

DECEMBER 31, 2018

## Investment Strategy

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 normally 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.

## Investment Objective

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. There is no guarantee that the Strategy will meet its objectives.

## Portfolio Managers

Jason Brady, CFA  
Lon Erickson, CFA  
Jeff Klingelhofer, CFA

Supported by the entire  
Thornburg investment team.

## Annualized Returns (as of 12/31/18)

	QTD	YTD	1-YR	3-YR	5-YR	10-YR	SINCE INCEPTION 3/1/88
Ltd. Term U.S. Governr Composite (NET)	1.51%	1.33%	1.33%	1.34%	1.53%	2.06%	4.69%
Ltd. Term U.S. Government Composite (GROSS)	1.60%	1.71%	1.71%	1.71%	1.92%	2.55%	5.55%
Bloomberg Barclays Intermediate Government Bond Index	2.22%	1.43%	1.43%	1.20%	1.46%	1.83%	5.21%

Periods less than one year are not annualized.

Performance data for the Limited Term U.S. Government Strategy is from the Limited Term U.S. Government Composite, inception date of March 1, 1988. The Limited Term U.S. Government Composite includes all discretionary non-wrap accounts invested in the Limited Term U.S. Government Strategy. Returns are calculated using a time-weighted and asset-weighted calculation. Returns reflect the reinvestment of income and capital gains. Periods less than one year are not annualized. Individual account performance will vary. The performance data quoted represents past performance; it does not guarantee future results. Gross of fee returns are net of transaction costs. Net of fee returns are net of transaction costs and investment advisory fees. For periods prior to 2011, net returns for some accounts in the composite also reflect the deduction of administrative expenses. Thornburg Investment Management Inc.'s fee schedule is detailed in Part 2A of its ADV brochure. Performance results of the firm's clients will be reduced by the firm's management fees. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual management fee of .75%, this increase would be 142%.

## Risk Metrics vs. Bloomberg Barclays Intermediate Gov't Bond Index

	3-YR	5-YR	10-YR
Sharpe Ratio	0.48	0.94	1.34
Info Ratio	0.64	0.56	0.69
Tracking Error	0.80	0.81	1.04
R-Squared	95.94	93.47	83.93

Past performance does not guarantee future results.

## Current Portfolio Ladder

	REP. ACCT.
Year 1	3%
Year 2	9%
Year 3	20%
Year 4	26%
Year 5	9%
Year 6	9%
Year 7	6%
Year 8	6%
Year 9	2%
Year 10+	2%
Cash and Cash Equivalents	7%

% of portfolio maturing in each year  
(the percentages can and do vary over time.)

## Selected Characteristics

	REP. ACCT.
Weighted Avg. Coupon	2.6%
Weighted Avg. Price	\$99.45
Average Effective Maturity	3.7 Yrs
Yield to Worst	2.63%
Effective Duration	2.9 Yrs

## Types of Securities

	REP. ACCT.
Mortgage Pass Through	26.2%
Treasury	20.3%
Collateralized Mortgage Obligation	18.4%
Comm. Mortgage-backed Securities	12.4%
Government Agency	10.5%
Asset-backed Securities	4.8%
Cash & Cash Equivalents	7.4%

## Important Information

Source: Advent/APX, Factset, and Thornburg

Portfolio holdings and characteristics shown herein are from a representative account managed within the investment composite. The representative account is selected based on account characteristics that Thornburg believes accurately represent the investment strategy as a whole. Should these characteristics change materially, Thornburg may select a different representative account. Holdings may change daily and may vary among accounts, which may contribute to different investment results. The representative account information is supplemental to the strategy's composite and GIPS compliant presentation.

R Squared – A statistical measure that represents the percentage of a fund's or security's movements that are explained by movements in a benchmark index. For fixed-income securities the benchmark is the T-bill, and for equities the benchmark is the S&P 500.

Sharpe Ratio – A risk-adjusted measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. The Geometric Sharpe ratio is calculated for the past three-year period by dividing a fund's annualized excess returns by its annualized standard deviation.

The laddering strategy does not assure or guarantee better performance than a non-laddered portfolio and cannot eliminate the risk of investment losses.

Portfolio characteristics are derived using currently available data from independent research resources that are believed to be accurate. Portfolio attributes can and do vary.

## Thornburg Investment Management Limited Term U.S. Government Composite January 1, 2008 through December 31, 2017

Period	Composite Returns		Index Returns	3-Yr Annualized Standard Deviation*		Dispersion	As of December 31		
	Gross	Net	Bloomberg Barclays Int. Gov't Bond Index	Composite	Bloomberg Barclays Int. Gov't Bond Index	Internal Equal Wtd.	Number of Accounts	Composite Assets (MM)	Total Firm Assets (MM)
2017	1.53%	1.16%	1.14%	1.33%	2.16%	N/M	1	273	48,784
2016	1.90%	1.52%	1.05%	1.44%	2.24%	N/M	1	303	48,937
2015	1.20%	0.81%	1.18%	1.48%	1.91%	N/M	1	297	54,809
2014	3.25%	2.86%	2.52%	1.45%	1.70%	N/M	1	265	64,492
2013	-1.00%	-1.37%	-1.25%	1.51%	2.02%	N/M	2	294	94,303
2012	2.92%	2.53%	1.73%	1.47%	2.26%	N/M	3	431	83,646
2011	4.74%	4.35%	6.08%	1.92%	2.84%	N/M	3	443	73,213
2010	4.55%	3.60%	4.98%			N/M	4	353	73,389
2009	4.85%	3.91%	-0.32%			N/M	4	276	52,728
2008	7.79%	6.81%	10.43%			N/M	4	285	33,698

\* 3-Yr annualized standard deviation is not required for annual periods prior to 2011.

N/M - Not meaningful. A statistical measure of internal dispersion for composites with five or fewer accounts (included for the entire year) is not considered meaningful.

1. Thornburg Investment Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Thornburg Investment Management, Inc. has been independently verified for the period July 1, 1998 through December 31, 2017. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
2. Thornburg Investment Management, Inc. (the "Firm") is an independent investment adviser registered under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. The Firm's clientele consists of mutual funds, commingled funds and taxable and non-taxable separately managed accounts in U.S., non-U.S. and global equity strategies and in U.S. fixed income strategies. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
3. Valuations are computed and performance is reported in United States dollars.
4. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those accounts included in the composite for the entire year.
5. The performance data quoted represents past performance; it does not guarantee future results. Returns will fluctuate and current performance may be either lower or higher than data shown.
6. The Limited Term U.S. Government Composite includes all non-wrap discretionary accounts invested in the Limited Term U.S. Government Strategy. 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. 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.
7. The benchmark for the composite is the Bloomberg Barclays Intermediate Government Bond Index. The Bloomberg Barclays Intermediate Government Bond Index is an unmanaged, market-weighted index generally representative of all public obligations of the U.S. Government, its agencies and instrumentalities having maturities from one up to ten years. The index returns reflect the reinvestment of dividends and other earnings, are net of withholding taxes, and do not include any trading costs, management fees, or other expenses.
8. Portfolio construction will have significant differences from that of a benchmark index in terms of security holdings, industry weightings, asset allocations and number of positions held, all of which may contribute to performance, characteristics and volatility differences. Investors may not make direct investments into any index.
9. Returns reflect the reinvestment of income and capital gains. Net returns shown are net of actual investment advisory fees. Prior to January 1, 2011 the net returns for some accounts in the composite reflect the deduction of management fees and other administrative expenses. The standard fee schedule currently in effect is: 0.35% on the first \$50 million, 0.30% over \$50 million. Fees may be negotiated in lieu of the standard fee schedule.
10. This composite was created in August 2003. A list of composite descriptions is available upon request.