



## Q&A for the Thornburg Income Builder Opportunities Trust (“TBLD” or the “Trust”)

December 20, 2021

*The following information regarding investments in the Thornburg Income Builder Opportunities Trust (TBLD) is provided for informational purposes only and is not intended as tax or investment advice. Thornburg Investment Management does not offer tax advice. Before deciding to invest in the Trust’s shares, prospective investors are urged to consult their tax advisors. Investors should consider carefully the risks of investing and should review the Trust’s current annual report (and any more recent semi-annual report), which includes a description of principal risk factors.*

### Tax questions about the Trust

- **Who should I contact with questions on my Form 1099-DIV?** The information on your Form 1099-DIV is reported by the Trust to your brokerage firm. Please contact your financial advisor, brokerage firm or tax advisor with questions.
- **What is the time period for the Trust’s tax reporting to shareholders?** The Trust has a September 30th tax year-end. Amounts reported to shareholders on Form 1099-DIV for the calendar year will represent a combination of parts of two tax years.
- **How is the Trust structured for tax purposes?** To qualify for the favorable U.S. federal income tax treatment generally accorded to registered investment companies (“RIC”), among other things, the Trust must derive in each taxable year at least 90% of its gross income from certain prescribed sources and satisfy a diversification test on a quarterly basis. If the Trust fails to satisfy the qualifying income or diversification requirements in any taxable year, the Trust may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the diversification requirements where the Trust corrects the failure within a specified period. In order to be eligible for the relief provisions with respect to a failure to meet the diversification requirements, the Trust may be required to dispose of certain assets. If these relief provisions were not available to the Trust and it were to fail to qualify for treatment as a RIC for a taxable year, all of its taxable income (including its net capital gain) would be subject to tax at regular corporate rates (currently 21%) without any deduction for distributions to shareholders, and such distributions would be taxable as ordinary dividends to the extent of the Trust’s current and accumulated earnings and profits.
- **What were the Trust’s distributions for the year-to-date calendar year ended December 31, 2021?** During 2021, the Trust paid 4 regular, monthly distributions aggregating \$0.41668 per share. The Trust paid a monthly distribution of \$0.10417 from September through December. The Trust’s most recent distribution declared on December 1, 2021 represents an annualized distribution rate of 6.84% based on the Trust’s closing market price of \$18.27 per common share on December 1, 2021.
- **What is the tax character of the Trust’s cash distributions?** The Trust makes cash distributions that should typically be classified in one of three ways: (1) Dividend Income, (2) Long-Term Capital Gains and (3) Return of Capital. Generally, a Return of Capital may represent either a distribution of earned income but for tax purposes has been deferred or it may represent a return of a shareholder’s original investment. In the former case, the return of capital reflects positive performance of the

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Trust's portfolio and is beneficial. In the latter case, a shareholder should understand that such return has not been earned by the Trust and effectively that portion of the distribution represents a liquidation of the Trust's portfolio.

- **What is a capital gain?** A capital gain is the difference between the purchase price and the selling price of an asset which results in a profit. For example, if a stock for \$100 is purchased and later sold for \$120, the capital gain is \$20. A capital loss results from selling an asset at a lower price than the purchase price.
- **What is the difference between short-term and long-term capital gains?** Short-term capital gains result from the sale of an investment held for less than a year. A distribution of short-term gains is taxed as ordinary income. Long-term capital gains result from the sale of an investment held for more than a year. A distribution of long-term gains is taxed at the investor's capital gains tax rate.
- **What is a tax return of capital?** A tax return of capital may represent a distribution of earned income but for tax purposes has been deferred or it may represent a return of a shareholder's original investment. Tax earnings and profits are distinguishable from, and may differ from, earnings and profits computed under GAAP.
- **Explain differences in types of return of capital distributed by CEFs?** During the tax year, CEFs estimate the sources of their distributions and, if necessary, report these estimates through Section 19(a) notices. Section 19(a) of the Investment Company Act of 1940, as amended, requires notice to shareholders if the payment of any distribution is made from any source other than a fund's net income. Section 19(a) notices are provided for informational purposes only and not for tax reporting purposes. At year-end, CEFs provide shareholders with final classifications in order to enable shareholders to file their tax return correctly with the Internal Revenue Service. Thornburg believes it is helpful to distinguish and clarify the differences between different types of returns of capital. Beneficial tax-deferred returns of capital may result from tax-deferred income generation or tax deferred realized gains in the portfolio that increase NAV. Such tax deferred returns of capital reduce an investor's cost basis and are only realized for tax purposes, when the shares are sold by the investor. Alternatively, returns of capital may result when a fund over-distributes, or pays cash distributions in excess of earnings. These returns of capital have the effect of eroding a fund's principal or NAV.
- **How is the options overlay taxed?** When the Trust purchases an option, it pays a premium and an amount equal to that premium is recorded as an asset. When the Trust writes an option, it receives a premium and an amount equal to that premium is recorded as a liability. The asset or liability is adjusted daily to reflect the current market value of the option. If an option expires unexercised, the Trust realizes a gain or loss to the extent of the premium received or paid. If an option is exercised, the premium received or paid is recorded as an adjustment to the proceeds from the sale or the cost basis of the purchase. The difference between the premium and the amount received or paid on a closing purchase or sale transaction is also treated as a realized gain or loss. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid. Gain or loss on written options and purchased options is presented separately on the Statements of Operations as net realized gain or loss on written options and net realized gain or loss on purchased options, respectively.
- **What are tax considerations for foreign shareholders?** Distributions of ordinary income dividends to foreign shareholders will generally be subject to withholding of U.S. federal tax at a 30% rate (or

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lower rate provided by an applicable treaty) to the extent of the Trust's current and accumulated earnings and profits for U.S. federal income tax purposes. No U.S. source withholding taxes will be imposed on dividends paid by the Trust to foreign shareholders to the extent the dividends are designated as "interest related dividends" or "short term capital gain dividends." Under this exemption, interest related dividends and short-term capital gain dividends generally represent distributions of interest or short-term capital gain that would not have been subject to U.S. withholding tax at the source if they had been received directly by a foreign shareholder, and that satisfy certain other requirements.

- **What are the Trust's excise tax distribution requirements?** It is the policy of the Trust to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute to shareholders substantially all investment company taxable income including net realized gains on investments (if any), and tax-exempt income of the Trust. Therefore, no provision for federal income or excise tax is required.
- **Do I need to report reinvested dividends and/or capital gain distributions as income?** Yes. Income from taxable funds and all capital gain distributions are taxable, regardless of whether you receive them in cash or reinvest them in additional fund shares. You should keep a record of the amount of dividends reinvested because this will increase your cost basis in the fund's shares. By keeping track of reinvested dividends, you'll be able to determine the correct taxable gain or loss when you redeem or exchange your fund shares.
- **If distributions are reinvested, are they still subject to taxes?** Yes, closed end fund distributions are considered taxable income, and shareholders must pay taxes on their gains even if they reinvest them into the fund for more shares.
- **Are shareholders taxed on foreign currency transactions?** The Trust does not separately report the effect of changes in foreign exchange rates from changes in market prices on investments held. Such changes are included in net unrealized appreciation (depreciation) from investments in the Statement of Operations.
- **Is the Trust subject to foreign tax withholding?** The Trust is subject to foreign tax withholding imposed by certain foreign countries in which the Trust may invest. Withholding taxes are incurred on certain foreign dividends and are accrued at the time the dividend is recognized based on applicable foreign tax laws.
- **Is the Trust subject to deferred foreign capital gains tax?** The Trust is subject to a tax imposed on net realized gains of securities of certain foreign countries. The Trust records an estimated deferred tax liability for net unrealized gains on these investments.

*Before investing, carefully consider the Trust's investment goals, risks, charges, and expenses. For a prospectus or summary prospectus containing this and other information, contact your financial advisor, visit [www.thornburg.com/tbld](http://www.thornburg.com/tbld), or call 877-215-1330. Read them carefully before investing.*

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