

Thrivent Multidimensional Income Fund

Q2 2021 Commentary

TMLDX (Class S) • June 30, 2021

Management



Stephen D. Lowe, CFA
Chief Investment Strategist

Industry since: 1996
Thrivent since: 1997
Fund since: 2018



Greg R. Anderson, CFA
Senior Portfolio Manager

Industry since: 1993
Thrivent since: 1997
Fund since: 2017



Kent L. White, CFA
Senior Portfolio Manager

Industry since: 1999
Thrivent since: 1999
Fund since: 2019



Theron G. Whitehorn, CFA
Senior Portfolio Manager

Industry since: 2002
Thrivent since: 2018
Fund since: 2021

Executive summary

- Thrivent Multidimensional Income Fund posted a net return of 3.56% in the second quarter.
- Alternatives returned 2.08% during the quarter and were the largest positive contributor within the Fund.
- The alternative sectors have performed well during the economic recovery, but some valuation metrics are starting to approach recent historical highs.

Performance factors

Thrivent Multidimensional Income Fund posted a net return of 3.56% in the second quarter which outperformed the Morningstar Multisector Bond category average by 1.39%. The alternative sectors – preferred securities, convertible bonds, and opportunistic equities returned 2.08% in aggregate. High yield bonds and emerging market debt returned 1.66% in aggregate. Bond selection within both the preferred securities and emerging market debt strategies contributed positively to outperformance over the quarter.

Throughout the quarter, the allocation to alternative equities and closed end funds decreased. Additionally, the allocation to high yield bonds, preferred securities, and treasury bonds increased. This was the result of a small rebalance toward assets with more attractive risk-adjusted return potential.

The Fund posted a net return of 18.51% over the last 12 months which outperformed the Morningstar Multisector Bond category average by 9.53%. The alternative sectors returned 12.81% in aggregate. High yield bonds and emerging market debt returned 6.63% in aggregate. Over the last year, high yield bonds, preferred securities, convertible bonds, and alternative equities all made

large contributions to total fund return as these sectors benefitted from the ongoing economic recovery.

Portfolio outlook

Thrivent Multidimensional Income Fund is positioned with about 48% of the fund invested in alternative sectors. While some valuation metrics are starting to approach recent historical highs, particularly within closed-end funds, the alternative sectors still offer attractive opportunities for income. We will continue to be selective in this space, as we try to allocate only to investments with the best relative risk-adjusted income potential.

About 43% of the fund is invested in high yield bonds and emerging market debt. While overall yield levels have come down, the high yield bond sector should continue to perform well as the economic recovery continues. This sector has relatively limited duration risk (meaning sensitivity to changes in interest rates) as compared to other sectors of the fixed income market so a potential gradual increase in rates is less of a risk factor. The remaining 9% of the fund is invested in Treasury securities and cash, which will likely be reduced as more opportunities in the alternative sectors are uncovered.

Thrivent Multidimensional Income 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 year	Since Inception Feb. 28, 2017
Thrivent Multidimensional Income Fund Class S share; Expense ratio: net 1.17%, ¹ gross 1.68%	3.56	5.04	18.51	6.91	5.65
Morningstar Multisector Bond Average²	2.17	1.93	8.98	5.21	—
Bloomberg Barclays U.S. Aggregate Bond Index³	1.83	-1.60	-0.33	5.34	—

¹The 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. Refer to the Fees & Expenses table in the Fund's [prospectus](#). If this waiver had not been in effect, performance would have been lower.

Financial professionals: contact use 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.

²The 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.

³Bloomberg Barclays US Aggregate Bond Index measures the performance of U.S. investment grade bonds.

Risks: 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. Debt securities are subject to risks such as declining prices during periods of rising interest rates and credit risk, or the risk that an issuer not pay its debt. High yield securities are subject to increased credit risk as well as liquidity risk. Closed-end funds, preferred securities, convertible securities, sovereign debt, and mortgage-related and other asset-backed securities are subject to additional 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 London Interbank Offered Rate (LIBOR) is being phased out, which brings uncertainty to instruments tied to it. Markets may also be impacted by domestic or global events, including public health threats, terrorism, natural disasters or similar events. The value of U.S. government securities may be affected by changes in the credit rating of the U.S. government and may not be fully guaranteed by the U.S. government. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. The Adviser is also subject to actual or potential conflicts of interest. The Fund invests in other funds managed by the Adviser or an affiliate and in directly-held equity and debt instruments.

The Fund is dependent upon the performance of the other funds and is subject to the risks and additional fees and expenses of the other funds. When bond inventories are low in relation to the market size, there is the potential for decreased liquidity and increased price volatility. The use of derivatives such as futures also involve risks. 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.

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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