Thrivent
Asset Management

Quarterly Commentary ETFs
NASDAQ

Momentum continues to roll, but valuation now points to low volatility

Thrivent International Large Cap ETF | TILC — **June 30, 2026**

Fund management

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Senior Portfolio Manager
Industry: 2008
Fund: 2024

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Senior Portfolio Manager
Industry: 2008
Fund: 2017

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Industry: 2011
Fund: 2024

Key takeaways

- On the heels of a period of AI-fueled risk-seeking behavior from investors, low risk stocks now appear to offer compelling valuations across regions.
- The Fund underperformed its benchmark during the quarter despite strong returns from momentum factors, stock selection in Financials, and gains from industry allocations.
- Diverse factor exposures and active stock positions designed to reduce the impact of stock-specific volatility helped the fund navigate a volatile period marked by conflict in the Middle East, spiking energy prices, and rising interest rates.

Performance factors

Positive contributors

+ Momentum factors have continued to provide consistent returns in almost all markets. Technology and Materials are currently overrepresented in the top quintile of momentum globally, giving the factor strong exposure to AI-related themes.

+ Aerospace (underweight 1.9%) underperformed the market in the developed world, and our underweight benefited performance. Aerospace stocks had performed very well in the past 2-3 years, increasing their valuations

Negative detractors

– Value factors underperformed in developed markets as high priced technology stocks continued to lead markets higher.

– High volatility small caps in Japan had strong outperformance in the quarter. Our alpha model favors low volatility in Japan, so this hurt fund performance.

while costs have now risen as they compete for many of the same materials inputs (metals, semiconductor chips) that have seen high demand for AI.

+ Stock selection in Financials was strong. Although no single position is large enough to stand out in the portfolio, our allocation across many attractive stocks in banks, insurance, and financial exchanges led to strong performance in the sector.

Portfolio activity

- On June 12, the Fund was converted to an ETF structure from its previous mutual fund form used internally inside Thrivent's multi-asset class products. The change did not impact the make-up of the portfolio, but it makes the portfolio available to public shareholders for the first time.
- We increased exposure to liquidity and momentum factors in Japanese stocks, both large cap and small caps. We believe structural changes in the Japanese economy, including interest rates materially above 0% for the first time in decades, may change the dynamics of these factors moving forward.
- We increased exposure to momentum to take advantage of continued outperformance in that factor while most other quantitative factors produced lackluster returns.

Portfolio outlook

Factor valuations point to low volatility and quality as attractive in the medium term. Valuations can remain stretched for extended periods before reversion begins to occur but can help provide insight into return expectations at a 2-3 year time horizon.

Yield and value factors appear expensive relative to historical norms, and thus unattractive in the medium term. We expect to maintain small positive exposure to value factors despite their current valuations, as these factors may provide effect hedging against momentum crashes.

We remain watchful for signs of momentum performance fading. Momentum performance historically has reversed quickly and dramatically when the market narratives associated with momentum stocks start to lose favor. Thus we are mindful of risks to the AI and capital spending narrative fueling this factor today.

Performance

For the period ending June 30, 2026 | 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 International Large Cap ETF (NAV)	9.23	12.34	22.19	17.88	9.74	N/A	7.76
- Expense ratio: net 0.52%, gross 0.52%; Incept. date 11/14/2017							
TILC Market Price	10.16	13.30	23.24	18.22	9.92	N/A	7.86
MSCI EAFE Index	10.82	9.44	20.23	16.44	9.05	9.66	
Morningstar Foreign Large Blend Avg	10.44	10.85	21.46	16.72	8.43	9.46	

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. A fund's performance for very short time periods may not be indicative of future performance. Market returns are based on the midpoint of the bid/ask spread at market close (typically, 4 p.m. ET) and do not represent returns an investor would receive if shares were traded at other times. Current performance may be lower or higher than the performance data quoted. Call 800-521-5308 or visit thriventETFs.com for performance results current to the most recent month-end.

Performance returns are calculated using values carried to additional decimal places. As a result, excess return figures may not equal the difference between the rounded performance figures shown.

Top 10 Holdings (excluding derivatives and cash): 19.28% of Fund as of May 29 2026: ASML Holding NV: 3.34%, Novartis AG: 2.20%, ABB, Ltd.: 2.10%, BHP Grp, Ltd.: 2.00%, Allianz SE: 1.87%, Shell plc: 1.80%, Roche Holding AG: 1.59%, Investor AB, Class B: 1.47%, BNP Paribas SA: 1.47%, GSK plc: 1.44%

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MSCI EAFE Index - USD Net Returns tracks the performance of developed-economy stocks in Europe, Australasia and the Far East.

The Morningstar average represents the average total return annualized when greater than one year for all reported funds in the category. Morningstar averages do not include sales charges/fees. If included, returns would have been lower. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

This commentary refers to specific securities which Thrivent ETFs may own. Additional information about the holdings of the ETFs is available on thriventETFs.com.

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 thriventETFs.com or by calling 800-521-5308.

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