

Thrivent Church Loan and Income Fund

Q4 2022 Commentary

XCIX (Class S) • December 30, 2022

Management



Fred Johnson, CPA (inactive)
Senior Portfolio Manager

Industry since: 1987
Thrivent since: 1987
Fund since: 2018



Meg Spangler
Portfolio Manager

Industry since: 1996
Thrivent since: 1999
Fund since: 2018



Gregory Anderson, CFA
VP, Fixed Income General Account

Industry since: 1993
Thrivent since: 1997
Fund since: 2018

Executive Summary

- The churches that are represented in the portfolio continue to make significant community impact distributing food, clothing, counseling services, and the Gospel message in these challenging times.
- An increasing interest rate environment created an opportunity for the Fund to add two higher yielding church loans to the Fund in Q4.
- 30-day SEC yield averaged 4.25% for the quarter and 3.64% over the past year. Q4 2022 return of 3.11%.
- The quality of the church loans continues to be strong with no loan delinquencies in the Fund.

Impacting Communities Impacting Lives

The Fund strives to make loans to churches that are making positive impacts in their local communities and globally. Since September 2018, the Fund's inception, 117 churches and their respective communities have benefited from a mortgage loan relationship, including many multi-site church communities. Churches borrow to fund growth in their congregations and their ministries, and Thrivent has been funding church loans for over 115 years, making a meaningful impact in the communities the churches serve and around the world. For example, one church added to the Fund this quarter is heavily engaged in the community including a K-12 Christian School, a ministry for men with addiction issues, and contributes over \$150,000 annually to support Missions/Missionaries. Another church partners with local charities, Christian orphanages, local prisons, food shelves, and fills school backpacks for those in need.

Some of the aggregate impact metrics for the loans funded over the past 12 months include: •10,861 total worshippers impacted •1.13% average interest rate reduction •117 church impacted since inception

Performance factors

Quarterly and 12-month return attribution: Thrivent Church Loan and Income Fund is managed to produce income for investors that are seeking to make an impact within the Christian community and thus is not managed specifically to a benchmark. However, the Bloomberg US Aggregate Bond Index ("the index") is used as a proxy for comparative purposes of Fund return. Fund returns totaled 3.11% for Q4 and -11.14% for full year 2022. Both the quarterly and annual performance for the Fund were more than 120 bps better than the index returns of 1.87% for Q4 and -13.01% for the year.

The 30-day SEC yield averaged 4.25% for the quarter and 3.64% over the past year.* The Fund has an overall duration of 4.80, which is comprised of a duration of 5.12 for the aggregate church loan holdings in combination with the mortgage-backed securities (MBS) asset duration of 3.64. During the quarter, agency MBS added value to the Fund while also adding value over the last 12 months, as the bond market tries to find its footing while the Federal Reserve (Fed) fights inflation.

*The 30-day SEC yield for the period ending December 30, 2022, is 4.14% and 1.60% before fee waivers were applied to this Fund.

Positioning changes and/or new loans generated: Two loans paid off during the quarter, and two new loans were added. As such, the Fund continues to have a position in 80 church loans. Interest rates on the new loans were at or above 5.95%, while the interest rates on the loans paid off were at or below 4.35%. The Fund has church loan investments across 27 states and 11 denominations (e.g., Lutheran, Baptist, Non-Denominational, etc.).

Portfolio outlook

Quality of the portfolio of church loans continues to be strong with no delinquent loans. We continue to see many churches make additional principal payments and others exploring expansion plans, both of which indicate solid financial situations for these churches. In addition, churches continue to make significant impact in their communities by bringing their time, talents, and treasures to help their neighbors and spread the Gospel message to those looking for help and hope in these challenging times.

From an economic perspective, the Fed continues to battle inflation. Over the course of 2022, the Fed raised interest rates at each of its meetings, raising the Federal Funds rate from 0.00% - 0.25% at the beginning of the year to 4.25% - 4.50% at year end. These increases have started to have an

impact on inflation, however additional increases to the Federal Funds rate are likely. In addition, the yield curve continues to be inverted, which at times is indicative of recessionary pressures. As noted previously, increasing interest rates provide opportunities for the Fund to add higher rate loans to the portfolio, which occurred in Q4.

The Fund will continue to hold liquid securities as part of the overall portfolio strategy. Going forward, the risk/reward for Agency MBS favors a neutral weight as the Fed battles inflation. We recommend MBS versus Treasuries as MBS outperform in most interest rate scenarios over the near term. MBS and other liquid securities account for 21% of the Fund's market value with the remaining 79% comprised of church loans.

Performance

For the period ending December 30, 2022 • 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 Church Loan and Income Fund — S share	3.11	-11.14	-11.14	-2.15	N/A	N/A	0.85
- Expense ratio: net 1.00%, gross 3.14%; Incept. date 9/28/2018							
Bloomberg U.S. Agg Bd Index	1.87	-13.01	-13.01	-2.71	0.02	1.06	

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

The Adviser has contractually agreed, for a period of one year from the date of the most recent prospectus, to waive certain fees and/or reimburse certain expenses associated with the Fund. If not waived, returns would have been lower. Refer to the Fees & Expenses table 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.

Risks: The Fund invests primarily in church loans and mortgage-backed securities. The value of the Fund is influenced by factors impacting the overall market, debt securities and specific issuers. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. The Fund is a non-diversified closed-end interval fund with a quarterly repurchase option. An investment in the Fund's shares should be considered a long-term investment with risks, including concentration risk, limited liquidity and the risk of a loss of some or all of the amount invested.

The church loans in which the Fund invests are mortgage loans to U.S. non-profit organizations with a stated Christian mission. The church loans are typically not listed on any national securities exchange and no active trading market exists for them. These church loans are primarily backed by real estate and are vulnerable to factors that affect the real estate market. Certain factors specific to churches may impact a borrower's finances and its ability to make payments. Churches rely on voluntary contributions from their congregations for their primary source of income, which may be used to repay church loans. The membership of a church, the attendance of its members, or the per capita contributions of its members may not remain constant or may decrease, which could have a negative impact on the ability of a church to repay a loan. Loans are subject to a number of risks including credit risk, default risk, refinance risk and modification risk. Credit risk is the risk that an issuer of a debt security may not pay its debt. Default risk is the risk that a borrower will not be able to make principal and interest payments in which case the value of the Fund may be negatively affected. The value of mortgage-backed securities will be influenced by the factors affecting the housing market. Bond prices may decline during periods of rising interest rates. Markets may also be impacted by domestic or global events, including public health threats, terrorism, natural disasters or similar events. The London Interbank Offered Rate (LIBOR) is being phased out, which brings uncertainty to instruments tied to it. The Fund has received an exemptive order allowing co-investment with other Thrivent accounts, which may give rise to actual or perceived conflicts of interest and subject the Fund to the risk of regulatory changes and actions. These and other risks are described in the Fund's prospectus.

The Fund is a closed-end "interval fund." Limited liquidity is provided to shareholders only through the Fund's quarterly offers to repurchase between 5% to 25% of its outstanding shares at net asset value (subject to applicable law and approval of the Board of Trustees). It is possible that a repurchase offer may be oversubscribed, with the result that shareholders may only be able to have a portion of their shares repurchased. There is no assurance that you will be able to redeem your shares when or in the amount that you desire. There is no secondary market for the Fund's shares and none is expected to develop. Investors should consider shares of the Fund to be an illiquid investment.

This commentary may refer to specific securities which Thrivent Church Loan and Income Fund may own. A complete listing of the holdings for each of the Thrivent Church Loan and Income Fund is available on thriventinterval funds.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. Current performance may be lower or higher than the performance data quoted. Visit thriventinterval funds.com or call 800-847-4836 for performance results current to the most recent month-end.

Investing involves risks, including the possible loss of principal. The prospectus contains 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 are available at thriventinterval funds.com or by calling 800-847-4836.

The distributor for the Thrivent Church Loan and Income Fund is Thrivent Distributors, LLC, a registered broker-dealer and member FINRA/SIPC. Thrivent Asset Management, LLC, an SEC-registered investment adviser, serves as the investment adviser for the Thrivent Church Loan and Income Fund. Both entities are subsidiaries of Thrivent, the marketing name for Thrivent Financial for Lutherans.

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