

Thrivent High Yield Municipal Bond Fund

Prior to Feb. 27, 2026, The Fund was named Thrivent High Income Municipal Bond Fund.

Class S THMBX

December 31, 2025

Management



Johan Åkesson, CFA
Senior Portfolio Manager
Industry: 1993
Fund: 2018



Stephanie Woepfel
Senior Portfolio Manager
Industry: 2004
Fund: 2023

Executive Summary

- Thrivent High Yield Municipal Bond Fund outperformed the Bloomberg 65% High Grade/35% High Yield Index during the fourth quarter of 2025 by 32 basis points; the Fund underperformed the Index by 81 basis points for the trailing 12-month period.
- The Fund maintains an overweight to longer-dated municipal bonds which outperformed in the quarter, although these bonds underperformed for the trailing 12-month period.
- BBB and high yield bonds, which the Fund is overweight versus the Index, outperformed investment grade bonds for the quarter but also underperformed for the trailing 12 months.

Performance factors

During the fourth quarter of 2025, the Fund outperformed the Bloomberg 65% High Grade/35% High Yield Index, returning 1.74% versus 1.42%. Trailing 12-month underperformed with a 2.81% return for the Fund versus 3.62% for the Index. Underperformance for the year is largely attributable to the sharp twist effect experienced in the municipal curve early in the year, where long-end rates widened on concerns of inflation, policy uncertainty, and government debt levels while the short-end rallied. Outperformance in the most recent quarter is attributed to a modest reversal of the early 2025 twist with a shift down in medium and long-term municipal rates, resulting in long-end outperformance, as well as some outperformance in BBB and high yield bonds.

The government shutdown in the fourth quarter brought with it limited insight into economic data which likely contributed to more modest moves in the yield curve. On concerns of slowing job growth, the Federal Reserve (Fed) cut rates by 25 basis points in December, but with notable member dissent as inflation data remains sticky above the Fed target rate of 2% and tariff impacts continue to present uncertainty. While inflation remains above target, future Fed cuts will likely hinge on material softening in jobs or other key economic data.

In the fourth quarter, Treasury rates were mostly rangebound. While long-end municipal rates cheapened significantly in the first half of the year, the third and fourth quarter saw long and intermediate bonds rally, although these moves were insufficient to overcome widening from the first half of 2025. Demand for attractive long yields (compared to corporates and

Treasuries) offered in the municipal sector and more comfort in the preservation of the municipal tax-exemption led to the 30-year municipal to Treasury ratio moving from a second quarter 2025 peak near 100% to 87% at year-end.

The key determinant of Fund underperformance for the year was the Fund's overweight position in bonds maturing in 22 years+. These bonds returned 1.31% for the year versus short and medium-term bonds which returned between 4 and 6%.

The high yield hospital/senior living and special tax sectors were supportive of Fund performance this year with returns at 4.86% and 4.67%, respectively. The transportation sector experienced a negative 5.9% return for the year, mostly due to the large segment of the sector comprised of Brightline Trains, FL which repriced substantially downward as a result of operational underperformance. The Fund benefited from not holding bonds associated with this significant reduction in value. The tobacco sector experienced outsized spread widening and underperformed with a negative 5.66% return for the year. The Fund is underweight this sector versus its peers.

Bonds with longer dated maturities often exhibit higher market price volatility, which can impact the Fund's returns. The Fund may utilize Treasury futures contracts to limit some duration risk, though Treasury futures are not a perfect hedge.

Portfolio outlook

Intermediate and longer maturity tax-exempt municipal bonds remain attractive both in absolute and relative terms, with municipal to treasury ratios still above where they started in 2025. Absent a material decline in inflation or economic weakening, we expect long Treasury rates to be relatively rangebound in the near term. Projected high municipal bond supply in 2026 may push ratios somewhat higher, particularly on the long end. Coupon income is likely to drive total returns this coming year.

We are actively monitoring our holdings, assessing each for potential impacts of federal and local policy changes or conflicts. Changing leadership in a couple large U.S. cities could increase federal versus local tensions, possibly impacting municipal credits. The Fund continues to seek out bonds where the obligors have a sustainable financial profile and provide investors with a strong security package.

Performance

For the period ending December 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 High Yield Municipal Bond Fund — S share	1.74	2.81	2.81	5.54	1.22	N/A	2.78
<i>- Expense ratio: net 0.60%, gross 1.19%; Incept. date 2/28/2018</i>							
Bloomberg 65% HG/35% HY Index	1.42	3.62	3.62	4.61	1.29	3.06	
Morningstar High Yield Muni Avg	1.36	2.86	2.86	4.78	1.03	2.73	

Top 10 Holdings (excluding derivatives and cash): 62.22% of Fund as of Nov 28 2025: Florida: 10.45%, Wisconsin: 9.73%, Texas: 9.33%, New York: 7.75%, California: 5.36%, Colorado: 4.87%, Minnesota: 3.97%, Arizona: 3.82%, Utah: 3.68%, Ohio: 3.26%

Advisors: fp.thriventfunds.com • 800-521-5308 • sales@thriventfunds.com **Investors:** contact your advisor

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.

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. If not waived, returns would have been lower. Refer to the Fees & Expenses table in the prospectus.

Any indexes shown are unmanaged and do not reflect the typical costs of investing. Investors cannot invest directly in an index. For more information on the index providers and their disclaimers, visit thriventfunds.com/privacy-and-security/index-provider-notices.

Bloomberg 65% High Grade/35% High Yield Index represents the US municipal bond market, composed of 65% investment grade municipal bonds with maturities of one year or more and 35% noninvestment grade or unrated bonds.

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. ©2026 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: Municipal bonds may be affected by political or economic conditions at the state, regional or federal level. Debt securities are subject to risks such as declining prices during periods of rising interest rates and credit risk, or the risk that an issuer may not pay its debt. High yield securities are subject to increased credit risk as well as liquidity risk. The use of futures contracts involves additional risks such as a loss in value in the underlying instrument, which could decrease the Fund's value. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. When bond inventories are low in relation to the market size, there is the potential for decreased liquidity and increased price volatility. The Fund's value is influenced by the performance of the broader market. In unusual circumstances, the Fund could experience a loss when selling portfolio securities to meet redemption requests for a variety of reasons. Changes in federal income tax laws or rates may affect both the net asset value of the Fund and the taxable equivalent interest generated from securities in the Fund. Some issues may be subject to state and local taxes and/or alternative minimum taxes (AMT). 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.

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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