

# Thrivent Money Market Fund

## Q2 2021 Commentary

AALXX (Class S) • June 30, 2021

### Management



**William D. Stouten**  
Senior Portfolio Manager

Industry since: 1993  
Thrivent since: 2001  
Fund since: 2003

### Quarterly review

While FOMC raised both the Interest on Excess Reserves (IOER) and the Fed's reverse repo by five basis points, the impact will not likely be visible to money market investors. The front-end part of the curve remained flat with the one-year T-bill rate starting at 0.05 basis points in the second calendar quarter and ending the second quarter at approximately 0.07 basis points. Rates remain low in large part due to the Fed's target rate of 0 to 0.25%, but the curve has also been impacted by an imbalance of supply and demand. Supply of Money Market securities contracted almost \$870 billion during the first half of 2021 while mutual fund assets increased. As cash continued to pile up in various cash products, the heightened competition for available securities put further pressure on front end yields. With the front-end curve flat and spreads tight, there was little value in extending maturities. As a result, the Thrivent Money Market Fund continued to invest primarily in floating rate securities. The higher concentration in floating rate securities helped the fund outperform

### Executive summary

The Federal Open Market Committee (FOMC) raised the interest on excess reserves (IOER) to 15 basis points and the Fed's Reverse Repo program to 5 basis points at their June 16, 2021 meeting. The Fund's credit quality remains conservative with 100% invested in U.S. government or government agency related securities. As in any interest rate environment, the Fund's safety and liquidity remain our primary objectives.

its peers while also allowing the fund to benefit in the future if the Fed were to raise its Target Fed Fund's rate.

The Fund's weighted-average-maturity (WAM) ended calendar year-end at about 20 days and close to the previous quarter-end as the Fund focused primarily on floating rate securities. With compressed spreads and a flat interest rate outlook, floating rate securities exhibited comparable value. The weighted-average-life (WAL) declined to about 75 days at the end of the second calendar quarter as the time to maturity approached without attractively priced new issues to replace them. The weighted-average-life (WAL) measure takes into account the final maturity of floating-rate notes and is limited by SEC Rule 2a-7 to 120 days. The shorter WAM and longer WAL is the result of having a larger concentration in floating rate securities.

### Portfolio outlook

The outlook for interest rates will continue to be the dominant factor affecting money fund yields in the year ahead. Recent improvements in the economy combined with supply constraints has led to higher inflation expectations. The Federal Reserve had initially considered the higher inflation to be transitory, but in

the last FOMC meeting indicated that the higher inflation outlook might be longer term. Therefore, the need to raise the federal funds target rate may be sooner than previously anticipated. The Fund's net yield is unlikely to change until there is a significant change in expectations for the Federal Fund's Target rate. While there are reasons to be optimistic about the pace of economic recovery, most market participants expect the FOMC to keep the Federal Funds Target rate unchanged through the remainder of 2021. With the outlook for rates unchanged in the year ahead, the Fund plans to voluntarily continue waiving fees to avoid a negative yield to shareholders.

## Thrivent Money Market 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 years	5 years	10 years
<b>Thrivent Money Market Fund</b> Class S share; Expense ratio: 0.40% net, <sup>1</sup> 0.50% gross	0.00	0.00	0.00	1.03	0.82	0.41
<b>Morningstar Money Market-Taxable Average</b>	0.00	0.00	0.02	0.98	0.82	0.42

<sup>1</sup>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. Refer to the Fees & Expenses table in the Fund's prospectus. If this waiver had not been in effect, performance would have been lower.

## Yields | For period ending June 30, 2021

7-Day Current Yield is the yield generated by an investment in the Fund over a 7-day period ended on the date of the calculation and expressed as an annual percentage. 7-Day Effective Yield is calculated similarly to the 7-day Current Yield, except that the effective yield assumes that income earned from the Fund's investments is reinvested and generating additional income. It is expressed as an annual percentage.

7-day current	7-day effective	7-day current Before reimbursement	7-day effective Before reimbursement
0.00%	0.00%	-0.42%	-0.42%

**Financial professionals:** contact us at [sales@thriventfunds.com](mailto:sales@thriventfunds.com) or call 800-521-5308

**You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.**

The current yield quotation more closely reflects the current earnings of the money market fund than the total return quotation.

**Risks:** The Fund invests at least 99.5% of its assets in government securities, cash and repurchase agreements collateralized fully by government securities or cash. You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund sponsor has no legal obligation to provide financial support to the Fund and you should not expect that the sponsor will provide financial support to the Fund at any time. 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. If the seller of a repurchase agreement defaults, the Fund may incur losses. 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. A weak economy, strong equity markets, or changes to the Federal Reserve's monetary policies may cause short-term interest rates to increase and affect the Fund's ability to maintain a stable share

price. 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. In unusual circumstances, the Fund could experience a loss when selling portfolio securities to meet redemption requests for a variety of reasons. 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](http://thriventfunds.com).

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.

**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](http://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](http://thriventfunds.com) or by calling 800-847-4836.**

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