

Thrivent Small Cap Growth Fund

Q1 2022 Commentary

TSCGX (Class S) • March 31, 2022

Management

David Lettenberger, CFA
Senior Portfolio Manager

Siddharth Sinha, CFA
Senior Portfolio Manager

Key personnel

Patrick Farley
Portfolio Manager

Industry since: 1993
Thrivent since: 2013
Fund since: 2018

Industry since: 2012
Thrivent since: 2015
Fund since: 2022

Industry since: 2018
Thrivent since: 2018
Fund since: 2021

Executive Summary

- The Fund slightly underperformed the Russell 2000 Growth Index during the first quarter, a difficult quarter for small cap growth stocks. Primary drivers of underperformance were stock selection in the Materials sector and being underweight Energy.
- The Fund outperformed over the last 12 months. Stock selection was strong in Technology, Industrials and Consumer Discretionary, and the Fund was significantly underweighted the poor-performing Health Care sector.
- The Fund's largest sector overweight continues to be Industrials, while the Health Care sector remains a significant underweight relative to the Russell 2000 Growth Index.

Performance factors

Top 10 Holdings (excluding derivatives and cash) 20.91% of Fund, as of Feb 28 2022

Everi Holdings, Inc.	2.93%
Regal Rexnord Corp	2.40%
Middleby Corp	2.38%
Lantheus Holdings, Inc.	2.18%
Summit Materials, Inc.	2.03%
Chart Industries, Inc.	1.86%
Skyline Champion Corp	1.81%
Sprout Social, Inc.	1.80%
Axonics, Inc.	1.76%
WillScot Mobile Mini Holdings Corp	1.76%

Thrivent Small Cap Growth Fund slightly underperformed the Russell 2000 Growth Index during the quarter. The market environment for small cap growth stocks was poor to start the year as investors worried about rising inflation and interest rates and the impact on valuation of long-duration asset classes such as small cap growth.

Stock selection was poor during the quarter in the Materials sector. Ranpak Holdings, a strong performer in 2021, gave back much of its gains as worries surfaced about input cost inflation, supply chain exposure to the conflict in Ukraine, and outsized business exposure to Europe. While these concerns are legitimate, the decline in shares has accounted for much of these risks and the long term still looks bright for Ranpak.

Other holdings in the Materials sector also had outsized declines, including Summit Materials and Quaker Chemical. Quaker, a specialty chemical company, relies on derivatives of crude oil for much of its raw material inputs, so the rapid rise in oil prices will likely cause some near-term earnings pressure on their results.

Outside of Materials, the Fund has struggled to identify quality investment opportunities in the Energy sector, and this underweight also hurt performance during the quarter as Energy was the only positive performing sector in the benchmark, advancing more than 36%.

Positives during the first quarter included stock selection in both the Health Care and Industrial sectors, as well as the Fund's continuing underweight to the biotechnology industry.

For the 12-month period, the Fund's return of -6.94% was solidly ahead of the Russell 2000 Growth Index return of -14.33%. Stock selection was relatively strong in the Industrial, Technology and Consumer Discretionary sectors. Additionally, the Fund was significantly underweighted the worst-performing sector, Health Care.

While there were no major changes from a positioning perspective, the Fund did partially reduce the underweight in Healthcare during the quarter with the addition of some new holdings as well as strong outperformance of existing positions. The Industrials overweight was reduced slightly in the quarter, but it remains the largest sector overweight.

Portfolio outlook

Thrivent Small Cap Growth Fund's portfolio management team continues to focus on its mission of identifying and investing in those companies with sustainable growth opportunities and strong competitive advantages. These companies should be positioned to execute their growth strategies regardless of the market or economic environment. While the Ukrainian war is leading to supply chain issues and potential demand headwinds that we are monitoring, we remain focused on the long-term opportunities of the portfolio's holdings.

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 Small Cap Growth Fund — S share	-13.52	-13.52	-6.94	17.05	N/A	N/A	15.38
- Expense ratio: net 0.95%, gross 1.21%; Incept. date 2/28/2018							
Russell 2000 Growth Index	-12.63	-12.63	-14.33	9.88	10.33	11.21	N/A
S&P SmallCap 600 Grwth Index	-9.51	-9.51	-1.17	13.19	11.57	13.00	N/A
Morningstar Small Growth Avg	-12.78	-12.78	-9.02	13.87	13.69	12.20	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.

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. ©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: 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. Markets may also be impacted by domestic or global events, including public health threats, terrorism, natural disasters or similar events. 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. 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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