

# Thrivent Money Market Fund

## Q3 2024 Commentary

AALXX (Class S) • September 30, 2024

### Management



**William Stouten**

Senior Portfolio Manager

Industry: 1993  
 Firm: 2001  
 Fund: 2003

### Executive Summary

- The primary driver of performance in the quarter was the increasing expectations for a cut in the Federal Funds target rate at the September Federal Open Market Committee (FOMC) meeting, which ended up being a 50 basis point cut.
- Money fund industry assets continued to climb as the relative yield versus risk remained attractive compared to other asset classes. The excess demand versus supply of government securities contributed to little value-added opportunities during the quarter, and difficulty keeping yields with the target range following the FOMC meeting.
- The Fund's credit quality remains conservative with 100% invested in U.S. government or government agency related securities. As in any interest rate environment, the Fund's safety and liquidity remain our primary objectives.

### Performance factors

Performance for the quarter was largely driven by expectations for a cut in the Federal Funds target rate at the September meeting. The Federal Reserve (Fed) cut the Federal Funds target rate by 50 basis points in September, down to a range of 4.75-5%, and more than was built into market expectations leading up to the decision. Thrivent Money Market Fund's weighted-average-maturity (WAM) started out the quarter relatively high at 35 days, but as market expectations and unfavorable demand vs supply conditions led to unfavorable fixed maturity offerings, the Fund's WAM declined to approximately nine days by the time of the rate cut decision. Excess cash versus available supply continued to pressure yields on available securities through the end of the quarter resulting in overnight discount notes trading at around 4.25% over quarter end, far below the Federal Reserve's target rate. The primary cause was a decline of around \$117 billion in T-bills outstanding during the month and treasury buybacks of around \$20 billion leading to lower supply. The pressure on yields for short-term securities resulted in balances shifting to the Federal Reserve's Reverse Repo program (RRP) which was set at 4.80% following the rate cut. The RRP reached \$465 billion by the end of the quarter. The discrepancy between repo and overnight securities combined with the shorter WAM would lead to tough relative performance comparisons for Thrivent Money Market Fund in the quarter.

### Portfolio outlook

The outlook for a slowing economy and lower inflation has led to Fed Funds futures pricing in expectations of additional Fed cuts by year end 2024. The Treasury has also announced an additional \$270 billion in T-Bill issuance in the coming months leading to more favorable supply / demand conditions. The Fund's WAM was nine days, and the weighted-average-life (WAL) was 111 days reflecting the high percentage of floating rate securities held in the fund. With Fed Fund's futures pricing in additional cuts to the target rate, and more favorable demand versus supply conditions, the expectation is to increase the WAM as quickly as opportunities arise. Regardless of the Fund's positioning, the Federal Reserve's future rate decisions will be the primary driver of yields and relative performance. As in any interest rate environment, the Fund's primary objectives will remain safety and liquidity.

## Performance

For the period ending September 30, 2024 • 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 Money Market Fund — S share	1.30	3.88	5.20	3.30	2.11	1.40	1.98
- Expense ratio: 0.36%; Incept. date 12/29/1997							

**Thrivent Money Market Fund Yield:** 7-Day Current Yield is the yield generated by an investment in the Fund over a 7-day period ended on the date of the calculation and expressed as an annual percentage. 7-Day Effective Yield is calculated similarly to the 7-day current yield, except that the effective yield assumes that income earned from the Fund's investments is reinvested and generating additional income. It is expressed as an annual percentage. The yield quotation more closely reflects the current earnings of the Thrivent Money Market Fund than the total return quotation.

7-day current yield 4.58%      7-day effective yield 4.68%

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**Top 10 Holdings** (excluding derivatives and cash) 37.55% of Fund, as of Aug 30 2024: U.S. Treasury Bills: 7.97%, U.S. Treasury Bills: 6.24%, U.S. Treasury Bills: 5.56%, U.S. Treasury Bills: 4.48%, FHLB Discount Notes: 3.28%, U.S. Treasury Bills: 2.75%, U.S. Treasury Bills: 2.30%, U.S. Treasury Bills: 1.88%, U.S. Treasury Bills: 1.56%, Freddie Mac Discount Notes: 1.53%

**Risks:** The Fund invests at least 99.5% of its assets in U.S. government securities, cash and repurchase agreements collateralized fully by government securities or cash. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so and you could lose money. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund sponsor has no legal obligation to provide financial support to the Fund and you should not expect that the sponsor will provide financial support to the Fund at any time. 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. 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. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. The Fund's value is influenced by the performance of the broader market. If the seller of a repurchase agreement defaults, the Fund may incur losses. These and other risks are described in the prospectus.

**You could lose money by investing in the Thrivent Money Market Fund. Although the Thrivent Money Market Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Thrivent Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Thrivent Money Market Fund's sponsor has no legal obligation to provide financial support to the Thrivent Money Market Fund, and you should not expect that the sponsor will provide financial support to the Thrivent Money Market Fund at any time.**

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](https://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](https://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](https://thriventfunds.com) or by calling 800-847-4836.**

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