

Thrivent Money Market Fund

Q3 2021 Commentary

AALXX (Class S) • September 30, 2021

Management



William D. Stouten
Senior Portfolio Manager
Industry since: 1993
Thrivent since: 2001
Fund since: 2003

Executive summary

- With the Target Federal Funds rate at 0-0.25%, the Fund plans to voluntarily continue waiving fees to avoid a negative yield to shareholders.
- 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.

Quarterly review

The front-end part of the yield curve remained flat with the one-year t-bill rate starting at .07 basis points in the third calendar quarter and ending approximately the same. Rates remain low in large part due to the Federal Reserve's target rate of 0-0.25%, but the curve has also been impacted by an imbalance of supply versus demand that has contributed to lower front-end rates all year. The Federal Reserve's Reverse Repo program ended the quarter at \$1.385 trillion, highlighting the lack of better investment alternatives. With the front-end curve flat and spreads tight, there was little value in extending maturities. As a result, Thrivent Money Market Fund continued to invest primarily in floating rate securities. The higher concentration in floating rate securities helped the Fund perform well better than its peers in the Morningstar US Money Market – Taxable category, while also allowing the Fund to benefit in the future if the Fed were to raise its Target Federal Fund's rate.

The Fund's weighted-average-maturity (WAM) ended the calendar year-end relatively unchanged at about 20 days as the Fund focused primarily on floating rate securities. With compressed spreads and a flat interest rate outlook near term, floating rate securities exhibited comparable value. The weighted-average-life (WAL) declined to about 60 days at the end of the second calendar quarter as the time to maturity approached without attractively priced new issues to replace them. The weighted-average-life (WAL) measure takes into account the final maturity of floating-rate notes and is limited by SEC Rule 2a-7 money market rules to 120 days. Towards the end of the third quarter, the Fund increased its holdings in Treasury bills to take advantage of the dislocation in short-term Treasury bills caused by the currently unresolved debt ceiling debate.

Portfolio outlook

The outlook for the Federal Funds target rate will continue to be the dominant factor affecting money fund yields in the year ahead. The more hawkish September Federal Open Market Committee (FOMC) meeting resulted in the forwards markets pricing in nearly two rate hikes by the first quarter of 2023. However, there is much uncertainty in the outlook including the debt ceiling resolution, the \$1 trillion infrastructure package, the \$3.5 trillion reconciliation package, inflation, the impact of vaccine mandates on unemployment, declining gross domestic product (GDP) forecasts, the Fed Chair term expiration, and more. The Fund's net yield is unlikely to change until there is a significant change in near-term expectations in the Federal Fund's target rate. Until then, the Fund plans to voluntarily continue waiving fees to avoid a negative yield to shareholders.

Thrivent Money Market 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	3 years	5 years	10 years
Thrivent Money Market Fund Class S share; Expense ratio: 0.40% net, ¹ 0.50% gross	0.00	0.00	0.00	0.89	0.82	0.41
Morningstar Money Market-Taxable Average	0.01	0.01	0.02	0.83	0.79	0.41

¹The 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.

Yields | For period ending September 30, 2021

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.

7-day current	7-day effective	7-day current Before reimbursement	7-day effective Before reimbursement
0.00%	0.00%	-0.42%	-0.42%

Financial professionals: Contact us at sales@thriventfunds.com or call 800-521-5308

You could lose money by investing in the Fund. Although the 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 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.

The current yield quotation more closely reflects the current earnings of the money market fund than the total return quotation.

Risks: The Fund invests at least 99.5% of its assets in government securities, cash and repurchase agreements collateralized fully by government securities or cash. You could lose money by investing in the Fund. Although the 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 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. The value of U.S. government securities may be affected by changes in the credit rating of the U.S. government and may not be fully guaranteed by the U.S. government. If the seller of a repurchase agreement defaults, the Fund may incur losses. The London Interbank Offered Rate (LIBOR) is being phased out, which brings uncertainty to instruments tied to it. Markets may also be impacted by domestic or global events, including public health threats, terrorism, natural disasters or similar events. A weak economy, strong equity markets, or changes to the Federal Reserve's monetary policies may cause short-term interest rates to increase and affect the Fund's ability to maintain a stable share price. 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 not

pay its debt. 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 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.

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.

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.

The distributor for Thrivent Mutual Funds is Thrivent Distributors, LLC, a registered broker/dealer and member [FINRA/SIPC](#). Thrivent Asset Management, LLC, an SEC-registered investment adviser, serves as the investment adviser for the Thrivent Mutual Funds. Both entities are subsidiaries of Thrivent, the marketing name for Thrivent Financial for Lutherans.

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