

Thrivent International Equity Fund

Prior to Feb. 28, 2025, the fund was named Thrivent International Allocation Fund.

Q4 2024 Commentary

TWAIX (Class S) • December 31, 2024

Management



Noah Monsen, CFA
Senior Portfolio Manager

Industry: 2008
Firm: 2000
Fund: 2016



Brian Bomgren, CQF
Senior Portfolio Manager

Industry: 2006
Firm: 2006
Fund: 2016



Jing Wang, CFA
Senior Portfolio Manager

Industry: 2008
Firm: 2019
Fund: 2023

Shu Guo
Senior Portfolio Manager

Industry: 2011
Firm: 2022
Fund: 2024

Executive Summary

- The Fund narrowly outperformed the peer group for the quarter, while both the Fund and peer group outperformed the benchmark MSCI ACWI (All Country World Index) ex USA – USD Net Returns Index.
- For the trailing year, the Fund underperformed the peer group while also underperforming the Index benchmark.
- Emerging Markets outperformed developed, accounting for much of the difference between Index and peer group returns.

Performance factors

The Fund is managed in three separate strategies – developed market large cap, developed market small cap, and Emerging Markets – and each strategy is managed to its own internal benchmark. Compared to the benchmark Index, the Fund maintains a small overweight to the small cap segment and underweight to the Emerging Markets (EM) segment. This had a modestly negative impact on relative performance for the quarter, as small caps were the best performing segment in the Fund. For the year, the performance advantage for EM was similar, with the same small effect on performance.

After strong performance in the first three quarters of 2024, returns in international markets turned sharply negative in the fourth quarter, giving up most of the year's gains. Optimism over stimulus measures in China has faded after sparking the strongest rally in decades for China's stock market. In the fourth quarter, China's market quickly lost about half of those gains before trading sideways for the remainder of the year. Similar pessimism over growth in Europe brought on similar negative returns in the quarter for developed markets. U.S. dollar strength also returned in the quarter, mainly due to anticipation of higher growth and higher than expected interest rates, providing an additional headwind for international stock returns.

The development market large cap segment of the Fund outperformed its benchmark for the quarter. While stock specific returns were the majority of the outperformance, the segment also saw significant gains from allocation to the momentum factor, while profitability and low volatility exposure underperformed. For the year, strong stock selection performance from our model was offset by losses in industry allocations and stock-specific, non-factor returns, leaving the segment with small positive relative performance.

The small cap segment of the Fund outperformed its benchmark for the quarter and the full year. Despite experiencing a brief period of sharp underperformance, momentum factors were still the best performers for the past year, providing the largest source of returns to the portfolio. For the quarter, this segment benefitted from combining that momentum exposure with value factors in Europe, which continued to perform as momentum lagged. The segment performed well in Europe for this period, while struggling in Japan. Japan's factor performance returned to more usual historical patterns, with value factor providing solid performance once again.

The Emerging Markets segment outperformed its benchmark in the quarter and for the full year. From a factor perspective, momentum was the dominant driver of returns during the quarter, accounting for nearly all of the portfolio's factor outperformance for the quarter, and about half of it for the full year. Valuation factors also contributed positively for the quarter and the year, with both earnings yield and dividend yield performing well across regions.

Portfolio outlook

The Fund maintains allocations to three distinct strategies – developed market large cap and small cap strategies, and Emerging Markets. Performance during the quarter and trailing year is primarily the result of the performance of these strategies relative to their respective benchmarks. The Fund maintains smaller allocation to Emerging Markets stocks and a higher allocation to small cap stocks than the MSCI ACWI ex USA – USD Net

Returns index. In each of these segments, we seek to maintain a diverse set of exposures to factors that have historically been shown to forecast future stock returns.

Among these factors, we also assess the valuation characteristics of factors for opportunities to increase or decrease exposures. We generally see emerging markets factors as more attractively priced than developed markets at this time, although neither group appears to be priced at an extreme. As such, we expect factor returns to be within their normal range of returns and volatility in the near term, with quality and growth factors less attractive than value and momentum.

Performance For the period ending December 31, 2024 • 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 International Equity Fund — S share	-7.19	4.16	4.16	0.14	3.57	4.39	3.13
- Expense ratio: 0.81%; Incept. date 2/29/2008							
MSCI ACWI ex-USA Index - USD NR	-7.60	5.53	5.53	0.82	4.10	4.80	
Morningstar Foreign Large Blend Avg	-7.35	4.85	4.85	0.77	4.45	4.97	

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

Top 10 Holdings (excluding derivatives and cash) 15.22% of Fund, as of Nov 29 2024: Novartis AG: 2.15%, Shell plc: 2.13%, Allianz SE: 1.61%, ASML Holding NV: 1.44%, AstraZeneca plc: 1.44%, Roche Holding AG, Particip'n Certs: 1.41%, Ferrari NV: 1.35%, Compass Grp plc: 1.24%, ABB, Ltd.: 1.24%, Deutsche Boerse AG: 1.21%

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

MSCI All Country World Index ex-USA - USD Net Returns measures equity market performance in global developed and emerging markets outside of the US.

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. ©2025 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Risks: Foreign investments involve additional risks, such as currency fluctuations and political, economic and market instability, which may be magnified for investments in emerging markets. The Fund's value is influenced by a number of factors, including the performance of the broader market, the effectiveness of the Adviser's allocation strategy, and risks specific to the Fund's asset classes, market cap groups, investment styles, and issuers. The use of derivatives such as futures involves additional risks and transaction costs. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. The use of quantitative investing techniques also involves risks. These and other risks are described in the prospectus.

This commentary may refer to specific securities which Thrivent Mutual Funds may own. A complete listing of the holdings for each of the Thrivent Mutual Funds is available on thriventfunds.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. Call 800-847-4836 or visit thriventfunds.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 thriventfunds.com or by calling 800-847-4836.

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