Thrivent Large Cap Value

December 31, 2025

Management

Kurt Lauber, CFA
Senior Portfolio Manager
Industry: 1990
Strategy: 2013

Thomas Lieu, CFA
Senior Portfolio Manager
Industry: 1997
Strategy: 2022

Executive Summary

- Thrivent Large Cap Value Strategy outperformed the Russell 1000 Value Index for the quarter and every quarter throughout the year, delivering consistent outperformance for the trailing 12 months.
- For the quarter, stock selection was positive in Industrials, Financials, Information Technology, Materials and Energy. Stock selection in Healthcare, Consumer Discretionary and Utilities detracted from performance.
- For the year, stock selection in Information Technology, Communications Services, Financials, and Utilities were positive. Healthcare and Consumer Staples stock selection detracted from performance.
- The Strategy remains overweight in attractively valued companies and focuses on companies where future return on invested capital is not correctly priced into a company's valuation.

Performance factors

Thrivent Large Cap Value Strategy delivered positive stock selection this quarter in Industrials, Financials, Information Technology, Materials, and Energy. Within Industrials, JB Hunt Transport Services rebounded after a prolonged transportation downturn, supported by improving supply-demand dynamics and company-specific cost-saving initiatives. Delta Airlines benefited from stronger-than-expected travel demand and improved pricing driven by balanced industry capacity. Flowserve saw solid order growth, particularly in nuclear energy, and continued progress on its 80/20 product rationalization strategy. In Financials, Capital One Financial outperformed on better consumer credit trends and optimism around the combined Discovery entity, while First Citizens Bank and Bank of America gained from improved credit conditions and higher net interest income amid a steepening yield curve. Conversely, stock selection in Healthcare, Consumer Discretionary, and Utilities detracted from performance. In Healthcare, Labcorp Holdings lagged on concerns over potential unfavorable Medicare lab test payment changes (PAMA). In Consumer Discretionary, Aptiv PLC underperformed compared to the strength in unowned Ford and General Motors, while Sony Group declined on profit-taking and D.R. Horton fell due to continued housing affordability concerns.

Thrivent Large Cap Value Strategy outperformed the Russell 1000 Value Index over the past year, driven by strong stock selection in Information Technology, Communications Services, Financials, and Utilities. In Technology, Micron Technology and Samsung Electronics benefited from rising memory prices fueled by growing demand for AI-enabled data center servers and increased memory use in autos, AI handsets, and PCs. TD SYNNEX gained from AI server demand through its Hyve initiative and the Windows 10 end-of-life PC upgrade cycle, while IBM's transition toward software-driven growth and advancements in quantum computing supported returns. In Communication Services, Warner Bros. Discovery advanced amid competitive bidding for its media assets involving Netflix and Paramount Skydance. The sale of Verizon and underweighting Telecommunications due to rising competition was also beneficial. In Financials, banks and Capital One rebounded as recession fears tied to tariffs eased, while Bank of New York Mellon stood out in asset management with its growing digital asset capabilities. Conversely, concerns about private credit weighed on unowned alternative asset managers. Utilities such as Entergy Corp, Constellation, Vistra Corp, and Duke Energy Corp rose on expectations of higher power demand to support AI data centers, onshoring manufacturing, and electric vehicles.

Stock selection in Health Care and Consumer Staples detracted from performance. In Health Care, not owning CVS Health—which recovered from prior Medicare issues—and owning UnitedHealth during a period of its Medicare payment issues and operational challenges at Optum Health hurt returns. Zimmer Biomet improved market share with better products but fell short of CEO's elevated expectations. In Consumer Staples, Coty Inc underperformed due to weaker beauty product demand and inventory destocking following post-COVID stock builds.

Portfolio outlook

Investor expectations have moved from recession fears on the back of increasing inflation due to tariff increases in the first half of the year to now a view of economic improvement based on stimulus from lower taxes after the passing of the July 2025 tax bill and expectation of the Federal Reserve lowering rates and expectations for few more times in 2026. The Strategy investment process is to take advantage of these dislocations and confusion by adding value through a stock selection process that focuses on ranking companies on valuation, operating performance, and catalysts. In an environment in which all Indexes' valuations are above their long-term average and government policy adds to market volatility, sell discipline is also important. The Strategy's discipline is to sell a company when the team is uncomfortable with valuation or operating performance and sell the entire company holding when uncomfortable with both. The portfolio sold some Consumer Staples companies and Communication Service companies and added to some Technology and Cyclical companies in first half of the year on recession fears due to tariff risk and DeepSeek fears impacting some technology names. Specifically, the addition of Microsoft, TD SYNNEX and Micron Technologies and adding to Delta Airlines in first half, benefited from these worries residing. The Strategy sold Walmart and Phillip Morris after many years of strong performance due to being uncomfortable with valuation, and Verizon due to worries of increased competition.

The risk reward is now more balanced going into 2026, and stock selection becomes even more important to deliver value at this point in the cycle and at elevated market valuations. For instance, the portfolio has sold an agriculture holding in Materials for a packaging company and specialty chemical company and swapped out a Utility position as the regulatory environment was worsening in New Jersey into one where it is expected to improve. Sometimes companies will not perform in accordance with the investment thesis and need to be sold like a life science company and a global beauty company did this year. In summary, the Strategy remains overweighted in attractively valued stocks and focused on companies that can improve returns above those already priced into their stock.

Composite performance

Periods less than one year are not annualized.

Average Annualized Returns[3] Inception date: Jan. 1, 2015		**3 months**	**YTD**	**1 year**	**3 years**	**5 years**	**10 years**	**Since Inception**
Composite	Gross-of-fees[1]	5.09	20.35	20.35	15.84	14.66	12.85	11.32
	Net-of-fees[2]	4.31	16.84	16.84	12.47	11.32	9.56	8.08
Russell 1000 Value Index		3.81	15.91	15.91	13.90	11.33	10.53	13.90

Top 10 Holdings (excluding derivatives and cash): 25.32% of Strategy as of Nov 28 2025: Wells Fargo & Co: 3.32%, Microsoft Corp: 2.90%, Bank of America Corp: 2.73%, Alphabet, Inc., Class C: 2.58%, Johnson & Johnson: 2.56%, Exxon Mobil Corp: 2.44%, Merck & Co, Inc.: 2.34%, Capital One Fin Corp: 2.19%, JPMorgan Chase & Co: 2.17%, Cisco Syst, Inc.: 2.09%

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All data represents past performance and does not guarantee future results.

1Gross-of-fees returns reflect the deduction of transaction costs but do not include the deduction of advisory fees or other expenses that may be incurred in the management of an actual account. **2**Net-of-fees returns reflect the deduction of a model fee of 3.00% (0.25% applied to the monthly gross returns), which represents the highest anticipated fee that could be charged for accounts utilizing this strategy. This model fee is applied for illustrative purposes and may not reflect the actual fees paid by any specific investor. Actual fees may vary based on account size, custodial arrangements, and other factors. **3**Assumes reinvestment of capital gains, dividends and interest.

Composite description: The strategy looks to provide investors with consistent, competitive performance through favorable stock selection while monitoring risk. The strategy typically invests in large companies across the value spectrum. Value stocks are companies that trade at a lower price compared to the market average, as measured by valuation ratios that compare the stock's price to the company's earnings and growth trends. Large companies are generally considered to be more stable but may not have the fast growth potential of smaller companies or the ability to respond as quickly to competitive challenges and changing market conditions. Equity securities of large companies can be volatile and unable to respond quickly to new competitive challenges and may not be able to attain a high growth rate. Value investing includes undervalued securities whose value may not rise as quickly as anticipated if the market doesn't recognize their intrinsic value. Securities may be affected by company performance, market conditions, or global events. The strategy may also utilize derivatives to manage market exposure. The use of derivatives (such as futures) involves additional risks and transaction costs.

Holdings and characteristics information is based on a representative, discretionary, unconstrained account that we believe is reflective of the overall strategy. While this account is selected to illustrate typical portfolio characteristics, holdings in other individual accounts may differ due to factors such as account-specific restrictions, timing of investments, and cash flows. Attribution is based on the gross returns of the representative account versus the composite benchmark and is calculated without the deduction of fees and expenses. The strategy was not available in a separately managed account as of Dec. 31, 2025.

For model-delivered SMAs: The implementation of any model portfolio is at the discretion of the managed account sponsor. Thrivent model portfolio information is for use by third-party advisers managing their clients' accounts. Thrivent Asset Management, LLC ("TAM") will trade in a discretionary representative account before model updates are made available to the sponsor. Under TAM's trade sequencing policy, trade instructions may be delivered after activity completes in the representative account, with timing dependent on the significance of the change. The sponsor retains full discretion over whether and when to implement trades in client accounts. For additional information regarding use of TAM model portfolios, review TAM's Form ADV – **Part 2 Brochure**.

Portfolio adjustments may result in taxable events for taxable accounts. In addition, short-term trading fees may apply to certain transactions. Thrivent Asset Management, LLC does not provide accounting, legal or tax advice. Please consult a tax or legal advisor.

Any indexes shown are unmanaged and do not reflect the typical costs of investing. Investors cannot invest directly in an index. For index licensing information, visit thriventfunds.com/privacy-security/index-provider-notices.html. Russell 1000 Value Index measures the performance of U.S. large capitalization value-oriented equities.

Due to rounding, some numbers may not equal stated totals.

Investing involves risks, including the possible loss of principal.

The implementation of or reliance on a model portfolio is at the discretion of the managed account sponsor. Thrivent model portfolio information is intended for use only by third-party adviser firms in conjunction with their management of their clients' accounts.

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