Asset Management

Mutual Funds

Thrivent High Income Municipal Bond Fund

Ticker THMBX (Class S)
Inception Feb. 28, 2018
Objective The Fund seeks a high level of current income exempt from federal income taxes.

Fund key points

Thrivent High Income Municipal Bond Fund follows a broadly diversified strategy focused on generating high levels of federally tax-exempt income.

Exposure to higher yielding municipal bonds

The Fund aims to generate higher levels of income than traditional municipal bond funds by allocating at least 50% or more of its assets to larger allocations of higher risk, BBB-rated and below investment-grade bonds. Municipal bonds have historically had fewer defaults than similarly-rated corporate bonds, but have usually provided more yield for investors in higher tax brackets after adjusting for taxes.

Credit-focused with macroeconomic guidance

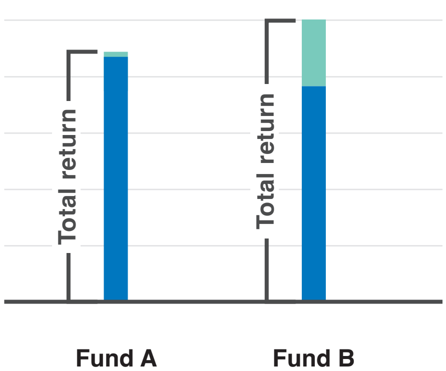
The portfolio managers rely heavily on internal credit research when selecting bonds. The team's experience is valuable since each sector has unique characteristics and can often require political and demographic analysis in addition to credit research. Macro analysis also shapes portfolio construction, influencing credit exposure, duration and yield curve positioning.

Minimize shareholder taxes

In addition to investing in federally tax-exempt bonds, the portfolio managers also emphasize avoiding capital gains. The Fund has a long-term investment horizon and typically avoids trading on price fluctuations. Utilizing capital loss carry forwards, when available, will also help offset realized gains. The team is incentivized on after-tax return, which better aligns with their investors' goals.

Benefits of minimizing capital gains

Hypothetical funds and their returns



- Paying taxes on capital gains reduces your after-tax returns.
- Fund A, with lower total returns, may actually have higher after-tax returns than Fund B by not requiring shareholders to pay as much in capital gains taxes.
- Capital gains may be reduced by holding bonds to maturity or offsetting realized gains with losses from other holdings.

■ After-tax return ■ Taxes due on capital gains

Hypothetical example is for illustrative purposes only.

Management

Johan Å. Åkesson, CFA
Senior Portfolio Manager
Industry since: 1993
Thrivent since: 1993
Fund since: 2018

Stephanie L. Woeppel
Senior Portfolio Manager
Industry since: 2004
Thrivent since: 2022
Fund since: 2023

“Being incentivized on after-tax performance instead of total returns aligns our goals with those of our shareholders.”

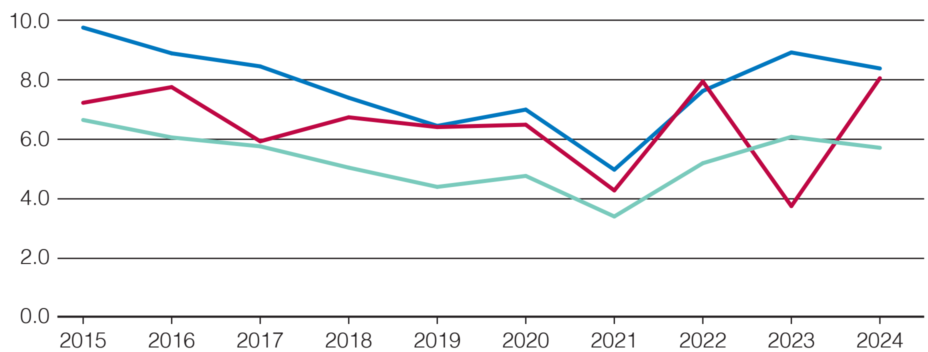
Default rate & yields of municipal and corporate bonds

Default rates have typically been lower for municipal bonds than similarly rated corporate bonds. Yields for the Bloomberg High Yield Municipal Index[1] and the Bloomberg U.S. High Yield Corporate Index,[2] shown on the chart below, have frequently been very similar to each other. However, when you calculate the tax-equivalent yield, high yield municipal bonds have usually ended up yielding more than high yield corporate bonds for investors in higher tax brackets, despite the lower default rate.

Tax-equivalent yield converts municipal bond yields to what a taxable bond would need to yield in order to match a tax-exempt municipal bond given a particular tax rate. The chart below assumes a 32% marginal tax rate.

This helps to demonstrate the effectiveness of investing in the high yield municipal bond market for investors in higher tax brackets.

Yields of high-yield bond indexes*



Source: Morningstar, Dec. 31, 2024

*Thrivent High Income Municipal Bond Fund will hold a mix of investment-grade and high yield municipal bonds.

This index performance is not indicative of the Fund’s past or future performance. For Fund performance, visit thriventfunds.com.

Risks: Municipal bonds may be affected by political or economic conditions at the state, regional or federal level. 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. High yield securities are subject to increased credit risk as well as liquidity risk. The use of futures contracts involves additional risks such as a loss in value in the underlying instrument, which could decrease the Fund’s value. 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’s value is influenced by the performance of the broader market. In unusual circumstances, the Fund could experience a loss when selling portfolio securities to meet redemption requests for a variety of reasons. Changes in federal income tax laws or rates may affect both the net asset value of the Fund and the taxable equivalent interest generated from securities in the Fund. Some issues may be subject to state and local taxes and/or alternative minimum taxes (AMT). These and other risks are described in the prospectus.

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

[1]**Bloomberg High Yield Municipal Bond Index** is a market value-weighted index composed of non-investment-grade or unrated bonds.

[2]**Bloomberg US Corporate High Yield Bond Index** measures the performance of fixed-rate non-investment grade bonds.

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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