

# Thrivent Mid Cap Value Fund

## Q3 2021 Commentary

TMCVX (Class S) • September 30, 2021

### Management



**Graham Wong, CFA**  
Senior Portfolio Manager  
Industry since: 2001  
Thrivent since: 2013  
Fund since: 2020

### Executive summary

- The Fund outperformed the Russell Midcap Value Index in the quarter. Outperformance was led by strong stock selection in Consumer Staples, Financials, and Industrials.
- The Fund's 55.46% trailing 12-month return outperformed the Russell Mid Value Index's return of 42.40%. Performance was positive in 10 out of 11 sectors.
- Despite higher inflation, uncertainty around domestic fiscal policies, and a weakening economy in China, US market valuations continue to reflect optimism around the resilient domestic economy. With most cyclical industries now trading past mid cycle valuations, our Fund is focused on identifying stocks with company specific catalysts to improve financial returns that are trading at attractive valuations.

### Performance factors

Thrivent Mid Cap Value Fund's outperformance in the quarter was driven by stock selection, led by strong selection in Consumer Staples, Financials, and Industrials. Sector allocation was slightly negative due to an underweight in Real Estate.

Stock selection was strongest in Consumer Staples this quarter, led by Albertsons Companies and Hain Celestial Group. Albertsons was up on enthusiasm over the hiring of an ex-Best Buy executive, driving enthusiasm and confidence to its transformation story. Hain Celestial was up on the rollout of Hain 3.0, the next phase of its strategic plan in which the focus shifts to accelerating topline growth. Both stocks reflect the type of stocks Mid Cap Value owns, which are companies that are focused on and have a path to improving their financial returns.

Financials was another area of strength led by the overweight and positive stock selection in regional banks. As interest rates recovered during the quarter, Comerica and Zion Bancorporations outperformed due to having higher interest rate sensitivity than peers.

In Industrials, Robert Half Internationals outperformed as it continues to benefit from job market recovery as well as the structural shift to remote and hybrid employment. In the new work environment, their staffing services have become even more valuable to small local employers.

Barnes Group is a new holding in the portfolio. The diversified industrial company is a leader in equipment and consumables used in the plastic injection molding industry as well a global manufacturer of complex and precision components to the aerospace sector. We believe the company will improve its returns through improved integrations of prior acquisitions as well as higher asset utilization as the aerospace sector recovers.

Thrivent Mid Cap Value Fund generated strong returns for the last trailing 12-months. The Fund's 55.46% return outperformed the Russell Mid Value Index's return of 42.40%. Performance was predominantly driven by stock selection, while sector allocation was also positive. Performance was positive in 10 out of 11 sectors, led by Financials, Technology, Utilities, and Industrials.

## Portfolio outlook

The Fund's process is bottom-up stock selection based on ranking companies on valuation, operating performance, and sentiment. Our valuation work shows that market's valuation is balanced on a Reward-to-Risk basis. While inflation, uncertainty around domestic fiscal policies, and a weakening economy in China continue to lead headlines, market valuation would point to relatively strong optimism around the resilient domestic economy. With most cyclical industries now trading past mid cycle valuations, our Fund is focused on identifying stocks with company specific catalysts to improve financial returns and are trading at attractive valuations.

## Thrivent Mid 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	Since Inception Feb. 28, 2020
<b>Thrivent Mid Cap Value Fund</b> Class S share; Expense ratio: 0.90% net <sup>1</sup> , 3.54% gross	-0.58	21.33	55.46	31.50
<b>Russell Midcap<sup>®</sup> Value Index<sup>2</sup></b>	-1.01	18.24	42.40	—
<b>Lipper Mid Cap Value Median</b>	-1.28	18.82	44.27	—
<b>Lipper rank %</b>	36 (66 of 187)	33 (61 of 187)	20 (37 of 185)	—

<sup>1</sup>The 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](mailto: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.

<sup>2</sup>Russell Midcap<sup>®</sup> Value Index measures the performance of U.S. medium-capitalization value-oriented equities.

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 factors impacting the overall market, certain asset classes, certain investment styles, and specific 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. 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](http://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](http://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](http://thriventfunds.com) or by calling 800-847-4836.**

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