

Thornburg Investment Income Builder I TIBIX

An equity-heavy multiasset income fund run by seasoned managers.

Morningstar's Take TIBIX

Morningstar Rating ★★★★★

Morningstar Analyst Rating Bronze

Morningstar Pillars

Process		Positive
Performance		Positive
People		Positive
Parent		Neutral
Price		Neutral

Role In Portfolio

Core

Fund Performance TIBIX

Year	Total Return (%)	+/- Category
YTD	2.56	2.54
2017	15.17	0.38
2016	9.86	3.83
2015	-5.10	-0.95
2014	4.90	3.37

Data through 9-30-18

1-02-18 | by Heather Larsen

Thornburg Investment Income Builder has delivered on its dual objectives--higher income than the average yield on U.S. stocks and long-term capital appreciation--over the long haul, and remains poised to build on its success. The fund's veteran management team and strong long-term results support its Morningstar Analyst Rating of Bronze.

The fund benefits from seasoned managers. Brian McMahon has run the equity portion of this fund since its 2002 inception and is the eighth-longest-serving manager in the world-allocation Morningstar Category. He has worked in the investment field since 1979, and he has had ample success as both a bond manager and stock skipper. He receives support from Ben Kirby, who has served as a comanager on the equity sleeve since February 2013. Meanwhile, Jason Brady oversees the fund's bond portion. He joined Thornburg in 2006 and subsequently became a named manager here in 2007. In addition to his

duties as this fund's bond manager, he also serves as Thornburg's president and CEO.

The team strives to provide an attractive income stream that grows over time, and has delivered on that mandate. Though the fund's yield has come down in recent years, it remains competitive to peers. The fund's 12-month yield of 4.2% as of December 2017 came in higher than its typical multiasset peer with a similar income objective. Beyond that income, management has also generated compelling returns, handily outpacing both the fund's blended benchmark--a 75%/25% split between the MSCI World Index and Bloomberg Barclays U.S. Aggregate Bond Index--and typical world-allocation peer since the fund's inception.

The managers have earned this superior income stream and solid long-term results with an approach that is unlike the world-allocation norm. They diverge significantly from the custom benchmark and load up on areas where they find compelling investments. For instance, this fund invested roughly 88% of its portfolio in stocks as of October 2017 versus the category norm of 59%.

Process Pillar Positive | Heather Larsen 01/02/2018

Management strives to take advantage of research that indicates firms with higher dividend payout ratios will generate higher earnings-growth rates during the next 10 years. As such, the team looks to deliver a yield greater than the average yield for U.S. stocks and to grow that income over time. The fund's clear-cut and well-executed investment process support its Positive Process rating.

The managers have a flexible, multiasset approach that relies on bottom-up research. While the team invests primarily in domestic and foreign dividend-paying stocks, they may also buy bonds, convertibles, and REITs. When selecting stocks, the team looks for firms with histories of growing their dividends--even

if the current yield is middling--as well as firms with attractive current payouts. At times, the team will pile into countries or sectors that are packed with compelling dividend-payers, resulting in a relatively concentrated portfolio.

The size of the bond/hybrid portion of the portfolio may vary depending on where the managers find the best yield opportunities. (It has ranged from approximately 10% to 45% of assets over the years.) The managers historically have invested little in government bonds, focusing on corporate bonds while devoting smaller amounts to preferred stocks and convertibles.

The team continues to stash the majority of this fund's assets in equities. As of October 2017, management kept 88% of the portfolio in stocks relative to 59% for the typical world-allocation peer. Within equities, management hasn't been afraid to concentrate the portfolio on certain sectors either. The fund had about 19% of its equity portfolio in the telecommunications sector as of September 2017 versus about 3% for its average peer and the MSCI World Index (which constitutes the equity portion of its custom benchmark). The fund also maintains a larger portion of its stock sleeve in financials and energy names than its typical rival and the index. Management continues to find more opportunities abroad, so the fund has less of its equity portfolio in U.S. names than most of its peers. Through October 2017, management had 56% of the portfolio in non-U.S. names compared with 27% for the category norm.

Meanwhile, the managers have been unable to find many fixed-income securities with attractive yields in recent years. The fund had just 12% of its assets in bonds, hybrid issues, and cash as of October 2017, versus 41% for the average world-allocation offering. Within the bond sleeve, high-yield bonds dominate the exposure and the fund has no exposure to U.S. government bonds. Through the third quarter

of 2017, 56% of the bond sleeve was in bonds rated below investment-grade.

Performance Pillar + Positive | Heather Larsen
01/02/2018

This fund has successfully delivered on its dual objectives--total return and yield--for investors over the long run. As such, the fund earns a Positive Performance rating.

From a return perspective, the fund has steadily outpaced its typical world-allocation peer and its custom benchmark, which consists of 75% MSCI World and 25% Bloomberg Barclay U.S. Aggregate Bond indexes, since its late-2002 inception. Over that time through December 2017, the fund returned 9.8% annually compared with 6.5% for its average rival and 7.9% for the custom benchmark. At times, investors have endured more volatility for those gains. Management notably maintains a much higher equity stake here than the fund's typical peer and benchmark. As of October 2017, the fund kept about 88% of the portfolio in equities relative to 59% for the category norm. As such, the fund's standard deviation has clocked in 11.3% compared with 9.8% for the average peer and 10.9% for the index since its inception through December 2017. Nevertheless, the fund has come out ahead of the pack on a risk-adjusted basis over that time.

In addition to total return, the team also looks to produce a healthy dose of income. During the past 12 months through December 2017, the fund's 4.2% yield comes out ahead of most other multiasset funds with an income focus. On average, those funds generated a 3.5% yield over the trailing 12 months.

People Pillar + Positive | Heather Larsen
01/02/2018

This fund's tenured management team and deep investment resources contribute to its Positive People Pillar rating. Brian McMahon has run the stock portion of this fund since its 2002 inception. An experienced investor, he has also managed Bronze-rated Thornburg Global Opportunities THOAX since it launched in 2006, and has generated a strong track record there over his tenure. Previously, he served as the president and CEO of Thornburg, but he relinquished those responsibilities at the start of

2016, while retaining the CIO role. McMahon receives support on the equity sleeve from Ben Kirby, who joined Thornburg in 2008 and became a comanager on this fund in 2013.

Jason Brady oversees the fund's bond investments. Brady joined Thornburg in 2006 and subsequently became a comanager on this fund in 2007. Brady also serves as a manager on several of the firm's other bond funds, including Bronze-rated Thornburg Limited Term Income THIX. In addition to his duties as a portfolio manager, Brady took over McMahon's responsibilities as president and CEO Thornburg in early 2016.

Thornburg has added aggressively to both its equity team and its bond team in recent years, deepening the investment resources for McMahon, Kirby, and Brady to draw on. The team now includes 23 equity specialists and 13 fixed-income specialists.

Parent Pillar ● Neutral | Heather Larsen
09/04/2017

An active manager based in Santa Fe, New Mexico, Thornburg Investment Management traces its roots to the early 1980s when founder Garrett Thornburg launched a limited-term municipal-bond fund. Although he or his family still own the vast majority of the firm's equity, employee ownership has increased. This reflects a team-oriented investment culture, where fixed-income and equity analysts commonly collaborate on the firm's nine equity funds and 11 fixed-income offerings. Thornburg has not made a practice of churning products, choosing to focus on those that are more core-oriented and what it considers scalable.

While its lineup has grown carefully, Thornburg has gone through notable personnel changes. Since 2013, the firm has lost six portfolio managers--most, but not all, of them retired. Separately, one of the firm's most-celebrated managers, Bill Fries, relinquished his portfolio-management duties in early 2016 but remains a senior advisor at the firm. As of Jan. 1, 2016, portfolio manager Jason Brady took the CEO helm from Brian McMahon, who gave up that post after seven years. Brady and McMahon continue to serve as portfolio managers on their charges, and McMahon continues as CIO.

The extent of change, as well as generally above-average fees and the firm's willingness to let funds get quite large, support its Neutral Parent rating.

Price Pillar ● Neutral | Heather Larsen
01/02/2018

Each of this fund's seven share classes has a Morningstar Fee Level of Above Average or High, but a unique holding amplifies fees. For instance, the Institutional share class houses about half of the fund's assets and charges a competitive expense ratio of 0.86%. However, the fund's small weight in business development companies tacks on an additional 21 basis points of acquired fund fees, bringing the overall expense ratio to 1.07%. All considered, the fund comes with a reasonable price tag, supporting its Neutral Price rating.

Thornburg Investment Income Builder Fund

Total Returns (as of 9/30/18)

	YTD	1-YR	3-YR	5-YR	10-YR	SINCE INCEP.
A Shares TIBAX (Incep: 12/24/02)						
Without sales charge	2.37%	5.79%	9.01%	5.96%	8.11%	9.43%
With sales charge	-2.22%	1.04%	7.34%	4.99%	7.62%	9.11%
I Shares* TIBIX (Incep: 11/3/03)	2.58%	6.12%	9.34%	6.30%	8.46%	9.80%
Blended Index (Since 12/24/02)	3.70%	8.07%	10.46%	7.56%	7.59%	7.72%

Periods less than one year are not annualized.

30-day SEC Yield as of 9/30/18 – A Shares: 2.83%; I Shares: 3.22%.

* Prior to inception of class I shares, performance is calculated from actual returns of the class A shares adjusted for the lower Institutional expenses.

The Blended index is composed of 25% Bloomberg Barclays U.S. Aggregate Bond Index and 75% MSCI World Index.

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. For performance current to the most recent month end, visit thornburg.com or call 877-215-1330. The maximum sales charge for the Fund's A shares is 4.50%. The total annual fund operating expenses are as follows: A shares, 1.35%; I shares, 1.09%. For more detailed information on fund expenses and waivers/reimbursements please see the fund's prospectus.

Investments carry risks, including possible loss of principal. Additional risks may be associated with investments outside the United States, especially in emerging markets, including currency fluctuations, illiquidity, volatility, and political and economic risks. Investments in small- and mid-capitalization companies may increase the risk of greater price fluctuations. Portfolios investing in bonds have the same interest rate, inflation, and credit risks that are associated with the underlying bonds. The 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 bank deposits 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 or summary prospectus containing this and other information, contact your financial advisor or visit thornburg.com. Read them carefully before investing.

Top 10 Holdings as of 8/31/18: China Mobile Ltd., 4.5%; CME Group, Inc., 4.0%; Royal Dutch Shell plc, 3.7%; Électricité de France S.A., 3.2%; JPMorgan Chase & Co., 3.0%; Orange S.A., 2.9%; Taiwan Semiconductor Manufacturing Co. Ltd., 2.9%; NN Group N.V., 2.8%; QUALCOMM, Inc., 2.4%; TOTAL S.A., 2.4%.

Any securities, sectors, or countries mentioned are for illustration purposes only. Holdings are subject to change. Under no circumstances does the information contained within represent a recommendation to buy or sell any security.

Assets under management as of 9/30/18: \$46 billion.

★★★★★ Class I shares Overall rating of 5 stars, among 399 funds, based on risk-adjusted returns, uses a weighted average of the fund's three-, five-, and 10-year ratings: respectively, 4 stars, 4 stars, and 5 stars among 399, 334 and 166 World Allocation funds, as of 9/30/18.

Based on total returns before sales charges, Morningstar ranked the fund (I shares) in the top 14% for the one-year period, 14% over three years, 12% over five years, and 3% over 10 years, among 466, 399, 334 and 166 World Allocation funds, respectively, as of 9/30/18.

To determine a fund's Morningstar Rating™, funds and other managed products with at least a three-year history are ranked in their categories by their Morningstar Risk-Adjusted Return scores. The top 10% receive 5 stars; the next 22.5%, 4 stars; the middle 35%, 3 stars; the next 22.5%, 2 stars; and the bottom 10% receive 1 star. The Risk-Adjusted Return accounts for variation in a managed product's monthly excess performance (excluding sales charges), placing more emphasis on downward variations and rewarding consistent performance. Other share classes may have different performance characteristics. © 2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Morningstar World Allocation Category – portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. While these portfolios do explore the whole world, most of them focus on the U.S., Canada, Japan,

and the larger markets in Europe. It is rare for such portfolios to invest more than 10% of their assets in emerging markets. These portfolios typically have at least 10% of assets in bonds, less than 70% of assets in stocks, and at least 40% of assets in non-U.S. stocks or bonds.

Dividend Payout Ratio – The percentage of earnings paid to shareholders in dividends calculated as yearly dividend per share over earnings per share.

REITs – Securities that sell like a stock on the major exchanges and invest in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields as well as a highly liquid method of investing in real estate.

Standard Deviation – A measurement of dispersion around an average which, for a mutual fund, depicts how widely the returns varied over a certain time period. Higher standard deviation of returns indicates greater volatility.

Yield to Maturity – The rate of return anticipated on a bond if it is held until maturity date.

Thornburg Investment Income Builder Fund's Blended Index is composed of 25% Bloomberg Barclays U.S. Aggregate Bond Index and 75% MSCI World Index, rebalanced monthly.

The Bloomberg Barclays U.S. 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 MSCI World Index is an unmanaged market-weighted index that consists of securities traded in 23 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 performance of any index is not indicative of the performance of any particular investment. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index.

Morningstar Analyst Rating is a forward-looking analysis based on a five-tier scale with three positive ratings of Gold, Silver, and Bronze, a Neutral rating, and a Negative rating. If a fund receives a positive rating of Gold, Silver, or Bronze, it means Morningstar analysts think highly of the fund and expect it to outperform over a full market cycle of at least five years. A Neutral rating indicates the fund isn't likely to deliver standout returns but also isn't likely to significantly underperform, according to the analysts. A Negative rating is given to a fund that has at least one flaw likely to significantly hamper future performance and is considered by analysts to be an inferior offering. Morningstar evaluates funds based on five pillars – Process, Performance, People, Parent, and Price – which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis. Analysts assign a rating of Positive, Neutral, or Negative to each pillar. Analysts consider numeric and qualitative factors, but the ultimate view on the individual pillars and how they come together is driven by the analyst's overall assessment and is overseen by an Analyst Ratings Committee. For more detailed information go to www.morningstar.com/invGLOSSARY.

Dividends are not guaranteed.

