THRIVENT MUTUAL FUNDS

THRIVENT ASSET ALLOCATION FUNDS

A quarterly update from the portfolio management team

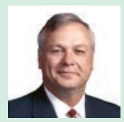
3RD QUARTER COMMENTARY

SEPT. 30, 2017
CLASS S

MANAGEMENT

Mark L. Simenstad, CFA
Chief Investment Strategist
Industry start: 1983
Fund start: 2005

Stephen D. Lowe, CFA
Head of Fixed Income
Industry start: 1996
Fund start: 2016



David C. Francis, CFA
Head of Equities
Industry start: 1978
Fund start: 2005

Darren M. Bagwell, CFA
Senior Portfolio Manager
Industry start: 1991
Fund start: 2016

This commentary from the Funds' portfolio management team summarizes the performance of the Thrivent Asset Allocation Funds. The managers explain the impact of economic factors, offer their outlook, and outline the Funds' positioning for the future.

Performance Factors

Equity markets performed well in the third quarter of 2017. Growth stocks and large cap stocks led the way for the first two months, with small cap and value stocks leading the way in September.

The equity portions of all Thrivent Asset Allocation Funds performed well in both absolute and relative terms based on the performance of our benchmarks, the Lipper-calculated medians of all reported funds in the same classification[1]. Our stock selections, especially among small caps, aided our performance significantly, as did our large cap value stock picks.

The fixed-income portions of all of our Asset Allocation Funds outperformed their corresponding index (the Bloomberg Barclays Aggregate Bond Index[2]), as they have throughout 2017.

During the period, short-term interest rates rose more than intermediate and long-term rates, while the yield on government bonds edged up slightly relative to corporate bond yields.

The Thrivent Asset Allocation Funds outperformed their benchmarks due largely to the strength of our corporate bond and securitized debt holdings – assets like mortgage-backed securities that are made by combining groups of loans into one larger security.

Outlook

Because domestic and international stocks are up significantly this year, we have taken a more conservative position in our portfolios. We believe the risk of a downturn may be greater than the chance of continued strong gains. We do expect continued economic growth globally. In the U.S., we anticipate moderately strong growth, higher inflation, a tightening labor market, and rising interest rates. We consider substantially higher rates to be a minor risk. Potential U.S. tax reforms remain uncertain.

Portfolio Positioning

The Thrivent Asset Allocation Funds continued to maintain a lower weighting in equities than that of our long-term strategic targets through the end of the third quarter. However, our international stock allocations exceeded their strategic targets.

In fixed income, our allocation to corporate bonds was in line with the strategic targets, though with less credit risk and a moderately higher yield than the Bloomberg Barclays U.S. Aggregate Bond Index. We had a higher allocation to securitized assets and about the same allocation to Treasuries as the strategic targets, as well. The funds also added an emerging markets bond component during the quarter in order to increase its allocation to this growing debt segment.

- **Thrivent Aggressive Allocation Fund** was 92% equities at quarter end, well under our 95% target. More than half of our equity holdings were in international and small cap stocks.
- **Thrivent Moderately Aggressive Allocation Fund** was 73.4% stocks at the end of the third quarter, down from 74.5% last quarter. Almost a third of the Fund was invested in international and small cap equities.
- **Thrivent Moderate Allocation Fund** was just over 53% equities at quarter end. Almost a third of the Fund was in investment-grade bonds, securitized debt, and government bonds.
- **Thrivent Moderately Conservative Allocation Fund** was just over one-third stocks at the close of the quarter. Investment-grade credit and securitized debt made up roughly 37% of the Fund.

PERFORMANCE | Annualized Total Returns for the period ending September 30, 2017

THRIVENT ASSET ALLOCATION FUNDS (CLASS S SHARES)	3-MONTH	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	EXPENSE RATIO[3]	
							GROSS	NET
Aggressive Allocation	4.88%	15.71%	19.22%	9.00%	11.63%	5.79%	1.15%	0.88%
Moderately Aggressive Allocation	3.91%	12.07%	15.18%	7.75%	9.99%	5.48%	1.09%	0.81%
Moderate Allocation	3.15%	9.40%	11.04%	6.40%	8.00%	5.20%	0.96%	0.75%
Moderately Conservative Allocation	2.33%	7.15%	7.27%	5.03%	5.94%	4.62%	0.88%	0.73%

[1] The Thrivent Asset Allocation Funds are in the following Lipper categories: Thrivent Aggressive Allocation Fund is in the Lipper Mixed-Asset Target Allocation Aggressive Growth category, Thrivent Moderately Aggressive Allocation Fund is in the Lipper Mixed-Asset Target Allocation Growth category, Thrivent Moderate Allocation Fund is in the Lipper Mixed-Asset Target Allocation Moderate category, and the Thrivent Moderately Conservative Allocation Fund is in the Lipper Mixed-Asset Target Allocation Conservative category.

[2] Bloomberg Barclays U.S. Aggregate Bond Index is an index that measures the performance of U.S. investment grade bonds. Indexes are unmanaged and do not reflect the fees and expenses associated with active management. Investments cannot be made directly into an index.

[3] The Adviser has contractually agreed, for as long as the current fee structure is in place, to waive certain investment advisory fees associated with the Funds. Refer to the expense table in the Fund's prospectus.

Risks: The Funds invest in other Thrivent Mutual Funds and in directly-held equity and debt instruments. The Funds are subject to its own fees and expenses and the expenses of the other funds in which it invests, and is subject to all of the risks of the other funds in which it invests. The value of the Funds is influenced by factors impacting the overall market, certain asset classes, certain investment styles, and specific issuers. The Funds may incur losses due to incorrect assessments of investments by its investment adviser. Foreign investments involve additional risks, including currency fluctuations, liquidity, political, economic and market instability, and different legal and accounting standards. Bond prices generally fall as interest rates rise. Credit risk is the risk that an issuer of a debt security may not pay its debt, and high yield securities are subject to increased credit risk as well as liquidity risk. The use of derivatives (such as futures and swaps) involves additional risks and transaction costs, which could leave the Funds in a worse position than if it had not used these instruments. The Funds may engage in active and frequent trading of portfolio securities in implementing its principal investment strategies.

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 in a mutual fund involves risks, including the possible loss of principal. The prospectus contains more complete information on the investment objectives, risks, charges and expenses of the fund, which investors should read and consider carefully before investing. Prospectuses are available at ThriventFunds.com or by calling 800-847-4836.

The principal underwriter for the Thrivent Mutual Funds is Thrivent Distributors, LLC. Thrivent Distributors, LLC is a registered broker/dealer and member of FINRA with its principal place of business at 625 Fourth Avenue South, Minneapolis, MN 55415. Asset management services provided by Thrivent Asset Management, LLC. Both entities are wholly owned subsidiaries of Thrivent Financial for Lutherans.