

Thrivent Money Market Fund

Q1 2024 Commentary

AALXX (Class S) • March 28, 2024

Management



William Stouten

Senior Portfolio Manager

Industry: 1993
 Firm: 2001
 Fund: 2003

Executive Summary

- Since the Federal Open Market Committee (FOMC) kept the Federal Funds target rate unchanged through the first quarter, money fund yields also remained relatively stable.
- New SEC guidelines for money funds included an increase in the daily liquidity requirement from 10% to 25%, and an increase in the weekly liquidity requirement from 30% to 50% with implementation by April 2, 2024.
- Increased treasury bill supply aided the ability of money market funds to meet the new liquidity requirements, and led to reduced reliance on the Federal Reserve's reverse repurchase program which ended the quarter at less than \$600 billion.

Performance factors

For most of the first quarter, expectations of a slowdown in the economy and inflation kept the short-term curve inverted. Since we did not expect an early cut in rates, we avoided buying fixed obligations much below the Secured Overnight Financing Rate (SOFR). Fortunately, an increase in treasury bill supply led to opportunities to buy treasury bills further out the curve at yields close to or better than the overnight SOFR rate. As a result, we extended to lock in that fixed rate when available leading to a longer weighted-average-maturity (WAM). The fixed-rate purchases extended the WAM from around twenty days at the beginning of the quarter to thirty days by quarter-end. Since expectations for a cut in the Federal Funds target rate have been pushed out further, opportunities to extend may persist, but reduced bill supply may also dampen relative yields.

The treasury purchases also helped the Fund meet the increased liquidity requirements set by the SEC and with required implementation by April 2, 2024. Money market funds were required to have 25% of their assets in qualifying nightly liquidity, and 50% of their assets in qualifying weekly liquidity. Going forward, reduced treasury bill supply may lead to greater reliance on the Federal Reserve's repurchase program, reversing the trend of the last couple of quarters.

Portfolio outlook

The outlook for money market fund returns is heavily dependent on FOMC actions to raise or lower the Federal Funds target rate. At its most recent meeting, the FOMC continued to communicate expectations for rate cuts in 2024. However, stronger growth and stickier-than-expected inflation have complicated the outlook for interest rates. We will continue to monitor the data and extend the WAM when the opportunity to do so near current rates allows. Despite best efforts, the increased liquidity requirements from the SEC will make it more difficult for money funds to differentiate on performance going forward. As in any interest rate environment, liquidity and safety will remain our primary objectives..

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 Money Market Fund — S share	1.25	1.25	5.03	2.43	1.79	1.14	1.92
- Expense ratio: 0.36%; Incept. date 12/29/1997							

Thrivent Money Market Fund Yield: 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. The yield quotation more closely reflects the current earnings of the Thrivent Money Market Fund than the total return quotation.

7-day current yield 5.02% 7-day effective yield 5.14%

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) 30.34% of Fund, as of Feb 29 2024: U.S. Treasury Bills: 5.13%, U.S. Treasury Bills: 5.12%, U.S. Treasury Bills: 3.51%, U.S. Treasury Bills: 3.46%, U.S. Treasury Bills: 2.78%, U.S. Treasury Bills: 2.57%, U.S. Treasury Bills: 2.20%, FHLB Discount Notes: 1.87%, U.S. Treasury Bills: 1.86%, Fed Farm Credit Banks Funding Corp: 1.84%

Risks: The Fund invests at least 99.5% of its assets in U.S. government securities, cash and repurchase agreements collateralized fully by government securities or cash. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so and you could lose money. 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. U.S. government securities may not be fully guaranteed by the U.S. government and issues may not have the funds to meet their payment obligations. The value of U.S. government securities may be affected by changes in credit ratings, which may be negatively impacted by rising national debt. 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. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. The Fund's value is influenced by the performance of the broader market. If the seller of a repurchase agreement defaults, the Fund may incur losses. These and other risks are described in the prospectus.

You could lose money by investing in the Thrivent Money Market Fund. Although the Thrivent Money Market 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 Thrivent Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Thrivent Money Market Fund's sponsor has no legal obligation to provide financial support to the Thrivent Money Market Fund, and you should not expect that the sponsor will provide financial support to the Thrivent Money Market Fund at any time.

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.

Thrivent Distributors, LLC, a registered broker-dealer and member [FINRA](https://www.finra.org), is the distributor for Thrivent Mutual Funds. Asset management services are provided by Thrivent Asset Management, LLC, an SEC-registered investment adviser. Thrivent Distributors, LLC, and Thrivent Asset Management, LLC are subsidiaries of Thrivent, the marketing name for Thrivent Financial for Lutherans.

©2024 Thrivent

