

Thrivent Low Volatility Equity Fund

Q3 2021 Commentary

TLVOX (Class S) • September 30, 2021

Management



Noah J. Monsen, CFA
Senior Portfolio Manager
Industry since: 2008
Thrivent since: 2000
Fund since: 2017



Brian W. Bomgren, CQF
Senior Portfolio Manager
Industry since: 2006
Thrivent since: 2006
Fund since: 2018

Key Personnel



John Larish
Senior Portfolio Manager
Industry since: 1984
Thrivent since: 1984
Fund since: 2017



Sharon Wang, CFA
Senior Portfolio Manager
Industry since: 2001
Thrivent since: 2017
Fund since: 2017



Jing Wang, CFA
Portfolio Manager
Industry since: 2008
Thrivent since: 2019
Fund since: 2019

Executive summary

- Thrivent Low Volatility Equity Fund performed better than its benchmark index, MSCI World Minimum Volatility Index, during the quarter, as optimism over recovery from the COVID-19 pandemic was tempered by the virus's resurgence in some countries.
- This led markets to oscillate between bouts of risk aversion and risk seeking, finishing the quarter in nearly the same place it started.
- This marked a departure from previous quarters, when reopening of economies around the globe helped risky assets lead markets higher, and low volatility stocks trailed the overall market.

Performance factors

The Fund's outperformance to its benchmark index during the quarter came from stock selection throughout global markets. Stock selection added excess return in all regions except Asia ex-Japan, and it was especially strong in the U.S., Japan, and Europe. Selection was especially strong among European Health Care stocks, and Technology stocks in the U.S. and Japan. Exposure to quantitative factors also contributed positively primarily through volatility and liquidity factors.

The Fund is managed using a quantitative investment process. Through our quantitative process, positions in the Fund are determined by stocks' exposure to factors that have historically helped to forecast outperformance. Positions in individual stocks are adjusted regularly to maintain the Fund's exposure to those factors. Those regular adjustments did not result in any material changes to sector or country allocations in the Fund.

The drivers of outperformance compared to the Fund's benchmark index for the full year were similar to the quarterly results, with stock selection leading the way. Selection in Japan and the U.S. accounted for the majority of the Fund's outperformance. In Japan, Industrials and Technology stocks provided the greatest outperformance, and in the U.S., selection was also strongest in Technology. Allocation among regions detracted modestly, while Industry allocations were modestly positive. Quantitative factors were mixed, as contribution from volatility factors was offset by negative return from momentum factors.

Portfolio outlook

Overall, the outlook for global stocks has improved as confidence has increased that lifting of pandemic restrictions will be enduring and economies will recover fully, although this optimism may be somewhat tempered by concern that increased demand and supply chain challenges could spark inflationary pressures. Given this dynamic, we believe the recent oscillation between risk averse and risk seeking market behavior could continue, and the Fund's low volatility strategy can continue to perform similarly to the broad market.

The Fund generally seeks a neutral allocation across global regions and sectors, and the factor exposure we seek differ across regions. We are currently positioned to favor value and yield factors in Japan, while those factors have a more neutral position in other regions where quality and volatility factors are more prevalent.

Thrivent Low Volatility Equity 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	Since inception Feb. 28, 2017
Thrivent Low Volatility Equity Fund Class S share; Expense ratio: 0.95% net, ¹ 1.44% gross	0.89	9.59	15.07	8.29	8.91
MSCI World Minimum Volatility (USD) NR USD²	-0.20	6.89	12.97	7.80	—
MSCI World NR USD³	-0.01	13.04	28.82	13.14	—
Lipper Global Multi-Cap Value Median	-1.52	11.16	30.78	8.14	—
Lipper rank %	1 (1 of 148)	65 (94 of 144)	94 (133 of 141)	48 (48 of 135)	—

¹The Adviser has contractually agreed, for a period of one year from the date of the most recent prospectus, to waive certain fees and/or reimburse certain expenses associated with the Fund. Refer to the Fees & Expenses table in the Fund's [prospectus](#). If this waiver had not been in effect, performance would have been lower.

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.

²The MSCI World Minimum Volatility Index is designed to measure the performance of a minimum variance strategy applied to a universe of large- and mid-cap stocks in 23 developed market countries. It is an optimized version of the MSCI World Index.

³MSCI World Index - USD Net Returns is a market capitalization-weighted index designed to measure the equity market performance of developed markets. It includes companies listed on exchanges in 23 developed-market countries including the U.S. and Canada.

Risks: The Fund seeks lower volatility than the global equity markets, however it will experience some volatility. 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 use of quantitative investing techniques and derivatives such as futures also involve risks. 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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