Thrivent Municipal Bond Fund

Class S TMBIX **December 31, 2025**

Management

Johan Åkesson, CFA
Senior Portfolio Manager
Industry: 1993
Fund: 2022

Stephanie Woeppel
Senior Portfolio Manager
Industry: 2004
Fund: 2023

Executive Summary

- Thrivent Municipal Bond Fund matched the 1.56% total return of the Bloomberg Municipal Bond Index for the fourth quarter of 2025. The Fund lagged for the trailing 12-month period returning 2.45% compared to the Index return of 4.25%.
- The long end of the curve outperformed early in the fourth quarter, before reversing some of these gains in December. Meanwhile, for the trailing 12-month period, long bonds underperformed and the belly of the curve with maturities from 7 to 10 years had the highest returns.
- Sectors performed somewhat uniformly during the quarter with a slight outperformance from hospital, housing, education and transportation.
- BBB rated securities had the best performance for the quarter but lagged for the whole year.

Performance factors

The fourth quarter ended up providing a more stable environment for the municipal bond market as total return for the Fund matched the Bloomberg Municipal Bond Index. The lack of economic data due to the government shutdown likely subdued movements in the yield curve, while information pertaining to inflation and job creation was delayed. In the fourth quarter of 2025, the municipal yield curve saw the long end rally while the front end backed up. However, this more subtle flattening of the curve could not make up for the significant curve steepening that characterized the first half of 2025.

Positioning on the yield curve was the determining factor for performance in the municipal bond market throughout 2025. The belly of the curve was the winner, while the long end of the curve struggled to keep up. The Fund lagged in 2025 due to its higher allocation of bonds at the long end of the yield curve.

Sector returns for the fourth quarter were largely uniform. There was modest underperformance from pre-refunded, industrial development, and pollution control bonds. These sectors do not comprise large holdings in the portfolio.

The Fund's position in Buckeye Tobacco Settlement bonds performed poorly in the quarter and for the year. The bonds are part of a very large, highly liquid, issuance in the high yield market and can exhibit price volatility.

During the year the Fund trimmed its holdings in the hospital and toll road sectors, while at the same time increasing holdings of the electric, gas prepayment and airport bonds. Larger issuance in those three sectors during 2025 offered a chance to diversify sector exposure.

Bonds with 4% coupons are still lagging in performance, having had a rough year with their longer duration. A positive attribute of these bonds is their current convexity, with plenty of room to rally before they price to a call. We actively continue to evaluate coupon structures and seek to find the best fit with expected future interest rate moves and overall portfolio dynamics.

The fourth quarter of 2025 continued with the strong flow of tax-exempt bond issuance, over $120 billion compared to $102 billion for the fourth quarter of 2024. Strong issuance is also expected to continue into 2026. The overall size of issuance is increasing due to inflationary pressures in the last few years affecting the scale and cost of new projects. The constant flow of deals this year combined with tepid demand, especially for longer maturity municipal debt, contributed to the long end trading weakly versus Treasuries when compared with the ratios experienced at the beginning of the year.

Portfolio outlook

Looking ahead in 2026, the municipal market faces many issues similar to those experienced last year. Political uncertainty will likely continue as the midterm elections occur. Market observers also expect the large issuance of municipal debt to continue. Compared to the start of last year, municipal to Treasury ratios are cheaper at the long end of the yield curve. This has the potential to keep supply and demand in better balance.

The Federal Reserve (Fed) has committed to lowering the Fed Funds rate if the economic data continue to support this with inflation cooling down and the jobs market remaining weak. If this happens, it is expected that municipal bond yield levels would also trend lower. Any change in the leadership at the Federal Reserve could cause some uncertainty and may result in some headline risk, likely in the second quarter, but the candidates being mentioned for Fed Chair have not generated notable apprehension.

The steepness of the municipal yield curve offers attractive yield pickup for investors on the long end, especially for long-term holders that can ride out the potential for near-term volatility in rate movements. The Fund will continue to take advantage of this yield pickup while monitoring the potential for large rate movements.

We are actively monitoring our holdings, assessing each for the potential impacts of federal policy changes including those affecting healthcare credits and higher education. Universities and colleges face headwinds with declining demographics, changing international student visa regulations and political pressure. New leadership in a couple of large U.S. cities could increase federal versus local leadership tensions, possibly impacting municipal credits.

The Fund continues to seek out bonds where the obligors have a robust financial profile and provide investors 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 Municipal Bond Fund — S share	1.56	2.45	2.45	3.96	0.47	1.96	3.92
- Expense ratio: net 0.51%, gross 0.57%; Incept. date 10/31/1997							
Bloomberg Muni Bd Index	1.56	4.25	4.25	3.88	0.80	2.34	
Morningstar Muni National Long Avg	1.54	3.34	3.34	4.21	0.44	2.11	

Top 10 Holdings (excluding derivatives and cash): 55.79% of Fund as of Nov 28 2025: Texas: 12.93%, New York: 8.97%, California: 5.72%, Florida: 5.61%, Illinois: 4.43%, Colorado: 4.22%, Pennsylvania: 4.03%, Ohio: 3.61%, Minnesota: 3.21%, Michigan: 3.06%

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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 Municipal Bond Index is a market value-weighted index of investment grade municipal bonds with maturities of one year or more.

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. 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 the federal and state alternative minimum tax. 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. High yield securities are subject to increased credit risk as well as liquidity risk. 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. 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, whicl 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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