

Thrivent Mid Cap Stock Fund

Q1 2022 Commentary

TMSIX (Class S) • March 31, 2022

Management

Key personnel



Brian Flanagan, CFA
Senior Portfolio Manager

Industry since: 1993
Thrivent since: 1994
Fund since: 2004



Chad Miller, CFA
Senior Portfolio Manager

Industry since: 2010
Thrivent since: 2013
Fund since: 2015



Brett Schwiesow, CFA
Senior Portfolio Manager

Industry since: 1995
Thrivent since: 1996
Fund since: 2008

Executive Summary

- The Fund struggled during the first quarter as a few names saw margins deteriorate from rising costs.
- The 12-month returns remain solid.
- Economic and geopolitical risks are somewhat offset by increasingly attractive valuations leading to a neutral positioning.

Top 10 Holdings (excluding derivatives and cash) 24.03% of Fund, as of Feb 28 2022

United Rentals, Inc.	3.12%
Devon Energy Corp	2.70%
NVR, Inc.	2.67%
Zions Bancorp NA	2.40%
Arch Capital Grp, Ltd.	2.29%
Old Dominion Freight Line Inc	2.25%
Bill.com Holdings, Inc.	2.20%
Ally Fin, Inc.	2.17%
Chipotle Mexican Grill Inc	2.12%
Camden Prop Trust	2.11%

Performance factors

Thrivent Mid Cap Stock Fund underperformed the Russell Midcap Index during the first quarter of 2022 and outperformed the index over the last twelve months. The quarterly performance was weighed down by the Information Technology, Consumer Staples, and Energy sectors. These underperforming sectors were partially offset by solid stock selection within the Industrial sector. Calix, Inc. buffeted the quarterly Information Technology sector returns as increased component costs offset a higher software sales mix and led to gross margins below expectations. The Fund's food products holdings within the Consumer Staples sector also suffered from increased costs and lower share prices during the quarter. Although the Fund's Energy holdings produced excellent returns, they trailed the market in the first quarter. Solid stock selection across the Industrial sector partially offset the negatively performing sectors.

Outperformance over the last 12 months, was led by the Communication Services, Industrials, Consumer Discretionary, and Information Technology sectors. The Consumer Staples and Real Estate sectors hurt performance. The Communication Services returns benefited from avoiding the plethora of blowups in the sector. Quanta Services buoyed the Industrial sector as demand for their engineering services remained strong. Leisure related companies led the Consumer Discretionary returns as declining COVID-19 cases allowed consumers to focus their spending on activities and entertainment. Small victories throughout the Information Technology sector aided overall results. The food products holdings suffered a similar fate during the 12-month period as during the previous quarter. Finally, Zillow Group's (no longer held in the Fund) ill-fated attempt at home buying caused significant damage to the Real Estate sector returns.

Portfolio outlook

The market faces many headwinds and a few tailwinds as 2022 unfolds. The headwinds include high inflation, increasing interest rates as the Federal Reserve combats the inflation threat, a more restrictive fiscal policy this year after a bolus of initiatives in 2020 and 2021 to combat the COVID-19 pandemic, rising COVID-19 cases in China, and an unpredictable war raging in Ukraine. All these factors threaten economic growth and increase risk to the market. These factors are somewhat balanced by increasingly attractive valuations and a strong labor market. Given the uncertain environment, we follow our process and take clues from valuation spreads and insider transactions – both of which are neutral relative to history. Given the increasing risks, more attractive valuations, and neutral process readings, the best course of action is to not take too many risks and maintain a neutral position. Therefore, when we look at our three main analysis buckets – operating performance, valuation, and a proprietary view – we are weighting all equally and not favoring one over the other. The Fund is largely populated with attractively valued, stable growth companies with high or improving return-on-invested-capital.

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 Mid Cap Stock Fund — S share - Expense ratio: net 0.74% Incept. date 12/29/1997	-7.36	-7.36	8.52	16.53	13.21	14.55	9.99
Russell Midcap Index	-5.68	-5.68	6.92	14.89	12.62	12.85	N/A
S&P MidCap 400® Index	-4.88	-4.88	4.59	14.14	11.10	12.20	N/A
Morningstar Mid-Cap Blend Avg	-5.05	-5.05	5.63	13.50	10.72	11.25	N/A

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.

Russell Midcap® Index measures the performance of U.S. medium-capitalization equities.

S&P MidCap 400® Index represents the average performance of a group of 400 medium capitalization stocks.

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: Medium-sized companies often have greater price volatility, lower trading volume, and less liquidity than larger, more established companies. 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 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.

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