Asset Management

Exchange Traded Funds
NYSE Arca

Thrivent Core Plus Bond ETF

Q1 2025 Commentary

TCPB • March 31, 2025

Management

Kent White, CFA
VP, Fixed Income Mutual Funds

Industry: 1999
Firm: 1999
Fund: 2025

Cortney Swensen, CFA
Senior Portfolio Manager

Industry: 2005
Firm: 2011
Fund: 2025

Executive Summary

• Since its launch date of 2/19/25 through the end of the first quarter, Thrivent Core Plus Bond ETF underperformed the Bloomberg US Aggregate Bond Index by 0.25% during a period of declining rates and widening spreads as markets began to price in policy uncertainty and the potential for weaker economic growth. The fund underperformed due to its shorter duration at launch, which has since been adjusted upwards.
• Despite weakness in risk assets, valuation of corporate bonds remains rich relative to historical levels, so we remain cautious on valuations as downside risks are not currently reflected in credit. We remain selective and opportunistic, leaving room to add risk at more attractive levels.

Performance factors

Thrivent Core Plus Bond ETF underperformed the Bloomberg US Aggregate Bond Index by 0.25% since its February 19th, 2025 launch date. This underperformance was largely attributable to the Fund's shorter duration relative to its benchmark during its initial launch while interest rates began to rally. We quickly adjusted the Fund’s duration to more accurately reflect our views on rates but this initial positioning was nonetheless a drag on the Fund’s performance during the quarter. Offsetting some of the Fund’s underperformance due to duration, the Fund benefitted from positive security selection in investment grade corporates and from its overweight allocation to and security selection within high-quality securitized assets.

Relative to the Fund’s Core Plus Morningstar peer group, the Fund has outperformed during this period, largely due to its defensive positioning within credit and its underweight positioning in some of the traditional “Plus” segments of the Core Plus Bond universe.

Portfolio outlook

The Federal Reserve (Fed) funds rate was kept unchanged in the 4.25-4.5% range during the first quarter. At the March Federal Open Mark Committee (FOMC) meeting, the Fed's forecast for inflation was revised upward to 2.8% from 2.5% while growth expectations were revised downward to 1.7% from 2.1%, due to increased economic uncertainty introduced by the new administration's planned tariffs. The Fed's dual mandate of price stability and maximum employment has the potential to be tested by the policies put forth by the current administration, as stagflationary forces could develop. However, at this time, the Fed's base case is that tariff-induced inflation will largely remain transitory. Its median projection is for two 25 basis point cuts in 2025, while the market is currently pricing in closer to three. We have adjusted our duration positioning to reflect our concerns on the economic outlook and are now positioned longer than our benchmark. We remain cautious on valuations within credit as we believe downside risks are not fully reflected in current valuations and are defensively positioned.

Performance

For the period ending March 31, 2025 • Periods less than one year are not annualized.

Average annualized returns (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since Inception
Thrivent Core Plus Bond ETF (NAV)	N/A	N/A	N/A	N/A	N/A	N/A	1.76
- Expense ratio: 0.39%; Incept. date 2/19/2025							
TCPB Market Price	N/A	N/A	N/A	N/A	N/A	N/A	1.96
Bloomberg U.S. Agg Bd Index	2.78	2.78	4.88	0.52	-0.40	1.46	
Morningstar Intermediate Core-Plus Bond Avg	2.61	2.61	5.27	0.92	0.99	1.77	

Top 10 Holdings (excluding derivatives and cash) 45.72% of Fund, as of Feb 28 2025: U.S. Treasury Notes: 6.55%, FHLMC 30-Yr. Pass-Thru: 5.63%, FNMA: 5.62%, Wi Treasury Note: 4.67%, U.S. Treasury Notes: 4.64%, U.S. Treasury Notes: 4.32%, U.S. Treasury Notes: 3.76%, FHLM Corp: 3.61%, FNMA: 3.57%, U.S. Treasury Bds: 3.35%

Learn more: thriventETFs.com • Advisors: 800-521-5308 | sales@thriventfunds.com • Investors: 800-847-4836 | contact your advisor

The ETF is newly formed and does not have any operating history. Debt securities may decline in price when interest rates rise and/or issuers are no longer able or willing pay their debt. Mortgage-backed and asset-backed securities are influenced by the housing market and assets underlying such securities. U.S. government securities may not be fully backed by the U.S government and issuers may not meet their payment obligations. U.S. government securities' value may be affected by credit ratings. High yield securities are subject to credit risk and liquidity risk. Performance is influenced by several factors, including the performance of the broader market and financial sector and risks associated with foreign markets, derivatives, and specific issuers. These and other risks are described in the prospectus.

Any indexes shown are unmanaged and do not reflect the typical costs of investing. Investors cannot invest directly in an index.

Bloomberg US Aggregate Bond Index measures the performance of U.S. investment grade bonds.

The Morningstar average represents the average total return annualized when greater than one year for all reported funds in the category. Morningstar averages do not include sales charges/fees. If included, returns would have been lower.

This commentary refers to specific securities which Thrivent ETFs may own. Additional information about the holdings of the ETFs is available on thriventETFs.com.

All data represents past performance. Past performance does not guarantee future results. The investment return and principal value of the investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. A fund's performance for very short time periods may not be indicative of future performance. Market returns are based on the midpoint of the bid/ask spread at market close (typically, 4 p.m. ET) and do not represent returns an investor would receive if shares were traded at other times. Current performance may be lower or higher than the performance data quoted. Call 800-847-4836 or visit thriventETFs.com for performance results current to the most recent month-end.

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 fund, and other information, which investors should read and consider carefully before investing. Prospectuses and summary prospectuses are available at thriventETFs.com or by calling 800 -847-5836.

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