

Thrivent Low Volatility Equity Fund

Q1 2022 Commentary

TLVOX (Class S) • March 31, 2022

Management

Noah Monsen, CFA
Senior Portfolio Manager

Industry since: 2008
Thrivent since: 2000
Fund since: 2017

Brian Bomgren, CQF
Senior Portfolio Manager

Industry since: 2006
Thrivent since: 2006
Fund since: 2018

Key personnel

Sharon Wang, CFA, FRM
Senior Portfolio Manager

Industry since: 2001
Thrivent since: 2017
Fund since: 2017

Nick Cai, CFA
Portfolio Manager

Industry since: 2010
Thrivent since: 2021
Fund since: 2021

Jing Wang, CFA
Senior Portfolio Manager

Industry since: 2008
Thrivent since: 2019
Fund since: 2019

Executive Summary

- Low volatility outperformed markets in an uncertain environment with increasing economic and geopolitical risks.
- Rising interest rates and inflation expectations lead to outperformance by value stocks.
- Russia's invasion of Ukraine caused a spike in energy prices and lifted shares of energy stocks.

Performance factors

Top 10 Holdings (excluding derivatives and cash) 19.20% of Fund, as of Feb 28 2022

Consolidated Edison Inc	2.56%
Sempra Energy	2.13%
Verizon Comm, Inc.	2.08%
Symrise AG	1.97%
Johnson & Johnson	1.94%
Colgate-Palmoive Co	1.79%
Accenture plc	1.74%
Procter & Gamble Co	1.67%
SoftBank Corp	1.66%
Becton, Dickinson and Co	1.66%

The first quarter of 2022 was dominated by two factors: the global inflation outlook, and Russia's invasion of Ukraine. Investors increasingly expect higher, longer lasting inflation, pushing interest rates up throughout developed markets. As a result, equity factors that positively correlated to interest rates performed well. Those factors include especially value, favoring low priced stocks over expensive ones, and stocks with high financial leverage. Conversely, growth underperformed, as higher discount rates reduce the value of futures earnings relative to current earnings.

Russia's invasion of Ukraine led to a return of investor risk aversion, and from the time of invasion, low volatility strongly outperformed, leading the low volatility investment strategy to outperform traditional market capitalization weighted strategies. The invasion also contributed to inflation as energy and food prices both surged due to the risk reduced supply as both a direct result of the conflict and economic sanctions imposed by western nations against Russia. The direct effects of market disruptions in Russia did not have a material impact on the Fund.

The Fund's performance relative to its benchmark was primarily driven by stock-specific factors, with strong positive contribution for the trailing 12-month period, but somewhat negative contribution during the first quarter. For both periods, the Fund experienced especially strong security selection in the Utilities, Communications Services, and Information Technology sectors. Similarly, stock selection had a negative contribution in Health Care and Materials, where an underweight to gold mining stocks had a notable impact. From a factor perspective, the Fund's positioning favoring low volatility (even relative to the MSCI World Minimum Volatility Index) had a strong positive impact. Asset allocation along sector and country lines had minimal impact on relative performance.

Portfolio outlook

We expect the inflation outlook to continue to be a strong driver of returns in the foreseeable future. In response to this, we have positioned to portfolio to maintain a neutral or higher position on value factors that we expect to benefit from the higher inflation and increasing interest rates. We have also moved to have a neutral exposure to fluctuations in interest rates. While we believe a trend toward higher interest rates is likely to continue, we also expect higher than usual volatility in rates, especially if geopolitical events lead to further bouts of risk aversion, and a flight to relative safety in U.S. Treasuries and other high quality sovereign bonds.

The portfolio generally seeks a neutral allocation across global regions and sectors, and the factor exposures we seek differ across regions. In the U.S., we favor lower volatility stocks with improving earnings expectations and low short interest. In Japan, we favor value factors, and avoid price momentum. In the rest of the world, we emphasize high quality with low volatility and low valuations.

Performance

For the period ending March 31, 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 Low Volatility Equity Fund — S share - Expense ratio: net 0.95%, gross 1.43%; Incept. date 2/28/2017	-3.89	-3.89	11.92	8.80	8.86	N/A	8.81
MSCI World Min Vol Index - USD Net Rtrns	-2.95	-2.95	9.54	8.22	8.82	9.51	N/A
Morningstar World Large-Stock Blend Avg	-6.20	-6.20	5.83	12.04	10.38	9.46	N/A

Financial Professionals: contact us at sales@thriventfunds.com or call 800-521-5308

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.

MSCI World Minimum Volatility Index - USD Net Returns is designed to measure the performance of a minimum variance strategy applied to a universe of large- and mid-cap stocks in 23 developed market countries. It is an optimized version of the MSCI World Index.

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. ©2022 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: The Fund may experience volatility due to investments in equity securities. 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 use of quantitative investing techniques and derivatives such as futures also involve 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 Adviser's assessment of investments and ESG considerations may prove incorrect, resulting in losses or poor performance. 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 are available at thriventfunds.com or by calling 800-847-4836.

The distributor for Thrivent Mutual Funds 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 Mutual Funds. Both entities are subsidiaries of Thrivent, the marketing name for Thrivent Financial for Lutherans.

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