Mutual Funds

Thrivent Municipal Bond Fund

Ticker: TMBIX (Class S) | AAMBX (Class A)
Inception: Oct. 31, 1997 (Class S); Dec. 3, 1976 (Class A)
Objective: The Fund seeks a high level of current income exempt from federal income taxes, consistent with capital preservation.

Fund key points

Thrivent Municipal Bond Fund follows a broadly diversified strategy focused on preserving capital while generating federally tax-exempt income.

High-quality approach

The portfolio managers' focus on preserving capital leads to a relatively high-quality overall profile. The Fund tends to have larger allocations to higher-rated bonds than many of its peers, which can be beneficial in periods of credit stress. It is also broadly diversified by both state and sector, and focuses on securities from municipalities that are well-positioned to meet their obligations.

Credit-focused with macroeconomic guidance

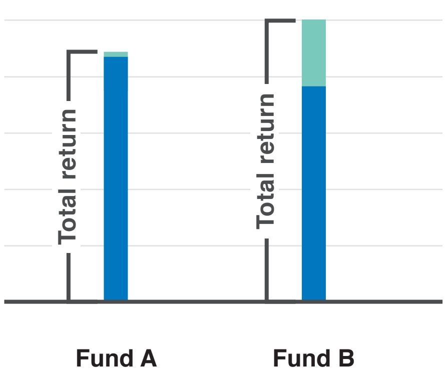
The portfolio managers rely heavily on internal credit research when selecting bonds. The team has extensive experience in the municipal bond market, which is valuable since each sector has unique characteristics and can often require political and demographic analysis in addition to credit research. Macroeconomic 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 has typically avoided trading on price fluctuations. Utilizing capital loss carryforwards can also help offset realized gains. The team is incentivized on after-tax return, which better aligns with shareholders' 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.

Municipal and corporate bond yield comparison

Paying taxes on corporate bond income reduces investor returns. Even with lower yields, not having to pay federal tax on municipal bond income can leave investors in certain tax brackets better off than investing in taxable corporate bonds. Tax-equivalent yield is the yield that is required from a taxable investment to make it equal to the yield on a tax-exempt investment given a particular tax rate.

Yields for the Bloomberg Barclays U.S. Investment Grade Corporate Index have historically been higher than those of the Bloomberg Barclays Municipal Index, as shown in the graph below. However, when considering the tax-equivalent yield, municipal bonds have usually yielded more than corporate bonds for investors in higher tax brackets, despite lower historical default rates. The graph assumes a 32% marginal tax rate.

The table below shows the tax-equivalent yields for all tax brackets, based on December 31, 2020 index yields. Notice that for the two highest tax brackets, the tax equivalent yield of the municipal bond index is higher than the 2.40% yield of the corporate bond index.

Management

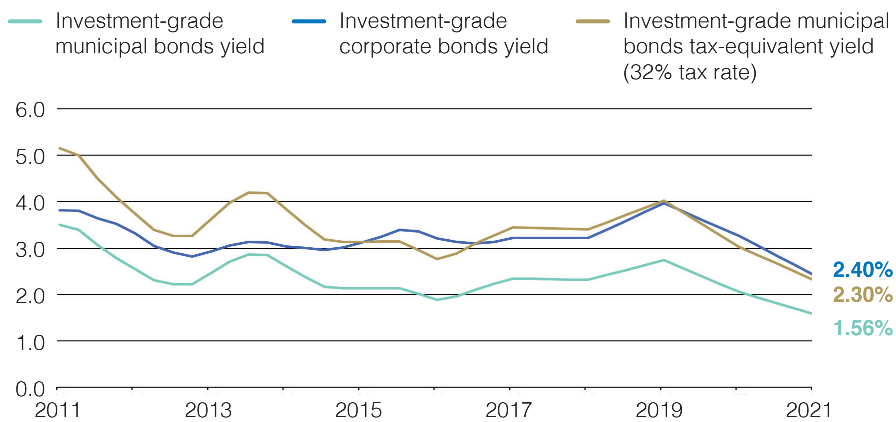
Janet I. Grangaard, CFA
Senior Portfolio Manager
Industry since: 1984
Thrivent since: 1988
Fund since: 2002

Key personnel

Johan Akesson, CFA
Senior Portfolio Manager
Industry since: 1993
Thrivent since: 1993
Fund since: 2002

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

Municipal and Corporate Bond Yield Comparison



Source: Morningstar, Dec. 31, 2020

Tax-equivalent Yields

Federal tax bracket	Tax equivalent yield of a municipal bond with a 1.56% yield
12.0%	1.78%
22.0%	2.00%
24.0%	2.06%
32.0%	2.30%
38.8%*	2.55%
40.8%*	2.64%

*The two highest tax brackets include the additional 3.8% Net Investments Income Tax (commonly referred to as the "Medicare Contribution Tax").

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 not pay its debt. High yield securities are subject to increased credit risk as well as liquidity risk. 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 the federal and state alternative minimum tax (AMT). Consult a tax advisor for more information about your specific situation, including state/local tax treatment. 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 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. When bond inventories are low in relation to the market size, there is the potential for decreased liquidity and increased price volatility. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. These and other risks are described in the prospectus.

Indexes are unmanaged and do not reflect the fees and expenses associated with active management. Investments cannot be made directly into an index.

Performance data cited represents past performance and should not be viewed as an indication of future results.

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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