

Thrivent International Equity Fund

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

Q1 2025 Commentary

TWAIX (Class S) • March 31, 2025

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

- Stock selection in Japan, added value in the Fund, while stock selection in Europe and exposure in Canada dragged the performance for the quarter.
- For the year, the Fund saw poor performance in some regions, notably Canada, offset modest positive performance in other regions.

Performance factors

The first quarter of 2025 saw a rise in volatility as markets adjust to abrupt policy changes in the US. While driven by events in the US, the effects were felt worldwide across nearly all assets and economic sectors. In emerging markets, the impact was different in different countries, as investor attempted to determine how changes in trade policy in particular would impact companies in the various countries. Although China is likely to be most directly targeted by new tariffs, Chinese stocks led the market higher as a weaker currency may help offset the effects of tariffs imposed by the US. Chinese markets also rallied following the announcement of a new AI chatbot from Deepseek, which was built with far lower levels of capital investment than competing products. This seemed to infuse a sense of optimism about Chinese innovation that buoyed the entire market. In contrast, India began lagging other emerging markets despite being perceived to have more cordial relations with the new US administration.

Meanwhile in Europe, markets have rallied since the November US election, strongly beating US stocks – a rarity in recent years as US markets have consistently outperformed international stocks since the financial crisis of 2008-2009. Europe was led higher by German stocks, especially industrial and defense companies, as that countries parliament approved loosening of fiscal constraints, allowing the government to borrow more freely to spend on their own defense in reaction to the prospect of a US pullback from Europe in the new presidential administration.

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. Effective March 1, 2025, the benchmark of the developed large cap segment changed to MSCI EAFE from MSCI World ex-USA. This change resulted in a reduction in the Fund’s allocation in Canada to better match its weight in the peer group. Canada’s overweight in the Fund due to this benchmark mismatch was a significant contributor to underperformance in the recent quarter, as Canada underperformed other developed countries over this period.

For the quarter, the Fund saw its best performance outside Asia, while stock selection struggled in Asia, especially in India and China. In India, exposure to high momentum was the biggest source of underperformance, with several of the stocks with the largest negative performance coming from the highest momentum names in India. In China, we experienced poor selection in the Consumer Discretionary sector, as that sector accounted for nearly all underperformance in China. This was largely driven by our exposure to high profitability in China coupled with lower exposure to value in the form of the book-to-market factor.

Portfolio outlook

We continue to expect some short-term volatility in markets as US trade policy continues to evolve, but the volatility may begin to subside as the direction of policy becomes more clear and countries adapt to the new environment. While certain targeted industries may experience greater impacts, we have already seen more emerging market stocks show resilience to these trade headwinds. Companies more focused on their own home markets may also prove less volatile than those more dependent on exports to the US. We have not repositioned the portfolio significantly in response to tariffs on any particular country or industry.

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. 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. In the current environment, factor valuations appear somewhat more favorable for futures returns in emerging markets than developed markets. Momentum factors are most attractive in both developed and emerging markets on a valuation basis.

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 International Equity Fund — S share	6.20	6.20	5.66	4.80	11.17	4.57	3.45
- Expense ratio: 0.80%; Incept. date 2/29/2008							
MSCI ACWI ex-USA Index - USD NR	5.23	5.23	6.09	4.48	10.92	4.98	
Morningstar Foreign Large Blend Avg	6.50	6.50	6.09	5.58	11.48	5.21	

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) 15.60% of Fund, as of Feb 28 2025: Shell plc: 2.19%, Novartis AG: 2.07%, Roche Holding AG, Particip'n Certs: 1.62%, AstraZeneca plc: 1.59%, Allianz SE: 1.42%, Givaudan SA: 1.40%, SAP SE: 1.35%, ASML Holding NV: 1.33%, Deutsche Boerse AG: 1.32%, Tesco plc: 1.31%

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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