

THRIVENT REAL ESTATE SECURITIES PORTFOLIO

Portfolio key points

Thrivent Real Estate Securities Portfolio uses a top-down investment approach combined with a deep fundamental analysis framework to add value.

Improve diversification potential

Investing in U.S. real estate companies may improve the risk adjusted returns of a traditional portfolio by offering an asset class that does not move in lock step to the stock or bond market. The Portfolio invests across the market cap spectrum and across real estate property sectors for added diversification.

Invest in hard assets

The Portfolio focuses on income-producing common stocks and other equity securities of U.S. real estate companies. A real estate company generally derives at least 50% of its revenue from real estate ownership, leasing, management, development, financing or sale of residential commercial or industrial real estate—or it has at least 50% of its assets in real estate.

Long-term stable cash flows

Securities that invest in real estate often provide more income than traditional bonds. It also offers the potential for increasing income. This is due to the ability to increase rent payments annually on long-term leases. Real estate companies often have contractual lease obligations with their tenants that include annual rent increases as part of the lease contract.

Investment process

Our process starts at the top. First, the portfolio management team wants to understand what is happening on a macroeconomic scale. Then they want to understand both the private and public Real Estate investment outlook. After that, they analyze the individual property sectors to determine where we want to be over or underweight. Lastly, the management team searches for the best-in-class companies in each sector that they want to own using fundamental analysis.

MACROECONOMIC FACTORS

- Economic growth
- Interest rates
- Productivity
- Inflation

REAL ESTATE INVESTMENT OUTLOOK

- Investment demand
- Debt/equity availability
- Fundamental outlook

SECURITY SELECTION

- Search for best-in-class companies
- Search for qualified management teams
- Search for proven track records
- Search for attractive growth outlook

PROPERTY SECTOR REVIEW

- Secular trends
- Cyclical outlook
- New construction supply
- Rental rate trends

Management



Reginald Pfeifer, CFA
Senior Portfolio Manager
Sector: Real Estate

Industry since: 1986
Thrivent since: 1990
Portfolio since: 2003

“ We strive to add value by attempting to pick the right Real Estate property sectors to be overweight and underweight in and by picking the right Real Estate companies to invest in.”

Investing in U.S. real estate companies may provide diversification benefits to a traditional portfolio. The following chart shows the correlation¹ of the MSCI USA/Real Estate Sector, over the past 15 years, to other common

indexes used in portfolio construction. While diversifying a traditional stock/bond portfolio with U.S. Real Estate exposure can't eliminate risk, it can help reduce volatility and may improve risk-adjusted returns over the long term.

MSCI USA/REAL ESTATE CORRELATION TO COMMON INDEXES

Nov. 1, 2004 – Dec. 31, 2019

1	S&P 500	1.00										
2	S&P MidCap 400	0.94	1.00									
3	S&P SmallCap 600	0.90	0.96	1.00								
4	MSCI World	0.97	0.92	0.85	1.00							
5	MSCI EM	0.76	0.75	0.67	0.86	1.00						
6	Bloomberg Barclays US Agg Bond	-0.01	-0.03	-0.10	0.03	0.12	1.00					
7	Bloomberg Barclays US Government	-0.30	-0.32	-0.35	-0.28	-0.19	0.90	1.00				
8	Bloomberg Barclays US Corp Bond	0.31	0.30	0.20	0.38	0.43	0.82	0.53	1.00			
9	Bloomberg Barclays US Corporate High Yield	0.71	0.74	0.67	0.76	0.72	0.21	-0.20	0.59	1.00		
10	Bloomberg Commodity	0.48	0.50	0.42	0.57	0.63	0.01	-0.18	0.24	0.49	1.00	
11	MSCI USA/Real Estate	0.71	0.73	0.71	0.70	0.56	0.25	-0.01	0.43	0.70	0.30	1.00

Source: Morningstar

¹**Correlation:** a measure, from +1 to -1, of the degree to which two securities move in relation to each other. A perfect positive correlation of 1.0 means that when one position goes up, the other moves in perfect lockstep in the same direction. A perfect negative correlation of -1.0 means that two assets move in opposite directions, while a zero correlation means that there's no relationship at all.

Index descriptions: **S&P 500**[®] is a market-cap weighted index that represents the average performance of a group of 500 large-cap stocks. **S&P MidCap 400**[®] represents the average performance of a group of 400 mid-cap stocks. **S&P SmallCap 600**[®] represents the average performance of a group of 600 small cap stocks. **MSCI World** represents large/mid cap stocks in 23 Developed Market countries. **MSCI Emerging Markets** is a component of MSCI ACWI ex USA and includes 26 emerging markets. **Bloomberg Barclays US Aggregate Bond** measures the performance of U.S. investment grade bonds. **Bloomberg Barclays US Government** measures the performance of U.S. Treasury and U.S. Agency Indexes. **Bloomberg Barclays US Corporate Bond** measures the investment grade, fixed-rate, taxable corporate bond market. **Bloomberg Barclays US Corporate High Yield Bond** measures the performance of fixed-rate non-investment grade bonds. **Bloomberg Commodity** measures the performance of future contracts on physical commodities which traded on US exchanges and London Metal Exchange. **MSCI USA/Real Estate** is designed to capture the large, mid and small cap segments of the US equity universe.

Risks: The Portfolio focuses on income-producing equity securities of U.S. real estate companies. Declines in real estate values, changes in interest rates or economic downturns can have a significant negative effect on companies in the real estate industry. REITs are subject to numerous risks and can be affected by interest rates, the values of the properties they own, and the credit quality of mortgage loans they hold. The value of the Portfolio is influenced by factors impacting the overall market, certain asset classes, certain investment styles, and specific issuers. The Portfolio may incur losses due to incorrect assessments of investments that do not perform as anticipated by its investment adviser. These and other risks are described in the Portfolio's prospectus

The portfolio is only available to the public through a variable life or variable annuity contract. Contact the provider for more information and a contract prospectus which will include information on the additional charges and fees that apply to the specific contract.

Investing involves risks, including the possible loss of principal. The prospectus and summary prospectus contain more complete information on the investment objectives, risks, charges and expenses of the portfolio, and other information, which investors should read and consider carefully before investing. Prospectuses are available at ThriventPortfolios.com or by calling 800-847-4836.



The principal underwriter for Thrivent Variable Portfolios, the marketing name for Thrivent Series Fund, Inc., is Thrivent Distributors, LLC, a registered broker/dealer and member of FINRA and SIPC. Thrivent Financial for Lutherans, an SEC-registered investment adviser, serves as the investment adviser. Thrivent Distributors, LLC is a subsidiary of Thrivent, the marketing name for Thrivent Financial for Lutherans.

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