

Thrivent Multisector Bond Fund

Prior to Feb. 28, 2025, the fund was named Thrivent Opportunity Income Plus Fund.

Q1 2025 Commentary

IIINX (Class S) • March 31, 2025

Management



Jon-Paul (JP) Gagne
Senior Portfolio Manager

Industry: 2004
Firm: 2018
Fund: 2025



Stephen Lowe, CFA
Chief Investment Strategist

Industry: 1996
Firm: 1997
Fund: 2018



Theron Whitehorn, CFA
Senior Portfolio Manager

Industry: 2002
Firm: 2018
Fund: 2021

Executive Summary

- Thrivent Multisector Bond Fund had a net return of 1.66% in the first quarter, which underperformed Morningstar's Multisector Bond category average.
- The Fund underperformed Morningstar's Multisector Bond category average over the past year with a net return of 5.98% as compared to 6.36% for the category.
- We continue to favor high-quality bonds such as investment-grade corporates and agency mortgage-backed securities (MBS) along with a modestly long duration position relative to peers.

Performance factors

In the first quarter of 2025, the Fund underperformed Morningstar's Multisector Bond category average with a net return of 1.66% compared to 1.82% for the category. Fund absolute returns were positive primarily due to a decrease in interest rates. The rate move was driven by policy uncertainty around tariffs and a weakening in consumer sentiment which led to a decline in equities and an increase in demand for higher quality fixed income assets. Credit spreads ended the quarter wider but still remain relatively tight versus long-term averages.

The Fund maintains a lower duration exposure as compared to broad fixed income indices, such as the Bloomberg U.S. Aggregate Bond index, but was modestly long duration as compared to estimates for the Multisector Bond category average. This interest rate positioning was a positive contributor to relative performance over the quarter. Other positive contributors to relative performance include the Fund's exposure to investment grade corporates and mortgage backed securities.

For the trailing twelve months, the Fund underperformed Morningstar's Multisector Bond category average with a net return of 5.98% as compared to 6.36% for the category. Positive contributors to relative performance over this period include the Fund's allocation to securitized assets and emerging market bonds. Negative contributors to relative performance over this period include the Fund's exposure to preferred securities and poor selection within high yield bonds.

Over the trailing twelve months, the Fund decreased credit risk and added higher-quality fixed income by lowering emerging market debt and high yield bonds, while adding to agency mortgages, Treasuries and investment grade corporate bonds. While this has reduced the overall portfolio yield somewhat, these moves have better positioned the Fund for a period of rate uncertainty and to partially dampen potential credit spread volatility while still maintaining exposure to parts of the market that offer attractive yields.

Portfolio outlook

Inflation measures have exceeded market expectations recently and remain above the Federal Reserve's (Fed) long-term targets. We expect interest rate volatility to remain elevated as the Fed has paused the current easing path while it waits for new inflation and jobs data, with potential tariffs adding to policy uncertainty. Intermediate and long-term rates have the potential for further upward pressures if inflation data continues to come in above expectations or if consumer confidence rebounds. We plan to maintain a modestly long duration position with a steepening bias to provide exposure to any further steepening in rates. We continue to favor

high quality bonds such as investment grade corporates and investment grade securitized assets, as current pricing levels in lower-quality sectors don't look as attractive when compared to historical averages.

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 Multisector Bond Fund — S share - Expense ratio: 0.67%; Incept. date 12/29/1997 | 1.66 | 1.66 | 5.98 | 2.82 | 3.66 | 2.69 | 4.21 |
| Bloomberg MBS Index | 3.06 | 3.06 | 5.39 | 0.55 | -0.69 | 1.11 | |
| Bloomberg U.S. Hi Yld Ba/B 2% Issuer Capped Index | 1.18 | 1.18 | 6.69 | 4.58 | 6.70 | 4.82 | |
| Morningstar Multisector Bond Avg | 1.82 | 1.82 | 6.36 | 3.20 | 4.86 | 3.18 | |

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) 21.43% of Fund, as of Feb 28 2025: Thrivent Core EMD Fd: 8.85%, FNMA 30-Yr Pass-Thru: 2.75%, U.S. Treasury Notes: 2.63%, iShares Broad USD High Yld Corp Bd ETF: 1.53%, FNMA 30-Yr Pass-Thru: 1.53%, Vanguard Intrmdt-Tm Corp Bd ETF: 1.13%, SPDR Bloomberg High Yld Bd ETF: 0.96%, U.S. Treasury Notes: 0.80%, iShares iBoxx \$ Inv Grd Corp Bd ETF: 0.64%, U.S. Treasury Notes: 0.61%

Any indexes shown are unmanaged and do not reflect the typical costs of investing. Investors cannot invest directly in an index.

Bloomberg Mortgage-Backed Securities Index represents the performance of securities backed by pools of mortgages.

Bloomberg US High Yield Ba/B 2% Issuer Capped Index represents the performance of Ba or B-rated corporate bond market. Issuers are constrained to a maximum 2% weighting.

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: 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 may not pay its debt. Sovereign debt and mortgage-related and other asset-backed securities are subject to additional risks. The Fund's value is influenced by a number of factors, including the performance of the broader market, the effectiveness of the Adviser's allocation strategy, and risks specific to the Fund's issuers. The Adviser is also subject to actual or potential conflicts of interest. The use of derivatives (such as futures) involves 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. High yield securities are subject to increased credit risk as well as liquidity risk. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. When bond inventories are low in relation to the market size, there is the potential for decreased liquidity and increased price volatility. The Fund invests in other funds; therefore, the Fund is dependent upon the performance of the other funds and is subject to the risks, additional fees and expenses of the other funds. The Fund may engage in active and frequent trading of portfolio securities, which may result in higher transaction costs and higher taxes. When interest rates fall, certain obligations are paid off more quickly and proceeds may have to be invested in lower-yielding securities with lower yields. 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 and summary prospectuses are available at thriventfunds.com or by calling 800-847-4836.

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