

Thrivent Large Cap Value Fund

Q2 2021 Commentary

TLVIX (Class S) • June 30, 2021

Management



Kurt J. Lauber, CFA
Senior Portfolio Manager
Industry since: 1990
Thrivent since: 2004
Fund since: 2004
Lead PM since: 2013

Key Personnel



Thomas Lieu, CFA
Senior Portfolio Manager
Industry since: 2000
Thrivent since: 2019
Fund since: 2020

Performance factors

The Fund outperformed the Russell 1000® Value Index due to broadly positive stock selection. Sector allocation contribution was in-line with the benchmark. Industrials stock selection lead performance helped from recently added United Parcel Service (UPS). UPS is benefiting from new management's focus on improving pricing and returns. Carlisle Companies Incorporated is starting to benefit from commercial roofing replacement cycle which helped the stock. Strong steel prices drove Nucor's outperformance in Materials. CF Industries Holdings performed well due to improved outlook in fertilizer pricing. Avoiding Intel's (which is not owned in the Fund) expensive turnaround strategy and holding

Executive summary

- The Fund outperformed the Russell 1000® Value Index for both the past quarter and past year, driven by strong stock selection and good sector allocation.
- Positive stock selection was broad based among sectors this quarter with Industrials, Technology and Materials the most impactful sectors.
- The Fund remains over-weighted in attractively valued companies and continues to focus on companies that can improve returns that are not correctly priced into a company's valuation.

QUALCOMM benefited Technology performance. Consumer Discretionary was hurt by Sony, as shortfall in semiconductors supplies limited Play Station 5 sales.

Thrivent Large Cap Value Fund has trimmed holdings in Financials and Metals, but we continue to find value in banks and Materials relative to other cyclicals. Banks are still relatively cheap vs. the market but are in better financial shape this cycle and should continue to benefit from the economic recovery through improved credit and higher net-interest income. Stable stocks are starting to look more attractive, especially within Healthcare. Healthcare Services have been pressured by the impacts of COVID-19 and fears of changes to their business models from a new administration; however, these companies have proven more resilient and continue to improve returns. The portfolio also started adding Philip Morris last quarter and finished this quarter, as the company's transition to reduced risk products looks accretive to earnings and returns. The Fund took advantage of the sell-off in Discovery to add back to the position, which should benefit from the roll out of Discovery + and the merger with

AT&T's (which is not owned in the Fund) media assets.

The Fund outperformed the Russell 1000® Value Index over the last 12-months. The Fund had positive performance in all sectors except Health Care. Consumer finance, investment banking and brokerage drove good Financials performance. Capital One Financial Corp and Discovery Financial Services benefited as consumer credit did not perform as poorly as investors were expecting. Morgan Stanley benefited from continued wealth management momentum and anticipation of benefits from its E-Trade (which is not owned in the Fund) acquisition. Industrials benefited from adding building and construction companies like Johnson Controls International and United Rentals to the Fund. Poor stock selection in Health Care centered on Merck and GlaxoSmithKline. Merck's pharmaceuticals were negatively impacted by fewer doctor office visits due to COVID-19 and by investors' dislike of the proposed plan to spin slower selling drugs into a new company. The Fund continues to hold Merck due to its leading cancer drug and confidence in a recover of sales with the return of patients to doctor offices.

Portfolio outlook

Thrivent Large Cap Value Fund process is to add value through stock selection by ranking companies on valuation, operating performance, and catalysts. Value stocks underperformed growth towards the end of the quarter with a pullback in interest rates but valuation as a selection tool was beneficial in the quarter. Stock selection is the most important aspect of our process, which we anticipate will be more impactful than cyclical

vs stable, cheap vs expensive and small vs large going forward – especially as valuation spreads continue to narrow. The Fund continues to own a slight overweight in Financials especially banks for cyclical company exposure and Healthcare especially health service companies for stable company exposure. The Fund remains well over-weighted in attractively valued stocks and focused on companies that can improve returns above those already priced into their stock.

Thrivent Large Cap Value Fund performance

Class S shares | For the period ending June 30, 2021

Average annualized returns (%) Periods less than one year are not annualized.	3 months	YTD	1 year	3 years	5 years	10 years
Thrivent Large Cap Value Fund Class S share; Expense ratio: 0.54%	6.60	21.16	49.56	13.04	14.07	11.76
Russell 1000® Value Index¹	5.21	17.05	43.68	12.42	11.87	11.61
S&P 500® Value Index²	4.99	16.30	39.54	13.14	12.54	11.85
Lipper Large-Cap Value Median	5.34	17.13	42.40	12.55	12.60	11.12
Lipper rank %	19 (63 of 335)	11 (34 of 331)	18 (56 of 327)	40 (122 of 305)	25 (72 of 288)	32 (72 of 228)

Financial professionals: Contact us at sales@thriventfunds.com or call 800-521-5308

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

¹Russell 1000® Value Index measures the performance of U.S. large capitalization value-oriented equities.

²S&P 500® Value Index measures the performance of the value stocks in the S&P 500 Index.

Risks: Large companies may be unable to respond quickly to new competitive challenges and may not be able to attain a high growth rate. The Fund's value is influenced by a number of factors, including the performance of the broader market, and risks specific to the Fund's asset classes, investment styles, and issuers. Markets may also be impacted by domestic or global events, including public health threats, terrorism, natural disasters or similar events. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. Foreign investments involve additional risks, such as currency fluctuations and political, economic and market instability, which may be magnified for investments in emerging markets. These and other risks are described in the prospectus.

This commentary may refer to specific securities which the Fund(s) may own. This information should not be considered investment advice or a recommendation of any particular security, strategy or product. A complete listing of the holdings for each of the Thrivent Mutual Funds is available on thriventfunds.com.

The Lipper median represents the median annualized total return for all reported funds in the classification. Lipper medians do not include sales charges/fees. If included, returns would have been lower. All rankings are based on total return and do not reflect sales charges. The lower the Lipper percentile ranking, the better the fund performed against its peers. Source for ranking is Lipper, Inc., a Thomson Reuters company. Lipper assigns each fund to a category after scrutinizing its portfolio and assessing the fund manager's flexibility and aggressiveness. Once return figures have been determined, Lipper ranks the relative performance of all funds in a particular category against their respective peer group.

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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