thrivent® **Mutual Funds**

Thrivent Large Cap Value Fund

Q1 2024 Commentary

TLVIX (Class S) • March 28, 2024

Management

Kurt Lauber, CFA
Senior Portfolio Manager

Industry: 1990
Firm: 2004
Fund: 2013

Thomas Lieu, CFA
Senior Portfolio Manager

Industry: 2000
Firm: 2019
Fund: 2022

Executive Summary

• Thrivent Large Cap Value Fund performed roughly in line with the Russell 1000 Value Index over the last quarter and outperformed over the last year.
• For the quarter, stock selection was positive in Utilities, Energy and Communication services. Stock selection in Consumer Discretionary, Industrials, and Information Technology detracted from performance.
• For the year stock selection was strong in Utilities, Communication Services, Financials, and Consumer Staples. Stock selection in Industrials and Information Technology detracted from performance.
• The Fund remains overweighted in attractively valued companies and has been able to overcome the relatively poor performance of cheaply valued stocks by continuing to focus on companies that can improve returns that are not correctly priced into a company's valuation.

Performance factors

Thrivent Large Cap Value Fund performed roughly in line this quarter with positive stock selection in Utilities, Communication Services and Energy. In Utilities, Constellation Energy, the largest nuclear utility in the U.S., benefited from improvement in the outlook for power demand on the back of better-than-expected economic growth and an increase in energy consumption to run artificial intelligence (AI) data centers, as well as higher power prices with the closing of carbon-based plants. In Energy, Exxon Mobil and, to be acquired Pioneer Energy, outpaced the sector on news of an additional oil field find in Guyana, and Exxon's right of first refusal in the Guyana Joint Operating Agreement with Hess that could potentially disrupt the merger with Chevron. Neither Chevron nor Hess are owned in the Fund. In Communication Services, Meta continued to benefit from improved advertisers' engagement after implementing an algorithm fix to prove ROAS (return on advertising spend) after Apple (not owned in the Fund) changed data tracking rules for its users, and investors expect that it can further leverage its enormous data advantage and significant AI investments to drive increased engagement across its platforms. However, being underweight, some AI-exposed companies in Industrials and Technology were a drag on performance. The Fund was also too early in trying to take advantage of the freight recession in Transportation and lost ground with both JB Hunt Transport Services and United Parcel Service. Sony underperformed in Consumer Discretionary as it disclosed there would not be new first party games in 2024, which will weigh on its Game & Network Services segment profitability.

The Fund outperformed the index for the year with strong stock selection in Utilities and Communication services in the names mentioned above. Strong stock selection in Financials also benefited the year as the Fund added to its positions in Wells Fargo and Charles Schwab during the bank deposit and liquidity crisis last year after the Federal Reserve's (Fed) rapid increase in rates. Additions to Capital One and Discover Financial Services, amidst fears of a potential recession pressuring credit card companies, have also been beneficial as the market has so far seen more normalization in credit than a crisis, as well as the announced combination of the two companies to enhance future shareholder value. Walmart outperformed the Consumer Staples industry on its execution of better price vs. cost pass through aiding stock selection in the sector. Trends similar to the quarter in Technology and Industrials detracted from performance on an annual basis as well. However, Technology was hurt more by performance in Semiconductors as Qualcomm and Samsung were not able to keep up the pace with the rest of semis, especially AI-driven semis, but the strong thesis supporting both names and the benefits as AI is deployed at the edge has the potential to provide for a relative recovery.

Portfolio outlook

Investors are joining the Olympic theme this year, pricing in a perfect ten with expectations for the Federal Reserve to stick the soft landing with one of the strongest starts to the market in years given the resilience of the U.S. economy in the face of one of the most aggressive Fed tightening campaigns in history. Today, employment remains robust, inflation—although volatile—continues to trend lower, and some fiscal stimulus like the Inflation Reduction Act remains in front of us, while China continues to step up its stimulus plans. This has allowed the market to broaden out and more cyclical sectors like Financials, Energy and Industrials to take the lead in performance in the Large Cap Value index this quarter. AI proliferation is still driving a lot of stock-specific outperformance in multiple sectors, but investors are also starting to differentiate the losers from the winners as information technology budgets remain constrained by macro uncertainty and incremental spend on AI. Although the market is pricing in less risk of a recession, inflation remains sticky keeping the 10-year Treasury yield still notably higher than a year ago, and a U.S. savings rate that is now below pre-pandemic levels. Uncertain macro factors and impacts of the rollout of new technology provide opportunities in each sector for stock selection. Our Large Cap Value Portfolio team looks to take advantage of this dislocation and confusion through our stock selection process that focuses on ranking companies based on valuation, operating performance, and catalysts. The Portfolio remains overweighted in attractively valued stocks and focused on companies that can improve returns above those already priced into their stock.

Performance

For the period ending March 28, 2024 • 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 Large Cap Value Fund — S share	8.82	8.82	22.55	10.88	12.86	10.11	7.15
- Expense ratio: 0.56%; Incept. date 10/29/1999							
Russell 1000 Value Index	8.99	8.99	20.27	8.11	10.31	9.01	
S&P 500® Value Index	8.05	8.05	25.58	12.17	13.26	10.62	
Morningstar Large Value Avg	8.83	8.83	20.70	8.87	10.89	9.09	

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Top 10 Holdings (excluding derivatives and cash) 21.46% of Fund, as of Feb 29 2024: Wells Fargo & Co: 2.79%, J.P. Morgan Chase & Co: 2.54%, QUALCOMM, Inc.: 2.27%, Merck & Co, Inc.: 2.09%, Elevance Health, Inc.: 2.06%, Verizon Comm, Inc.: 2.03%, Johnson & Johnson: 2.00%, Meta Platforms, Inc.: 1.96%, Philip Morris Int'l Inc: 1.89%, Constellation Energy Corp: 1.83%

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

Russell 1000® Value Index measures the performance of U.S. large capitalization value-oriented equities.

S&P 500® Value Index measures the performance of the value stocks in the S&P 500 Index.

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Risks: Large companies may be unable to respond quickly to new competitive challenges and may not be able to attain a high growth rate. 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. Foreign investments involve additional risks, such as currency fluctuations and political, economic and market instability. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. 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.

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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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