increases 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 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 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 Low Duration Income Fund and Thornburg Low Duration Municipal Fund

<u>Net Assets</u>	<u>Annual Fee</u>
0 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 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 and Thornburg Better World International 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, and fees charged by a custodian in certain private client separate accounts for trades executed by Thornburg away from the custodian. 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 Equity ESG Strategy, International Growth Strategy, International Growth ADR 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	0.850%

US Equity Strategy and Ultra Focused Equity Strategy

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

Global Equity Income Strategy, Global Opportunities Strategy and Investment Income Builder Strategy

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

Limited Term Income Strategy and Limited Term US Government Strategy

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$50 million	0.40%
Over \$50 million	0.35%

Multisector Opportunistic Strategy, Strategic Municipal Income Strategy and International Income Strategy (fixed income)

<u>Net Assets</u>	<u>Annual Fee</u>
Up to \$50 million	0.55%
Over \$50 million	0.50%

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, US 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 (fixed income)

<u>Net Assets</u>	<u>Annual Fee</u>
Up 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 Separate Account client. The applicability of a “most favored nation” clause may depend on the degree of similarity between institutional clients, including reporting requirements, investment restrictions, 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 Registered Investment Companies

Thornburg provides sub-advisory services to a number of 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 typically 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 sub-advisory services to clients of the program, Thornburg’s sub-

advisory agreement with the sponsor will specify the amount of Thornburg's sub-advisory 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.

Wrap Program fees collected by a sponsor typically cover all brokerage commissions on trades that are executed with the sponsor. A Wrap Program client will pay fees in addition to the Wrap Program fees when trades are "stepped-out" to broker-dealers other than the sponsor. Thornburg "steps-out" most, if not all trades, since it believes that "step-out" trades are more likely to provide Wrap Program clients with best price

and execution and offer a higher degree of liquidity. The additional fees that are charged to the client are reflected in the "net price" a client pays for or receives from the transaction.

For more information about the types of brokerage commissions that may be separately charged to Wrap Program clients, see Item 12, below.

Fees for Unified Managed Account Programs

Thornburg charges a fee to each sponsor of a UMA Program that enters into a contract to use a Thornburg model portfolio 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 for the sponsor.

Fees for Other Pooled Investment Vehicles

The fees that Thornburg charges for the portfolio management services to the Other Pooled Investment Vehicles are described and disclosed in their respective offering documents.

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

- *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 valuations within Wrap Programs are typically determined by the program's sponsor or the sponsor's agents or affiliates.
- *Other Pooled Investment Vehicles:* Asset valuations are generally determined by the entity's custodian or trustee. Thornburg may, from time to time, generally in instances of difficult to value securities, make valuation recommendations to the entity responsible for valuation.

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 would also be subject to the other expenses described in the Funds' prospectuses, including any applicable distribution fees, administrative expenses, and other Fund operating expenses.

In addition, if Thornburg invests the assets of a separate account or Wrap Program account in mutual funds or exchange-traded funds other than the Thornburg Mutual Funds, the client would 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 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 Employees, Family and Friends of Thornburg. Thornburg may provide portfolio management services to certain Thornburg principals, employees, and their family members and friends 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 certain other pooled investment vehicles advised by Thornburg, despite the fact that Thornburg's employees may not otherwise satisfy the eligibility requirements for investment in these pooled vehicles. Furthermore, Thornburg may choose to waive applicable performance-based fees with respect to assets invested by Thornburg's principals, employees, and their family members and friends.

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 perceived by Thornburg to be suitable or consistent with the selected Thornburg investment strategy. Thornburg will then re-allocate the cash resulting from the liquidations according to the selected Thornburg investment strategy. Thornburg does not consider tax consequences to a client when liquidating securities deposited into an account that Thornburg will manage.

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

Thornburg typically does not charge a performance fee to clients but Institutional Separate Account clients, upon request, may negotiate a performance fee with Thornburg. Certain private investment funds managed by Thornburg may also charge performance fees. 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 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 allocations.

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 eighteen 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
Thornburg Better World International 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 Low Duration Municipal Fund
Thornburg Low Duration 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 investment strategies which Thornburg may make available to Institutional Separate Account clients are 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 or www.thornburg.com.

Equity Strategies (minimum account size)

All Cap Growth (\$10 million)
Developing World (\$25 million)
Global Equity Income (\$25 million)
Global Opportunities (\$25 million)
International Equity ADR (\$10 million)
International Equity (\$25 million)
International Equity ESG (\$25 million)
International Growth (\$10 million)
International Growth ADR (\$10 million)
Investment Income Builder (\$100 million)
Ultra Focused International Equity (\$10 million)
Ultra Focused Equity (\$10 million)
US Equity (\$10 million)

Fixed Income Strategies (minimum account size)

Intermediate Term Muni (\$10 million)
Limited Term Municipal (\$10 million)
Low Duration Municipal (\$10 million)
Strategic Municipal Income (\$50 million)
International Income (\$10 million)
Limited Term Income (\$10 million)
Limited Term U.S. Government (\$10 million)
Low Duration Income (\$10 million)
Multisector Opportunistic (\$50 million)

Thornburg reserves the right in its sole discretion to create customized strategies for clients as mutually agreed and 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 investment strategies which Thornburg may make available to Private Client Separate Account clients are 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 www.thornburg.com.

Equity Strategies

All Cap Growth
International ADR
International Growth ADR
US Equity

Fixed Income Strategies

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

The minimum account size for a Private Client Separate Account in an equity strategy ranges from \$100,000 to \$500,000. The minimum account size for a Private Client Separate Account 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.

Thornburg reserves the right in its sole discretion to create customized strategies for clients as mutually agreed and to waive account minimums in certain circumstances.

Sub-Adviser to Investment Companies

Thornburg provides portfolio management services on a sub-advisory basis to a number of 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 investment strategies to sub-advised mutual funds as is available for Institutional Separate Account clients.

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 sub-advisory 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 sub-advisory 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 a model portfolio that seeks to resemble the Thornburg investment strategy selected by the sponsor. Thornburg's recommendations to UMA Programs may differ from recommendations made to Platform and Non-Platform Accounts. Thornburg provides the UMA Program sponsor with 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 in accordance with procedures described in “Trade Rotation” under Item 12, below.

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.

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

- Merrill Lynch, Pierce, Fenner & Smith, Inc.
- Placemark Investment, Inc.

Other Pooled Investment Vehicles

Thornburg is the investment adviser to several pooled investment vehicles with shares or units of participation that are not registered with the Securities and Exchange Commission. These pooled investment vehicles are limited to certain eligible participants, which depending on the vehicle may include: “accredited investors,” within the meaning under Regulation D of the Securities Act of 1933; “qualified purchasers,” within the meaning of Section 2(a)(51) of the Investment Company Act of 1940; pension, profit-sharing and governmental plans; and certain non-US participants.

The minimum amounts to open and maintain an account in the above referenced accounts are disclosed in their respective offering documents.

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 or www.thornburg.com.

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 www.thornburg.com, or on the EDGAR Database on the SEC's website at www.sec.gov.

Thornburg also provides investment advisory services to the Other Pooled Investment Vehicles. 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.

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.

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; High Yield 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 (primarily equity securities) 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 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 believed to be 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 invests in ADRs or dollar-denominated securities that are economically tied to international markets and 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 believed to be 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 Equity ESG Strategy

Investment Objective(s): The strategy seeks long-term capital appreciation. The strategy normally invests at least 80% of assets outside the United States.

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 invest in securities issued by companies that demonstrate one or more positive environmental, social and governance (“ESG”) characteristics identified as significant by Thornburg. 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 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 or dollar-denominated securities that are economically tied to international markets. The strategy typically invests in a selection of growth stocks that management believes will have growing revenues and earnings. 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, from large well established firms to small, emerging growth franchises.

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

Investment Income Builder Strategy

Investment Objective(s): The strategy seeks to provide a level of current income which exceeds the average yield on U.S. stocks generally, and which will generally grow, subject to periodic fluctuations, over the years on a per share basis. The secondary objective of the strategy is long-term capital appreciation.

Principal Investment Strategies: The strategy typically invests in a broad range of income producing securities, primarily including stocks and bonds. The strategy will under normal conditions invest at least 80% of its assets in income producing securities, and at least 50% of its assets in common stocks. The strategy expects that equity investments in the strategy's portfolio normally will be weighted in favor of companies which pay dividends or other current income. The strategy may invest in debt obligations of any kind, including corporate bonds and other obligations, mortgage- and other asset-backed securities and government obligations. The strategy may invest a significant portion of its assets in securities of issuers domiciled outside the United States, including developing countries.

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

Ultra Focused Equity Strategy

Investment Objective(s): The strategy seeks above-average absolute returns, on a risk adjusted basis over an entire market cycle.

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; Foreign Investment Risk; 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.

US Equity Strategy

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

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 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 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 Strategy

Investment Objective(s): The strategy seeks to provide the highest level of income as is 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.

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 strategy will place higher 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; Prepayment Risk.

Limited Term Income Strategy

Investment Objective(s): The strategy seeks to provide the highest level of income 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 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 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 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.

Low Duration Income Strategy

Investment Objective(s): The strategy seeks current income, consistent with preservation of capital.

Principal Investment Strategies: The strategy invests primarily in (i) obligations of the U.S. government, its agencies and instrumentalities, and (ii) debt obligations rated at the time of purchase in one of the four highest ratings of Standard & Poor's Corporation (AAA, AA, A, or BBB) or Moody's Investors Services, Inc. (Aaa, Aa, A, or Baa) or, if no credit rating is available, judged to be of comparable quality by Thornburg. The strategy may purchase debt obligations such as corporate debt, mortgage-backed securities, other asset-backed securities, municipal securities, and commercial paper and bankers' acceptances, including foreign securities of the same types. The strategy seeks to reduce changes in its

portfolio value compared to longer duration fixed income portfolios by maintaining a portfolio of investments with a dollar-weighted average duration of normally no more than three years.

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

Low Duration Municipal Strategy

Investment Objective(s): The strategy seeks current income exempt from federal income tax, consistent with preservation of capital.

Principal Investment Strategies: The strategy invests principally in a laddered maturity portfolio of municipal obligations issued by states and state agencies, local governments and their agencies and by certain United States territories and possessions. The strategy's portfolio is "laddered" by investing in obligations of different maturities so that some obligations mature during each of the coming years. The strategy seeks to reduce changes in its portfolio value compared to longer duration fixed income portfolios by maintaining a portfolio of investments with a dollar-weighted average duration of normally no more than three years.

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

Multisector Opportunistic Strategy

Investment Objective(s): The strategy seeks to generate total return through a combination of income and long-term capital appreciation.

Principal Investment Strategies: The strategy invests in a broad range of income producing assets from throughout the world. The strategy expects, under normal market conditions, to invest a majority of its assets in debt obligations of any kind, of any quality, and of any maturity, however the relative proportions of the strategy's investments can be expected to vary over time.

Material Risks: Management Risk; Interest Rate Risk; Prepayment Risk; Credit Risk; Market and Economic Risk; High Yield 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 strategy 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; High Yield 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 a 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.

High Yield Risk – Debt obligations that are rated below investment grade and unrated obligations of similar credit quality (commonly referred to as "junk" or "high yield" bonds) may have a substantial risk of loss. These obligations are generally considered to be speculative with respect to the issuer's ability to pay interest and principal when due. These obligations may be subject to greater price volatility than investment grade obligations, and their prices may decline significantly in periods of general economic difficulty or in response to adverse publicity, changes in investor perceptions or other factors. These obligations may also be subject to greater liquidity risk.

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. The market for lower-rated and unrated debt obligations (including particularly “junk” or “high yield” bonds) and debt obligations backed by so-called “subprime” mortgages may be less liquid than the market for other obligations, making it difficult for an account to value its investment in a lower-rated or unrated obligation or to sell the investment in a timely manner or at an acceptable price.

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, changes in Federal Reserve policy, and general market volatility.

Prepayment Risk – When market interest rates decline, certain debt obligations held by an account may be repaid more quickly than anticipated, requiring the account to reinvest the proceeds of those repayments in obligations which bear a lower interest rate. Conversely, when market interest rates increase, certain debt obligations held by an account may be repaid more slowly than anticipated, causing assets of the account to remain invested in relatively lower yielding obligations. These risks may be more pronounced for an account’s investments in mortgage-backed and asset-backed securities.

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. The sole function of TSC is to serve as distributor of the securities of the Thornburg Mutual Funds. TSC does not engage in the execution of securities transactions and is not engaged by Thornburg to execute securities transactions for the accounts of Thornburg’s clients.

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 18 separate Funds of the Trust.

Other Pooled Investment Vehicles

Thornburg is the managing member of three pooled investment vehicles that are organized as Delaware limited liability companies and exempt from the Investment Company Act of 1940 pursuant to Section 3(c)(7) of that Act. Thornburg is the general partner of a pooled investment vehicle that is organized as a Delaware limited partnership and exempt from the Investment Company Act of 1940 pursuant to Section 3(c)(1) of that Act. Thornburg is the investment adviser to two trusts, one for US pension clients that is exempt from the Investment Company Act of 1940 pursuant to Section 3(c)(11) of that Act and another for Canadian pension clients. Thornburg is also the investment adviser to an investment company authorized and regulated by the Central Bank of Ireland as a UCITS pursuant to the UCITS Regulations.

United Kingdom Affiliates

Thornburg also owns all of the ownership interests of Thornburg Investment Management Limited, a private limited company organized under the laws of England and Wales. The sole function of Thornburg Investment Management Limited is to serve as the general partner of Thornburg Global Advisers LLP, a limited liability partnership organized under the laws of England and Wales. Thornburg Global Advisers LLP was created to perform certain marketing, operations and distribution functions for Thornburg and the Thornburg advised Irish UCITS.

Potential Conflicts of Interest

Thornburg's services for the Thornburg Mutual Funds or for the Other Pooled Investment Vehicles may be perceived to create potential conflicts of interest. These potential conflicts are identified in Item 5, *Fees and Compensation* under "Fees for Other Pooled Investment Vehicles," 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 increase.

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 non-ERISA 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 members 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 “private placement” or an “initial public offering”;
- refrain from purchasing or selling securities on Thornburg’s “prohibited list” (securities that Thornburg restricts 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, promoting honest and ethical conduct, and compliance with applicable laws and regulations. The Code of Ethics prohibits:

- defined conflicts of interest;
- 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, Inc., 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 in securities investments 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 covers the costs of executing transactions for the participants' accounts when such transactions are placed by the program sponsor. Trades not placed by the program sponsor are referred to as "step-out" trades and will incur the client additional trading costs. 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.

Due to liquidity and execution considerations for trades placed by the program sponsor, and/or to gain access to non-US markets and issuers, Thornburg generally "steps-out" all trades on non-US exchanges and most trades on US exchanges. Thornburg will typically aggregate these trades across program sponsors and place a single trade or multiple trades directly with broker-dealers. Since Thornburg will trade away from the program sponsor for most or all trades, Wrap Program clients will incur additional trading costs that are in addition to the fee they pay to the program sponsor. The additional costs include the executing broker-dealer's trade commission and additionally, for "step-out" trades on non-US exchanges, clients will incur costs to buy or sell foreign currency to settle the transaction, and the American Depositary Receipts (ADR) conversion fee and other ADR related costs since local shares purchased on foreign exchanges will be converted to ADRs. These additional trading costs are reflected in the "net price" clients pay for or receive from the transaction.

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 for non-platform and platform accounts. All non-platform accounts (*i.e.*, Institutional Separate Accounts (including sub-advised investment companies), Thornburg Mutual Funds, Other Pooled Investment Vehicles, 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 approximately half of the position, the Thornburg trading desk will execute (or inform sponsors who are responsible to execute) purchases for platform accounts (*i.e.*, Wrap Programs, Private Client Separate Accounts, other accounts deemed to be managed similar to such accounts, or certain non-platform accounts that are smaller in size or that have certain restrictions which Thornburg believes would be better traded with the platform accounts) on either a random rotation basis to the fully desired position or all of the platform accounts will be aggregated and executed simultaneously. After the platform accounts have reached the full 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 for non-platform and platform accounts. 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."

Buys and Sells for UMA Programs. Sponsors of non-discretionary UMA Programs will typically be sent model portfolio information following the completion of the corresponding account trades for the platform and non-platform accounts. At Thornburg's sole discretion, model portfolio information may be communicated to UMA Program sponsors in a randomized rotation with platform accounts under certain circumstances, including if volume permits and the UMA Program sponsor is available to accept model information at the time of their position in the rotation.

Exceptions. Variances in the trade rotation described above may arise due to cash availabilities or needs, or other practical considerations, including but not limited to allowing non-platform accounts to trade beyond the half position in order to take advantage of trading opportunities that are not available to the platform accounts. See "Equity Allocation and Aggregation," below.

Allocation and Aggregation

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 that 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. Multiple contemporaneous client orders may also 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.

Equity. 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, in which situations 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. In unusual or unforeseen circumstances (*e.g.*, account cash requirements), allocations may be different than the procedures outlined above.

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 strategy is appropriate for participation in an IPO. IPO shares indicated for a given 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.

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.

Exceptions: Platform accounts typically will not participate in IPOs. If "restricted persons," as defined in FINRA Rule 5130, in aggregate hold greater than 10% of the interests in a Thornburg managed pooled investment vehicle, that pooled investment vehicle will receive a reduced IPO allocation based on its "nonrestricted person" assets.

Fixed Income. In appropriate circumstances, fixed income trades may be aggregated for a client with trades in the same security for other clients. We determine whether aggregation of such transactions is appropriate and allocate the securities among participating accounts with the general purpose of maintaining consistent concentrations across similar accounts in order to achieve, as nearly as possible, portfolio characteristic parity among such accounts. Accounts furthest from achieving a portfolio characteristic parity typically receive priority in allocations.

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 that 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 and other personnel.

Trade Errors

On occasion, a trading error may occur in a client account that results in a loss or a profit to the client. As appropriate, the following resolution procedures will be followed.

- If Thornburg caused the error and the error resulted in a loss to the client's account, Thornburg 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, 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 Thornburg did not cause the error, 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. Thornburg generally notifies clients of any material error correction that involves a guideline breach and/or reimbursement to the client, but the form and timing of this notification may differ based on the particular client and the facts and circumstances.

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 (*e.g.*, Securities and Exchange Commission, 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 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 recurring 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 offers to provide 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 of 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.

Other Pooled Investment Vehicles. The custodian or fund administrator delivers to each investor periodic reports.

Item 14 – Client Referrals and Other Compensation
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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 Investment Advisers Act of 1940. 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

Pursuant to Rule 206(4)-2 under the Investment Advisers Act of 1940, 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 of three pooled investment vehicles organized as limited liability companies and the general partner of a pooled investment vehicle organized as a limited partnership.

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.

Certain clients require transactions in foreign currencies for the purchase or sale of foreign securities and to repatriate the proceeds of such trades, as well as the income and dividends, to the base currency of the account. Typically these foreign currency transactions will be conducted either by the client's custodian or

through a third party facility, in which Thornburg communicates the foreign currency trades to the third party, and the third party conducts the trades for the client. Since certain clients may require, and certain types of foreign currency transactions circumstances may dictate, that foreign currency transactions be executed by the clients' custodian, the client's consent is required before Thornburg will utilize a third party for foreign currency transactions. While Thornburg will monitor the reasonableness of foreign currency transactions conducted by a third party, the decision as to whether the custodian or a third party will execute the foreign currency transactions is at the discretion of the client. Additionally, Thornburg assumes no responsibility for the execution or oversight of foreign currency transactions conducted by either a third party or the client's custodian.

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.