

Thrivent Large Cap Value Fund

Q3 2021 Commentary

TLVIX (Class S) • September 30, 2021

Management



Kurt J. Lauber, CFA
Senior Portfolio Manager
Industry since: 1990
Thrivent since: 2004
Fund since: 2004
Lead PM since: 2013

Key Personnel



Thomas Lieu, CFA
Senior Portfolio Manager
Industry since: 2000
Thrivent since: 2019
Fund since: 2020

Executive summary

- The Fund outperformed the Russell 1000 Value Index for both the past quarter and past year, driven by strong stock selection and good sector allocation.
- Positive stock selection was broad based among sectors this quarter led by Consumer Discretionary, Financial, Energy and Industrial. Health Care stock selection was the biggest detractor.
- The Fund remains overweight attractively valued companies and continues to focus on companies that can improve returns that are not correctly priced into a company's valuation.

Performance factors

Positive stock selection was driven by Consumer Discretionary, Financial, Energy and Industrial sectors, while Health Care selection was the biggest detractor. Consumer Discretionary was led by the rebound in Sony, as investors start to recognize the improvement in its business model beyond a good game console. Financials stock selection was led late in the quarter by interest rate sensitive banks that will benefit from improvement in commercial lending, Comerica and Zions Bancorporations. Raymond James Financial benefited from strong financial advisor migration and net interest income acceleration, as cash is deployed into securities and loans. Energy selection benefited from Devon Energy's focus on capital discipline and improving shareholder returns. Marathon Petroleum also outperformed other refiners due to improved capital returns and improving cost profile, that had been lagging peers in recent years. Poor selection in Health Care was driven by Biogen and Zimmer Biomet Holdings. Investors are questioning the size and speed of the recently approved Alzheimer product for Biogen while Zimmer has been hurt by patients pushing off hip and knee replacements due to the Delta COVID-19 variant.

The Fund added to the Zimmer position, as lower demand should be temporary and its roll out of robotic surgery platform should lead to share gains, while continuing to hold Biogen as the stock reflects a lot of pessimism for a drug addressing such a large unmet need. The Fund sold Oracle based on strong price appreciation. In Financials, the Fund continues to cut back consumer finance companies that benefited from improved credit and added to companies that should benefit from improving economic growth and interest rates. The Fund added to some Consumer Staples that performed poorly during COVID-19 pandemic and became more attractive as the Delta COVID-19 variant spread but should eventually re-emerge stronger.

The Fund outperformed the Russell 1000 Value Index over the last 12 months. The Fund had positive performance in all sectors except Health Care. Consumer Finance, Investment Banking and Brokerage drove good Financials performance. Capital One Financial Corp and Discovery Financial Services benefited as consumer credit did not perform as poorly as investors were expecting. Morgan Stanley benefited from continued wealth management momentum and anticipation of benefits from its E-Trade, not owned by the Fund, acquisition. Industrials benefited from the addition of building and construction companies like Johnson Controls International and United Rentals to the Fund. Materials benefited from Nucor Corporation, as the low-cost provider of steel in the U.S., is benefiting from higher steel prices and China's reduced focus on growing steel capacity. Poor stock selection in Health Care centered on Merck & Company and GlaxoSmithKline. Merck's pharmaceuticals were negatively impacted by fewer doctor office visits due to COVID-19 and by investors dislike of the proposed plan to spin slower selling drugs into a new company. The Fund continues to hold Merck due to its leading cancer drug and confidence in a recovery of sales with the return of patients to doctor offices.

Portfolio outlook

Stock selection should increase in importance to Fund returns now that the economy has rebounded from recession lows and is entering a more normal growth phase of the cycle, along with valuation spread compression within sectors. Thrivent Large Cap Value Fund process is to add value through stock selection by ranking companies on valuation, operating performance, and catalysts. The Fund remains well overweight in attractively valued stocks and focused on companies that can improve returns above those already priced into their stock. The Fund continues to own a slight overweight in Financials especially banks for cyclical company exposure.

Thrivent Large Cap Value Fund performance

Class S shares | For the period ending September 30, 2021

Average annualized returns (%) Periods less than one year are not annualized.	3 months	YTD	1 year	3 years	5 years	10 years
Thrivent Large Cap Value Fund Class S share; Expense ratio: 0.54%	0.68	21.98	44.79	10.41	13.01	14.10
Russell 1000® Value Index¹	-0.78	16.14	35.01	10.07	10.94	13.51
S&P 500® Value Index²	-0.85	15.31	32.02	10.69	11.70	13.77
Lipper Large-Cap Value Median	0.03	16.21	33.36	10.04	11.15	12.92
Lipper rank %	7 (22 of 359)	3 (8 of 349)	11 (36 of 346)	46 (147 of 324)	27 (82 of 306)	24 (57 of 245)

Financial professionals: Contact us at sales@thriventfunds.com or call 800-521-5308

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

¹Russell 1000® Value Index measures the performance of U.S. large capitalization value-oriented equities.

²S&P 500® Value Index measures the performance of the value stocks in the S&P 500 Index.

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. Markets may also be impacted by domestic or global events, including public health threats, terrorism, natural disasters or similar events. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. Foreign investments involve additional risks, such as currency fluctuations and political, economic and market instability, which may be magnified for investments in emerging markets. These and other risks are described in the prospectus.

This commentary may refer to specific securities which the Fund(s) may own. This information should not be considered investment advice or a recommendation of any particular security, strategy or product. A complete listing of the holdings for each of the Thrivent Mutual Funds is available on thriventfunds.com.

The Lipper median represents the median annualized total return for all reported funds in the classification. Lipper medians do not include sales

charges/fees. If included, returns would have been lower. All rankings are based on total return and do not reflect sales charges. The lower the Lipper percentile ranking, the better the fund performed against its peers. Source for ranking is Lipper, Inc., a Thomson Reuters company. Lipper assigns each fund to a category after scrutinizing its portfolio and assessing the fund manager's flexibility and aggressiveness. Once return figures have been determined, Lipper ranks the relative performance of all funds in a particular category against their respective peer group.

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.

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