

Thrivent Small Cap Growth Fund

Q1 2025 Commentary

TSCGX (Class S) • March 31, 2025

Management



Michael Hubbard
Senior Portfolio Manager

Industry: 2007
Firm: 2018
Fund: 2022



Patrick Farley
Portfolio Manager

Industry: 2018
Firm: 2018
Fund: 2024

Executive Summary

- The Fund outperformed the Russell 2000 Growth Index during the first quarter of 2025. The primary driver of outperformance in the quarter was stock selection in the Industrials, Information Technology, and Consumer Discretionary sectors.
- The Fund underperformed the Russell 2000 Growth Index during the last twelve months. The primary driver of underperformance was stock selection in the Consumer Staples and Industrials sector.
- From a sector standpoint, the biggest changes were the Communication Services overweight was reduced, Healthcare underweight was reduced, Information Technology overweight was reduced, and Industrials flipped from slight underweight to slight overweight. These changes are more a product of new idea timing rather than a tactical change.

Performance factors

Thrivent Small Cap Growth Fund outperformed the Russell 2000 Growth Index during the first quarter of 2025. The outperformance was driven primarily by stock selection in the Industrials, Information Technology, and Consumer Discretionary sectors.

In Industrials, within the data processing industry, WNS Holdings Limited, a business process outsourcing company, outperformed in the quarter as the company's strong results in its core segments combined with a robust pipeline of larger transformation generative artificial intelligence deals, indicated the company should continue to benefit from artificial intelligence (AI) related work and spend. Enerpac Tool Group, a manufacturer of specialized hydraulic lifts and tools, continued to execute on the growth and profitability transformation under the new CEO, with a greater focus on profitable growth, which the market rewarded. ExlService Holdings (an IT outsourcing and consulting company) and Korn Ferry (an executive search and corporate benchmarking company) also contributed to the Fund's outperformance in Industrials.

In Information Technology, Guidewire Software, an application software company focused on the P&C (property and casualty) insurance vertical, continued its growth and transition to its new cloud-based architecture, which is driving new client wins as well as existing customer upgrades. Frog Ltd, a software devops software supply chain company, continued to see traction in the enterprise market as the company continues to execute on its strategy to move up market. Additionally, the company is an early beneficiary of the increase in code and corresponding binaries that are resulting from the software developers use of copilots to add in code generation and development. Partially offsetting these positives was negative contributions from Agilysys Inc, a software company that serves as the main operating system for hospitality and gaming properties, and Onto Innovation, Inc, a semiconductor capital equipment manufacturer.

For the last twelve months the Fund underperformed the Index, with most of the underperformance due to poor stock selection in Consumer Staples and Industrials. Within Consumer Staples, roughly 25% of the underperformance came from the Fund's underweight to the Consumer Staples and distribution retail industry. Additionally, e.l.f. Beauty Inc, a cosmetics and skin care manufacturer, saw customer demand shift from cosmetics to fragrances as consumer preferences normalized post covid, which led to slower than expected growth.

The underperformance in Industrials was driven largely by stock selection. Janus International Group, a manufacturer of commercial

doors and other products primarily for self-storage and commercial buildings saw its development pipeline in self-storage decline because of higher interest rates and a continued decline in self-storage street rates, making new developments difficult to execute. Janus is no longer owned in the Fund. Offsetting the negative performance in Consumer Staples and Industrials was positive stock selection in Communication Services and Consumer Discretionary.

While sector positioning of the Small Cap Growth Fund is a by-product of our stock selection process, relative sector weights are monitored and managed in the context of a rigorous approach to risk management. In the quarter, the Industrials underweight was closed as new names were added to the fund. The Consumer Discretionary overweight was reduced as names where the thesis played out were reduced.

Portfolio outlook

With the current level of business uncertainty and the Federal Funds rate remaining at elevated levels, it is unclear by how much and how long the economy will be impacted. However, investor sentiment about the economy fluctuates much more rapidly and with greater amplitude than actual changes in economic activity. These swings in sentiment often present opportunities. As a result, positions were added to or initiated in Industrials, Information Technology, and Financials, while other positions were reduced or sold as investment theses played out or proved no longer valid (Industrials and Information Technology). Our focus remains on finding quality growth companies with significant opportunities for growth in sales, income, and free cash flow.

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 Small Cap Growth Fund — S share	-10.76	-10.76	-9.82	-0.89	13.22	N/A	8.19
- Expense ratio: net 0.95%, gross 1.09%; Incept. date 2/28/2018							
Russell 2000 Growth Index	-11.12	-11.12	-4.86	0.78	10.78	6.14	
S&P SmallCap 600 Grwth Index	-7.96	-7.96	-3.70	1.01	13.73	7.95	
Morningstar Small Growth Avg	-10.51	-10.51	-4.56	-0.34	11.99	7.48	

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) 19.02% of Fund, as of Feb 28 2025: J & J Snack Foods Corp: 2.20%, Triumph Fin, Inc.: 2.16%, Enerpac Tool Grp Corp: 2.03%, CyberArk Software, Ltd.: 1.96%, Globus Medical, Inc.: 1.85%, WNS Holdings, Ltd.: 1.84%, Encompass Health Corp: 1.81%, Wyndham Hotels & Resorts Inc: 1.75%, Guidewire Software Inc: 1.73%, Grp 1 Automotive, Inc.: 1.69%

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.

Russell 2000® Growth Index measures the performance of U.S. small-capitalization growth-oriented equities.

S&P Small Cap 600 Growth Index is a marketcap weighted index that represents the average performance of a group of 600 small-capitalization U.S. 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. ©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: Smaller, less seasoned 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. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. Common stocks of companies that rely extensively on technology, science or communications in their product development or operations may be more volatile than the overall stock market and may or may not move in tandem with the overall stock market. These and other risks are described in the prospectus.

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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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