

Thrivent Multidimensional Income Fund

Q4 2023 Commentary

TMLDX (Class S) • December 29, 2023

Management



Stephen Lowe, CFA

Chief Investment Strategist

Industry: 1996
Firm: 1997
Fund: 2018



Kent White, CFA

VP, Fixed Income Mutual Funds

Industry: 1999
Firm: 1999
Fund: 2019



Theron Whitehorn, CFA

Director, Fixed Income Quantitative Research

Industry: 2002
Firm: 2018
Fund: 2021

Executive Summary

- Thrivent Multidimensional Income Fund posted a net return of 6.35% in the fourth quarter of 2023.
- Most all sectors of the Fund were positively impacted by a decrease in interest rates over the quarter.
- Credit spreads also tightened, which mostly benefitted high yield bonds and the Alternatives sector.

Performance factors

Thrivent Multidimensional Income Fund posted a net return of 6.35% in the fourth quarter which outperformed the Morningstar Multisector Bond category average by 0.69%. The High Yield sector was the largest positive contributor to performance in the Fund. The Alternatives sector (preferred securities, convertible bonds, closed end funds, opportunistic equities) returned 2.27% in aggregate before expenses. Emerging Market Debt returned 0.73% in aggregate before expenses. Treasuries, mortgage-backed securities, and cash returned 1.57% in aggregate before expenses.

Over the quarter, most all sectors of the Fund were positively impacted by a decrease in interest rates as inflation measures declined and the market anticipated the end of the Federal Reserve Bank's rate hiking cycle. Credit spreads also tightened over the quarter, which mostly benefitted the High Yield and the Alternatives sectors.

Thrivent Multidimensional Income Fund posted a net return of 8.51% over the last 12 months which outperformed the Morningstar Multisector Bond category average by 0.38%. The Fund's exposure to the Alternatives sector was the largest positive contributor to performance and returned 3.82% in aggregate before expenses. The Fund's exposure to the High Yield sector returned 3.67% in aggregate before expenses. Over this same period, the Fund's exposure to emerging market bonds returned 0.91% in aggregate before expenses. Treasuries, mortgage-backed securities, and cash returned 0.91% in aggregate before expenses.

Portfolio outlook

Thrivent Multidimensional Income Fund is positioned with about 34% of the Fund invested in Alternative sectors. We will likely selectively reduce overall Fund exposures to these sectors as some investments now offer less attractive risk-adjusted yields relative to higher quality sectors of the fixed income market.

About 37% of the Fund is invested in High Yield bonds and Emerging Market debt. Current pricing offers attractive all-in yields for long-term investors although recent spread tightening has reduced this attractiveness somewhat on a historical basis.

The remaining 29% of the Fund is invested in mortgage-backed securities, Treasury securities, and cash. We have continued to maintain Fund exposures to these sectors as they are relatively more insulated from credit spread volatility and offer all in yields that look attractive on a historical risk-adjusted basis.

Performance

For the period ending December 29, 2023 • 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 Multidimensional Income Fund — S share	6.35	8.51	8.51	-0.26	3.86	N/A	2.69
- Expense ratio: net 0.94%, gross 1.20%; Incept. date 2/28/2017							
Bloomberg U.S. Corp Hi Yld Bd Index	7.16	13.45	13.45	1.98	5.37	4.60	
Bloomberg EM USD Sovereign Index	10.20	10.96	10.96	-3.63	1.30	2.88	
S&P U.S. Pref Stck Total Rtrn Index	5.99	12.02	12.02	-1.06	4.23	4.65	
Morningstar Multisector Bond Avg	5.68	8.13	8.13	0.10	2.93	2.83	
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) 35.17% of Fund, as of Nov 30 2023: Thrivent Core EMD Fd: 7.66%, U.S. Treasury Notes: 6.83%, FNMA 30-Yr Pass-Thru: 5.71%, U.S. Treasury Notes: 4.57%, U.S. Treasury Notes: 2.31%, U.S. Treasury Bds: 2.06%, FNMA 30-Yr Pass-Thru: 1.68%, FNMA 30-Yr Pass-Thru: 1.66%, Vanguard Sht-Tm Corp Bd ETF: 1.39%, FHLMC 30-Yr. Pass-Thru: 1.30%

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.

Bloomberg US Corporate High Yield Bond Index measures the performance of fixed-rate non-investment grade bonds.

Bloomberg Emerging Markets USD Sovereign Bond Index tracks fixed and floating-rate U.S. dollar-denominated debt issued by emerging market governments.

S&P U.S. Preferred Stock Index represents the U.S. preferred stock market.

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. ©2024 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: 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. Closed-end funds, ETFs, Business Development Companies, preferred securities, convertible securities, sovereign debt, and mortgage-related and other asset-backed securities are subject to additional risks. The Adviser is also subject to actual or potential conflicts of interest. The use of derivatives such as futures also involves 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. U.S. Government securities may not be fully guaranteed by the U.S. Government and issues may not have the funds to meet their payment obligations. The value of U.S. government securities may be affected by changes in credit ratings, which may be negatively impacted by rising national debt. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. The Fund's value may be affected by factors specific to an issuer within the Fund. London Interbank Offered Rate (LIBOR) is being phased out, which brings uncertainty to instruments tied to it. When bond inventories are low in relation to the market size, there is the potential for decreased liquidity and increased price volatility. Securities markets generally tend to move in cycles with periods when security prices rise and periods when security prices decline. The Fund invests in other funds; therefore, the Fund is dependent upon the performance of the other funds and is subject to the risks, additional fees and expenses of the other funds. 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.

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