

Thrivent Mid Cap Stock Fund

Q1 2025 Commentary

TMSIX (Class S) • March 31, 2025

Management



Brian Flanagan, CFA
Senior Portfolio Manager

Industry: 1993
Firm: 1994
Fund: 2004



Vikram Kaura
Senior Portfolio Manager

Industry: 1999
Firm: 2017
Fund: 2022



J.P. McKim, CFA
Senior Portfolio Manager

Industry: 2011
Firm: 2019
Fund: 2022

Executive Summary

- Thrivent Mid Cap Stock Fund trailed the Russell Midcap Index during the quarter and underperformed over the last 12 months.
- With valuation spreads widening and company insiders buying more stock, we are more focused on valuation; however, with the Federal Reserve on hold and fiscal policy cutting spending, we are moving slowly as economic uncertainty is incredibly high.

Performance factors

Thrivent Mid Cap Stock Fund underperformed the Russell Midcap benchmark during the quarter and underperformed over the last 12 months.

The Information Technology, Health Care, and Consumer Discretionary quarterly underperformance was mostly offset by the Industrial, Consumer Staple, and Financial outperformance.

Datadog and Ciena were the most significant underperformers within the Information Technology sector. Datadog's customers optimized their spending with the company which caused a slightly lowered 2025 growth rate than market expectations. Ciena continues to see strong demand; however, 2025 gross margin guidance was lower as the company sells more boxes before it sells higher-margin line cards. Biotechnology companies Sarepta Therapeutics and Neurocrine Biosciences dragged down Health Care industry returns as one patient unfortunately passed away on Sarepta's approved product, and investors were concerned regarding competition for Neurocrine's main product. Finally, Consumer Discretionary stocks Deckers Outdoor and Lululemon both suffered after the companies gave poor sales guidance based on slowing traffic in the first quarter.

Howmet Aerospace once again benefited the Industrial sector on continued strong execution and impressive margins. The Fund's airline positioning also helped the Industrial performance as Southwest had positive returns and all the remaining airlines were down 20 percent plus. BJ's Wholesale Club and Casey's General Stores were repeat outperformers within the Consumer Staples sector as both companies continued to gain share and maintain strong returns. Tradeweb buoyed the Financial sector returns as the company continued to take share within the institutional trading market with new products and new features.

The Health Care industry led the 12-month underperformance as AMN Healthcare, Option Care, and Edwards Lifesciences all faced increased competition which lowered their returns. The Fund no longer owns AMN or Option Care. The Information Technology sector performance was more reflective of what the Fund did not own versus what we did own. Not owning Palantir Technologies and AppLovin both significantly detracted from performance. Customer service software company NICE Ltd (no longer owned) declined as the threat of Generative AI eating into their market worried investors. Chemical company Celanese's markets deteriorated to the point the company cut their dividend to preserve cash flow and caused significant underperformance within the Materials sector.

Portfolio outlook

Fear can create opportunity and being patient can pay dividends. Clearly the administration's policy actions are creating uncertainty and caused a negative market reaction in the first quarter. The upshot is our free-cash-flow spreads widened out somewhat and company insiders bought stock in many beaten down companies. However, patience is required as previous market drawdowns have

been followed by easing monetary policy and increased fiscal spending to help the economy expand. The markets currently have neither of these tailwinds. The Federal Reserve is on hold as inflation reaccelerated, and the administration is looking to lower fiscal spending. Therefore, we are slowly adding more value-focused investments across the Fund as valuations are attractive, and insiders are buying stock. However, we are wading in versus diving in given the uncertainty mentioned above and the fact that spreads are only slightly appealing. Given this backdrop, we are concentrating on those companies with attractive valuations that can improve their return-on-invested-capital over the cycle even though it may struggle over the next quarter or two.

Performance

For the period ending March 31, 2025 • 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 Mid Cap Stock Fund — S share - Expense ratio: 0.74%; Incept. date 12/29/1997	-3.81	-3.81	-5.34	2.36	16.73	10.04	9.13
Russell Midcap Index	-3.40	-3.40	2.60	4.62	16.28	8.82	
S&P MidCap 400® Index	-6.10	-6.10	-2.70	4.42	16.91	8.43	
Morningstar Mid-Cap Blend Avg	-4.55	-4.55	-0.13	4.46	16.02	7.99	

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) 27.70% of Fund, as of Feb 28 2025: Trimble, Inc.: 3.47%, Steel Dynamics, Inc.: 3.22%, Expand Energy Corp: 3.16%, DocuSign, Inc.: 3.01%, SBA Communic Corp: 2.80%, Garmin, Ltd.: 2.67%, Kinsale Capital Grp Inc: 2.41%, Howmet Aerospace, Inc.: 2.40%, United Rentals, Inc.: 2.39%, lululemon athletica Inc: 2.17%

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

Russell Midcap® Index measures the performance of U.S. medium-capitalization equities.

S&P MidCap 400® Index represents the average performance of a group of 400 medium capitalization stocks.

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. ©2025 Morningstar, Inc. All rights reserved. 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.

Risks: Medium-sized companies often have greater price volatility, lower trading volume, and less liquidity than larger, more established companies. 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 and issuers. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. These and other risks are described in the prospectus.

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, 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.

©2025 Thrivent