

Quarterly Review

March 31, 2011

Thornburg Investment Income Builder Fund

INVESTMENT STRATEGY

The Fund invests in companies (both in the U.S. and abroad) with histories of paying dividends and showing the capacity to increase them. To provide additional income, the Fund may invest in debt obligations of any kind.

FUND INVESTMENT OBJECTIVE

The Fund's primary investment goal is 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 Fund's secondary investment goal is long-term capital appreciation. There is no guarantee that the Fund will meet its objectives.

CO-PORTFOLIO MANAGERS

Brian McMahon
Cliff Remily, CFA
Jason Brady, CFA

PORTFOLIO COMPOSITION

Foreign Equity	48.0%
Domestic Equity	30.7%
Domestic Corp Bonds	13.4%
Foreign Bonds	5.6%
Cash	1.7%
Domestic Other Bonds	0.7%

KEY PORTFOLIO ATTRIBUTES

Assets	\$8.5 B
Equity Statistics	
Portfolio P/E Trailing 12 months*	10.6x
Median Market Cap*	\$11.4 B
Equity Holdings	90
7-Yr Beta (A shares vs. S&P 500 Index)*	0.79
7-Yr Beta (A shares vs. Blended Index)*	1.01

Fixed Income Statistics

Average Maturity	11.5 Yrs
Effective Duration	3.8 Yrs
Bond/Other Holdings	204

* Source: FactSet

CAPITALIZATION EXPOSURE

Small Cap (< \$2.5 B)	10.4%
Mid Cap (\$2.5-12 B)	15.1%
Large Cap (> \$12 B)	74.5%

As a percentage of common stocks

CREDIT QUALITY RATINGS

AVERAGE ANNUAL TOTAL RETURNS (as of March 31, 2011)

	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception
A Shares (Incep: 12/24/02)					
Without sales charge	4.27%	13.58%	4.92%	7.26%	12.26%
With sales charge	-0.44%	8.44%	3.32%	6.28%	11.64%
C Shares (Incep: 12/24/02)					
Without sales charge	4.09%	12.85%	4.27%	6.59%	11.65%
With sales charge	3.09%	11.85%	4.27%	6.59%	11.65%
Blended Index					
(Since 12/24/02)	3.70%	11.71%	1.62%	3.41%	7.87%
S&P 500 Index					
(Since 12/24/02)	5.92%	15.65%	2.35%	2.62%	7.02%

Returns for less than one year are not annualized.

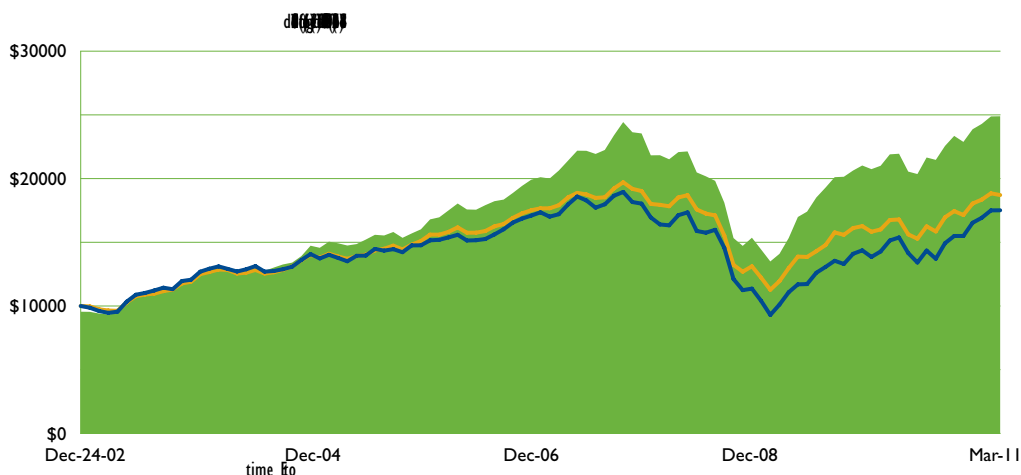
The total annual fund operating expenses are as follows: A shares, 1.25%; C shares, 2.02%. Thornburg Investment Management and Thornburg Securities Corporation have contractually agreed to waive fees and reimburse expenses through at least February 1, 2012, so that actual expenses of C shares do not exceed 1.90%.

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. For performance current to the most recent month end, visit thornburg.com or call 800-847-0200. The maximum sales charge for the Fund's A shares is 4.50%. C shares include a 1% contingent deferred sales charge (CDSC) for the first year only. The Fund's A shares carry a 30-day redemption fee of 1%.

A bond credit rating assesses the financial ability of a debt issuer to make timely payments of principal and interest. Ratings of AAA (the highest), AA, A, and BBB are investment-grade quality. Ratings of BB, B, CCC, CC, C and D (the lowest) are considered below investment grade, speculative grade, or junk bonds. We have used ratings from Moody's Investors Service. Where Moody's ratings are not available, we have used Standard & Poor's ratings. "NR" = not rated.

The **Hypothetical Growth of \$10,000 graph** compares a hypothetical \$10,000 investment in the Fund to the performance of the Index for the stated time period. Returns reflect reinvestment of dividends and capital gains, if any, as well as all fees and expenses.

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Thornburg Investment Income Builder Fund

SYMBOLS AND CUSIPS

A Shares TIBAX 885-215-558

C Shares TIBCX 885-215-541

IMPORTANT INFORMATION

Investments in the Fund carry risks, including possible loss of principal. Special risks may be associated with investments outside the United States, especially in emerging markets, including currency fluctuations, illiquidity and volatility. Investments in small capitalization companies may increase the risk of greater price fluctuations. Funds investing in bonds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds. The principal value of bonds will fluctuate relative to changes in interest rates, decreasing when interest rates rise. Investments in the Fund are not FDIC insured, nor are they deposits of or guaranteed by a bank or any other entity.

Before investing, carefully consider the Fund's investment goals, risks, charges, and expenses. For a prospectus containing this and other information, contact your financial advisor or visit thornburg.com. Read it carefully before investing.

GLOSSARY

Beta is a measure of market-related risk. Less than one means the portfolio is less volatile than the index, while greater than one indicates more volatility than the index.

The **Blended Index** is composed of 25% Barclays Capital Aggregate Bond Index and 75% MSCI World Index. The **Barclays Capital Aggregate**

Bond Index is composed of approximately 8,000 publicly traded bonds including U.S. government, mortgage-backed, corporate and Yankee bonds. The index is weighted by the market value of the bonds included in the index. The index is weighted by the market value of the bonds included in the index. The **MSCI World Index** is an unmanaged market-weighted index that consists of securities traded in 24 of the world's most developed countries. Securities are listed on exchanges in the U.S., Europe, Canada, Australia, New Zealand, and the Far East. The index is calculated with net dividends reinvested, in U.S. dollars.

The **S&P 500 Index** is an unmanaged broad measure of the U.S. stock market.

Indices do not take into account fees and expenses. Investors cannot make direct investments in an index.

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TOP TEN EQUITY POSITIONS

(percent of portfolio)

1. Telstra Corp. Ltd. 2.8%

Telstra is the leading telecommunications and information services company in Australia. Company revenues are relatively evenly split between fixed-line (including broadband) and mobile services, and it has #1 market shares in both categories.

2. Enel SpA 2.7%

Enel, the largest electric utility in Italy, was originally a government-owned monopoly. As Enel has lost its monopoly position as an electric utility, it has diversified to become Italy's second largest gas distributor.

3. Total SA 2.4%

Headquartered in France, Total is an integrated international oil and gas company with key assets in Canada, Russia, Qatar, Angola, Nigeria, and Kazakhstan. Business lines include upstream (oil and gas exploration, development, and production), downstream (refining, marketing, trading, and shipping of crude oil and petroleum products), and chemicals (fertilizers and petrochemicals).

4. Royal Dutch Shell plc ADR 2.3%

Royal Dutch Shell is an independent oil and gas company. The company owns, directly or indirectly, investments in the numerous companies constituting the Group. Shell is engaged worldwide in the aspects of the oil and gas industry and also has interests in chemicals and other energy-related businesses.

5. Philip Morris International 2.3%

Philip Morris International was spun off from Altria Group in March 2008. Although no longer affiliated with Philip Morris USA, PM International retained the rights to sell all Philip Morris brands in markets outside the United States. Management has pledged to return cash to shareholders by paying an attractive dividend as well as by repurchasing shares.

6. Pfizer, Inc. 2.2%

Pfizer is a research-based, global biopharmaceutical company. Pfizer's diversified global health care portfolio includes human and animal biologic and

small molecule medicines and vaccines, as well as nutritional products and many consumer health care products.

7. Eni SpA 2.1%

Eni, an Italian integrated oil and gas company, is among Europe's largest natural gas producers. Eni has a history of returning capital to shareholders by paying an attractive dividend, as well as repurchasing shares.

8. Telefonica SA 2.0%

Formerly a government-owned monopoly, Telefonica is the dominant telephony service provider in Spain. Through acquisitions, joint ventures, and strategic partnerships, Telefonica now operates in multiple countries around the world under three main business segments: Telefonica Spain, Telefonica Latin America, and Telefonica Europe. It is one of the largest telecommunications companies in the world.

9. Vodafone Group plc 1.9%

Vodafone is one of the world's largest providers of mobile telecommunications services, with presence in more than 30 countries. The company has stakes in large carriers such as Verizon Wireless in the United States, D2 in Germany, and Omnitel in Italy, and has made substantial progress in bringing its affiliates outside the U.S. under one brand name.

10. Koninklijke KPN N.V. 1.9%

Koninklijke KPN, which is also known as Royal KPN, is the leading provider of telecommunications services in the Netherlands, where it has more than 5 million fixed-line phone customers. The company's core business, however, is KPN Mobile, which serves more than 31 million subscribers in the Netherlands, Germany, and Belgium.

TOP TEN EQUITY INDUSTRIES

Telecommunication Services	20.6%
Energy	13.0%
Food, Beverage & Tobacco	8.7%
Diversified Financials	7.9%
Pharmaceuticals, Biotechnology & Life Sciences	7.5%
Utilities	7.2%
Real Estate	7.1%
Banks	6.6%
Insurance	5.1%
Semiconductors & Semiconductor Equipment	3.7%

TOP FIVE BOND HOLDINGS

(percent of portfolio)

KKR Financial Holdings LLC	1.1%
Southern Cross Air Corp. (AUD)	0.8%
iShares High Yield Corporate Bond	0.7%
Swiss Re Capital I, LP	0.6%
Enel Finance International S.A.	0.5%

Portfolio characteristics are derived using currently available data that is believed to be accurate. Portfolio attributes and holdings can and do vary. The information above should not be considered buy or sell recommendations. For more detailed commentary on equity holdings see www.thornburg.com/funds.