

SMALL CAP GROWTH FUND
Schedule of Investments as of July 31, 2018
(unaudited)

Shares	Common Stock (95.4%)	Value
Consumer Discretionary (14.7%)		
459	Bright Horizons Family Solutions, Inc. ^a	\$49,109
589	Burlington Stores, Inc. ^a	90,005
451	Children's Place, Inc.	55,428
1,757	Core-Mark Holding Company, Inc.	42,484
2,440	Duluth Holdings, Inc. ^a	56,169
789	Five Below, Inc. ^a	76,659
727	G-III Apparel Group, Ltd. ^a	33,224
1,535	Habit Restaurants, Inc. ^a	19,495
1,776	Nutrisystem, Inc.	71,040
501	Oxford Industries, Inc.	46,152
644	Papa John's International, Inc.	27,022
1,010	Planet Fitness, Inc. ^a	47,995
1,075	Six Flags Entertainment Corporation	69,821
245	Vail Resorts, Inc.	67,833
1,177	Wingstop, Inc.	58,085
	Total	810,521
Consumer Staples (1.7%)		
1,271	e.l.f. Beauty, Inc. ^a	18,353
881	MGP Ingredients, Inc.	72,304
	Total	90,657
Energy (3.1%)		
2,715	Callon Petroleum Company ^a	29,214
1,166	Nine Energy Service, Inc. ^a	34,059
1,505	Parsley Energy, Inc. ^a	47,302
896	Rowan Companies plc ^a	12,974
1,451	Transocean, Ltd. ^a	18,674
1,404	WPX Energy, Inc. ^a	26,353
	Total	168,576
Financials (10.3%)		
651	Ameris Bancorp	30,337
786	Bank OZK	32,147
1,133	Essent Group, Ltd. ^a	43,507
1,456	Hamilton Lane, Inc.	71,300
340	Interactive Brokers Group, Inc.	20,352
2,233	Investment Technology Group, Inc.	49,461
265	MarketAxess Holdings, Inc.	51,349
702	PacWest Bancorp	35,254
1,619	Santander Consumer USA Holdings Inc.	31,150
1,348	Seacoast Banking Corporation of Florida ^a	39,510
5,447	SLM Corporation ^a	61,497
720	Stifel Financial Corporation	39,694
145	SVB Financial Group ^a	44,643
292	Western Alliance Bancorp ^a	16,562
	Total	566,763
Health Care (19.0%)		
64	ABIOMED, Inc. ^a	22,690
607	Aerie Pharmaceuticals, Inc. ^a	41,003
348	Arena Pharmaceuticals, Inc. ^a	13,429
868	Cardiovascular Systems, Inc. ^a	32,923
1,242	Catalent, Inc. ^a	51,791
633	Concert Pharmaceuticals, Inc. ^a	10,122
1,239	Evolent Health, Inc. ^a	25,028
3,343	GenMark Diagnostics, Inc. ^a	22,331
436	Immunomedics, Inc. ^a	10,433
406	Inogen, Inc. ^a	80,896
1,674	Intersect ENT, Inc. ^a	54,154
280	Intra-Cellular Therapies, Inc. ^a	5,620
664	LHC Group, Inc. ^a	57,157
731	Merit Medical Systems, Inc. ^a	39,693

Shares	Common Stock (95.4%)	Value
Health Care (19.0%) - continued		
2,204	MiMedx Group, Inc. ^a	\$9,367
458	Neurocrine Biosciences, Inc. ^a	46,024
700	Neuronetics, Inc. ^a	17,465
1,019	Nevro Corporation ^a	57,329
737	Novocure, Ltd. ^a	25,058
1,103	NuVasive, Inc. ^a	64,029
2,501	Optinose, Inc. ^a	50,895
242	Prothena Corporation plc ^a	3,596
119	Sage Therapeutics, Inc. ^a	17,174
2,682	Tactile Systems Technology, Inc. ^a	128,924
253	Teleflex, Inc.	68,996
1,201	Veeva Systems, Inc. ^a	90,832
	Total	1,046,959
Industrials (16.9%)		
1,182	Aerjet Rocketdyne Holdings, Inc. ^a	39,833
686	ASGN, Inc. ^a	61,946
2,238	Casella Waste Systems, Inc. ^a	61,679
626	Dycom Industries, Inc. ^a	55,814
436	Granite Construction, Inc.	23,522
1,449	Healthcare Services Group, Inc.	58,337
1,102	Heico Corporation	84,160
1,161	Kirby Corporation ^a	96,886
657	Masonite International Corporation ^a	44,840
1,102	Mercury Systems, Inc. ^a	45,987
2,956	MRC Global, Inc. ^a	66,953
67	Saia, Inc. ^a	5,048
823	SiteOne Landscape Supply, Inc. ^a	73,379
1,810	TPI Composites, Inc. ^a	55,784
92	Valmont Industries, Inc.	12,848
1,143	WageWorks, Inc. ^a	60,350
216	Watsco, Inc.	37,262
1,579	Willdan Group, Inc. ^a	44,023
	Total	928,651
Information Technology (28.7%)		
1,258	2U, Inc. ^a	95,180
541	Ambarella, Inc. ^a	21,196
182	Arista Networks, Inc. ^a	46,543
1,932	Blackline, Inc. ^a	82,496
752	Ciena Corporation ^a	19,101
588	Cognex Corporation	31,035
956	Descartes Systems Group, Inc. ^a	30,496
1,700	Dolby Laboratories, Inc.	109,565
397	Envestnet, Inc. ^a	23,264
1,088	Guidewire Software, Inc. ^a	93,786
1,284	M/A-COM Technology Solutions Holdings, Inc. ^a	26,746
1,312	Monolithic Power Systems, Inc.	174,076
1,269	New Relic, Inc. ^a	123,981
456	Novanta, Inc. ^a	28,432
1,431	Proofpoint, Inc. ^a	163,205
1,866	Q2 Holdings, Inc. ^a	110,374
5,543	Quantenna Communications, Inc. ^a	88,300
288	Rogers Corporation ^a	33,572
1,532	SailPoint Technologies Holdings, Inc. ^a	36,906
5,650	Sequans Communications SA ADR ^a	9,718
766	SS&C Technologies Holdings, Inc.	40,652
419	Tyler Technologies, Inc. ^a	94,271
130	Ultimate Software Group, Inc. ^a	35,996
1,148	Virtusa Corporation ^a	60,649
	Total	1,579,540

The accompanying Notes to Schedule of Investments are an integral part of this schedule.

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Shares	Common Stock (95.4%)	Value
Real Estate (0.3%)		
284	CyrusOne, Inc.	\$17,585
	Total	17,585
Telecommunications Services (0.7%)		
3,749	ORBCOMM, Inc. ^a	35,841
	Total	35,841
	Total Common Stock (cost \$4,801,038)	5,245,093
Registered Investment Companies		
Shares	(1.6%)	Value
Equity Funds/Exchange Traded Funds (1.6%)		
888	SPDR S&P Biotech ETF	84,617
	Total	84,617
	Total Registered Investment Companies (cost \$81,061)	84,617
Shares or Principal Amount	Short-Term Investments (2.9%)	Value
	Thrivent Core Short-Term Reserve Fund	
16,025	2.320%	160,246
	Total Short-Term Investments (cost \$160,246)	160,246
	Total Investments (cost \$5,042,345) 99.9%	\$5,489,956
	Other Assets and Liabilities, Net 0.1%	7,007
	Total Net Assets 100.0%	\$5,496,963

a Non-income producing security.

Definitions:

- ADR - American Depositary Receipt, which are certificates for an underlying foreign security's shares held by an issuing U.S. depository bank.
- ETF - Exchange Traded Fund
- SPDR - S&P Depository Receipts, which are exchange-traded funds traded in the U.S., Europe, and Asia-Pacific and managed by State Street Global Advisors.

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Fair Valuation Measurements

The following table is a summary of the inputs used, as of July 31, 2018, in valuing Small Cap Growth Fund's assets carried at fair value.

Investments in Securities	Total	Level 1	Level 2	Level 3
Common Stock				
Consumer Discretionary	810,521	810,521	-	-
Consumer Staples	90,657	90,657	-	-
Energy	168,576	168,576	-	-
Financials	566,763	566,763	-	-
Health Care	1,046,959	1,046,959	-	-
Industrials	928,651	928,651	-	-
Information Technology	1,579,540	1,579,540	-	-
Real Estate	17,585	17,585	-	-
Telecommunications Services	35,841	35,841	-	-
Registered Investment Companies				
Equity Funds/Exchange Traded Funds	84,617	84,617	-	-
Subtotal Investments in Securities	\$5,329,710	\$5,329,710	\$-	\$-
Other Investments *	Total			
Short-Term Investments	160,246			
Subtotal Other Investments	\$160,246			
Total Investments at Value	\$5,489,956			

* Certain investments are measured at fair value using a net asset value per share that is not publicly available (practical expedient). According to disclosure requirements of Accounting Standards Codification (ASC) 820, Fair Value Measurement, securities valued using the practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Assets and Liabilities.

There were no significant transfers between Levels during the period ended July 31, 2018. Transfers between Levels are identified as of the end of the period.

Investment in Affiliates

Affiliated issuers, as defined under the Investment Company Act of 1940, include those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of an issuer, any affiliated mutual fund, or a company which is under common ownership or control with the Fund. The Fund owns shares of Thrivent Core Short-Term Reserve Fund primarily to serve as a cash sweep vehicle for the Fund. Thrivent Core Funds are established solely for investment by Thrivent entities.

A summary of transactions (in thousands) for the fiscal year to date, in Small Cap Growth Fund, is as follows:

Fund	Value 2/28/2018 (inception date)	Gross Purchases	Gross Sales	Shares Held at 7/31/2018	Value 7/31/2018	% of Net Assets 7/31/2018
Affiliated Short-Term Investments						
Core Short-Term Reserve, 2.320%	\$-	\$2,165	\$2,005	16	\$160	2.9%
Total Affiliated Short-Term Investments	-				160	2.9
Total Value	\$-				\$160	

Fund	Net Realized Gain/(Loss)	Change in Unrealized Appreciation/ (Depreciation)	Distributions of Realized Capital Gains	Income Earned 2/28/2018 - 7/31/2018
Affiliated Short-Term Investments				
Core Short-Term Reserve, 2.320%	\$-	\$-	\$-	\$1
Total Income from Affiliated Investments				\$1
Total	\$-	\$-	\$-	

The accompanying Notes to Schedule of Investments are an integral part of this schedule.

NOTES TO SCHEDULE OF INVESTMENTS

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SIGNIFICANT ACCOUNTING POLICIES

Valuation of Investments — Securities traded on U.S. or foreign securities exchanges or included in a national market system are valued at the last sale price on the principal exchange as of the close of regular trading on such exchange or the official closing price of the national market system. Over-the-counter securities and listed securities for which no price is readily available are valued at the current bid price considered best to represent the value at that time. Security prices are based on quotes that are obtained from an independent pricing service approved by the Trust's Board of Trustees ("Board"). The pricing service, in determining values of fixed-income securities, takes into consideration such factors as current quotations by broker/dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities which cannot be valued by the approved pricing service are valued using valuations obtained from dealers that make markets in the securities. Exchange-listed options and futures contracts are valued at the primary exchange settle price. Swap agreements are valued at the clearinghouse end of day prices as furnished by an independent pricing service. Forward foreign currency exchange contracts are marked-to-market based upon foreign currency exchange rates provided by the pricing service. Investments in open-ended mutual funds are valued at the net asset value at the close of each business day.

Securities held by the Money Market Fund are valued on the basis of amortized cost (which approximates market value), whereby a portfolio security is valued at its cost initially and thereafter valued to reflect a constant amortization to maturity of any discount or premium. The Money Market Fund and the Trust's investment adviser, Thrivent Asset Management, LLC ("Thrivent Asset Mgt." or the "Adviser"), follow procedures designed to help maintain a constant net asset value of \$1.00 per share.

The Board has delegated responsibility for daily valuation of the Funds' securities to the Funds' investment adviser, Thrivent Asset Management, LLC ("Thrivent asset Mgt." or the "Adviser"). The Adviser has formed a Valuation Committee ("Committee") that is responsible for overseeing the Funds' valuation policies in accordance with Valuation Policies and Procedures. The Committee meets on a monthly and on an as-needed basis to review price challenges, price overrides, stale prices, shadow prices, manual prices, money market pricing, international fair valuation, and other securities requiring fair valuation.

The Committee monitors for significant events occurring prior to the close of trading on the New York Stock Exchange that could have a material impact on the value of any securities that are held by the Funds. Examples of such events

include trading halts, national news/events, and issuer-specific developments. If the Committee decides that such events warrant using fair value estimates, the Committee will take such events into consideration in determining the fair value of such securities. If market quotations or prices are not readily available or determined to be unreliable, the securities will be valued at fair value as determined in good faith pursuant to procedures adopted by the Board.

In accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the various inputs used to determine the fair value of the Funds' investments are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities, typically included in this level are U.S. equity securities, futures, options and registered investment company funds. Level 2 includes other significant observable inputs such as quoted prices for similar securities, interest rates, prepayment speeds and credit risk, typically included in this level are fixed income securities, international securities, swaps and forward contracts. Level 3 includes significant unobservable inputs such as the Adviser's own assumptions and broker evaluations in determining the fair value of investments. Of the Level 3 securities, those for which market values were not readily available or were deemed unreliable were fair valued as determined in good faith pursuant to procedures established by the Board. The valuation levels are not necessarily an indication of the risk associated with investing in these securities or other investments. Investments measured using net asset value per share as a practical expedient for fair value and that are not publicly available for sale are not categorized within the fair value hierarchy.

Valuation of International Securities — The Funds value certain foreign securities traded on foreign exchanges that close prior to the close of the New York Stock Exchange using a fair value pricing service. The fair value pricing service uses a multi-factor model that may take into account the local close, relevant general and sector indices, currency fluctuation, prices of other securities (including ADRs, New York registered shares, and ETFs), and futures, as applicable, to determine price adjustments for each security in order to reflect the effects of post-closing events. The Board has authorized the Adviser to make fair valuation determinations pursuant to policies approved by the Board.

Foreign Denominated Investments — Foreign denominated assets and currency contracts may involve more risks than domestic transactions including currency risk, political and economic risk, regulatory risk, and market risk. Certain Funds may also invest in securities of companies located in emerging markets. Future economic or political developments could adversely affect the liquidity or value, or both, of such securities.

Derivative Financial Instruments — Each of the Funds, with the exception of the Money Market Fund, may invest in

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derivatives. Derivatives, a category that includes options, futures, swaps, foreign currency forward contracts and hybrid instruments, are financial instruments whose value is derived from another security, an index or a currency. Each applicable Fund may use derivatives for hedging (attempting to offset a potential loss in one position by establishing an interest in an opposite position). This includes the use of currency-based derivatives to manage the risk of its positions in foreign securities. Each applicable Fund may also use derivatives for replication of a certain asset class or speculation (investing for potential income or capital gain). These contracts may be transacted on an exchange or over-the-counter (OTC).

A derivative may incur a mark to market loss if the value of the derivative decreases due to an unfavorable change in the market rates or values of the underlying derivative. Losses can also occur if the counterparty does not perform under the derivative. A Fund's risk of loss from the counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by such Fund. With exchange traded futures and centrally cleared swaps, there is minimal counterparty credit risk to the Funds because the exchange's clearinghouse, as counterparty to such derivatives, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the derivative; thus, the credit risk is limited to the failure of the clearinghouse. However, credit risk still exists in exchange traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a broker's customer accounts. While brokers are required to segregate customer margin from their own assets, in the event that a broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the broker for all its clients, U.S. bankruptcy laws will typically allocate that shortfall on a pro-rata basis across all the broker's customers, potentially resulting in losses to the Funds. Using derivatives to hedge can guard against potential risks, but it also adds to the Funds' expenses and can eliminate some opportunities for gains. In addition, a derivative used for mitigating exposure or replication may not accurately track the value of the underlying asset. Another risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative.

In order to define their contractual rights and to secure rights that will help the Funds mitigate their counterparty risk, the Funds may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between a Fund and a counterparty that governs OTC derivatives and foreign exchange contracts and typically includes, among other things, collateral posting

terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, each Fund may, under certain circumstances, offset with the counterparty certain derivatives' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of a default (close-out netting) including the bankruptcy or insolvency of the counterparty. Note, however, that bankruptcy and insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

Collateral and margin requirements vary by type of derivative. Margin requirements are established by the broker or clearinghouse for exchange traded and centrally cleared derivatives (futures, options, and centrally cleared swaps). Brokers can ask for margining in excess of the minimum in certain situations. Collateral terms are contract specific for OTC derivatives (foreign currency exchange contracts, options, swaps). For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark to market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty. For financial reporting purposes, non-cash collateral that has been pledged to cover obligations of the Fund has been noted in the Schedule of Investments. To the extent amounts due to a Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty nonperformance. The Funds attempt to mitigate counterparty risk by only entering into agreements with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Options — All Funds, with the exception of the Money Market Fund, may buy put and call options and write put and covered call options. The Funds intend to use such derivative instruments as hedges to facilitate buying or selling securities or to provide protection against adverse movements in security prices or interest rates. The Funds may also enter into options contracts to protect against adverse foreign exchange rate fluctuations. Option contracts are valued daily and unrealized appreciation or depreciation is recorded. A Fund will realize a gain or loss upon expiration or closing of the option transaction. When an option is exercised, the proceeds upon sale for a written call option or the cost of a security for purchased put and call options is adjusted by the amount of premium received or paid.

Buying put options tends to decrease a Fund's exposure to the underlying security while buying call options tends to increase a Fund's exposure to the underlying security. The risk associated with purchasing put and call options is limited

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to the premium paid. There is no significant counterparty risk on exchange-traded options as the exchange guarantees the contract against default. Writing put options tends to increase a Fund's exposure to the underlying security while writing call options tends to decrease a Fund's exposure to the underlying security. The writer of an option has no control over whether the underlying security may be bought or sold, and therefore bears the market risk of an unfavorable change in the price of the underlying security. The counterparty risk for purchased options arises when a Fund has purchased an option, exercises that option, and the counterparty doesn't buy from the Fund or sell to the Fund the underlying asset as required. In the case where a Fund has written an option, the Fund doesn't have counterparty risk. Counterparty risk on purchased over-the-counter options is partially mitigated by the Fund's collateral posting requirements. As the option increases in value to the Fund, the Fund receives collateral from the counterparty. Risks of loss may exceed amounts recognized on the Statement of Assets and Liabilities.

During the three months ended July 31, 2018, Balanced Income Plus Fund, Moderate Allocation Fund, Moderately Aggressive Allocation Fund, Moderately Conservative Allocation Fund and Opportunity Income Plus Fund used treasury options to manage the duration of the Fund versus the benchmark.

Futures Contracts — All Funds, with the exception of the Money Market Fund, may use futures contracts to manage the exposure to interest rate and market or currency fluctuations. Gains or losses on futures contracts can offset changes in the yield of securities. When a futures contract is opened, cash or other investments equal to the required "initial margin deposit" are held on deposit with and pledged to the broker. Additional securities held by the Funds may be earmarked to cover open futures contracts. A futures contract's daily change in value ("variation margin") is either paid to or received from the broker, and is recorded as an unrealized gain or loss. When the contract is closed, realized gain or loss is recorded equal to the difference between the value of the contract when opened and the value of the contract when closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Assets and Liabilities. Exchange-traded futures have no significant counterparty risk as the exchange guarantees the contracts against default.

During the three months ended July 31, 2018, Aggressive Allocation Fund, Balanced Income Plus Fund, Government Bond Fund, Income Fund, Limited Maturity Bond Fund, Moderate Allocation Fund, Moderately Aggressive Allocation Fund, Moderately Conservative Allocation Fund, Municipal Bond Fund, Opportunity Income Plus Fund and Partner Worldwide Allocation Fund used treasury futures to manage the duration and yield curve exposure of the Fund versus the benchmark.

During the three months ended July 31, 2018, Aggressive Allocation Fund, Balanced Income Plus Fund, Large Cap Stock Fund, Low Volatility Equity Fund, Moderate Allocation Fund, Moderately Aggressive Allocation Fund, Moderately Conservative Allocation Fund, Opportunity Income Plus Fund and Partner Worldwide Allocation Fund used equity futures to manage exposure to the equities markets.

Foreign Currency Forward Contracts — In connection with purchases and sales of securities denominated in foreign currencies, all Funds, with the exception of the Money Market Fund, may enter into foreign currency forward contracts. Additionally, the Funds may enter into such contracts to mitigate currency and counterparty exposure to other foreign-currency-denominated investments. These contracts are recorded at value and the related realized and change in unrealized foreign exchange gains and losses are included in the Statement of Operations. In the event that counterparties fail to settle these forward contracts, the Funds could be exposed to foreign currency fluctuations. Foreign currency contracts are valued daily and unrealized appreciation or depreciation is recorded daily as the difference between the contract exchange rate and the closing forward rate applied to the face amount of the contract. A realized gain or loss is recorded at the time a forward contract is closed. These contracts are over-the-counter and a Fund is exposed to counterparty risk equal to the discounted net amount of payments to the Fund.

During the three months ended July 31, 2018, Partner Worldwide Allocation Fund used foreign currency forward contracts in order to gain active currency exposure and to hedge unwanted currency exposure.

Swap Agreements — All Funds, with the exception of the Money Market Fund, may enter into swap transactions, which involve swapping one or more investment characteristics of a security or a basket of securities with another party. Such transactions include market risk, risk of default by the other party to the transaction, risk of imperfect correlation and manager risk and may involve commissions or other costs. Swap transactions generally do not involve delivery of securities, other underlying assets or principal. Accordingly, the risk of loss with respect to swap transactions is generally limited to the net amount of payments that the Fund is contractually obligated to make, or in the case of the counterparty defaulting, the net amount of payments that the Fund is contractually entitled to receive. Risks of loss may exceed amounts recognized on the Statement of Assets and Liabilities. If there is a default by the counterparty, the Fund may have contractual remedies pursuant to the agreements related to the transaction. The contracts are valued daily and unrealized appreciation or depreciation is recorded. Swap agreements are valued at the clearinghouse end of day prices as furnished by an independent pricing service. The pricing service takes into account such factors as swap curves, default probabilities,

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recent trades, recovery rates and other factors it deems relevant in determining valuations. Daily fluctuations in the value of the centrally cleared credit default contracts are recorded in variation margin in the Statement of Assets and Liabilities and recorded as unrealized gain or loss. The Fund accrues for the periodic payment and amortizes upfront payments, if any, on swap agreements on a daily basis with the net amount recorded as realized gains or losses in the Statement of Operations. Receipts and payments received or made as a result of a credit event or termination of the contract are also recognized as realized gains or losses in the Statement of Operations. Collateral, in the form of cash or securities, may be required to be held with the Fund's custodian, or a third party, in connection with these agreements. Certain swap agreements are over-the-counter. In these types of transactions, the Fund is exposed to counterparty risk, which is the discounted net amount of payments owed to the Fund. This risk is partially mitigated by the Fund's collateral posting requirements. As the swap increases in value to the Fund, the Fund receives collateral from the counterparty. Certain interest rate and credit default index swaps must be cleared through a clearinghouse or central counterparty.

Credit Default Swaps — A credit default swap is a swap agreement between two parties to exchange the credit risk of a particular issuer, basket of securities or reference entity. In a credit default swap transaction, a buyer pays periodic fees in return for payment by the seller which is contingent upon an adverse credit event occurring in the underlying issuer or reference entity. The seller collects periodic fees from the buyer and profits if the credit of the underlying issuer or reference entity remains stable or improves while the swap is outstanding, but the seller in a credit default swap contract would be required to pay the amount of credit loss, determined as specified in the agreement, to the buyer in the event of an adverse credit event in the reference entity. A buyer of a credit default swap is said to buy protection whereas a seller of a credit default swap is said to sell protection. The Funds may be either the protection seller or the protection buyer.

Certain Funds enter into credit default derivative contracts directly through credit default swaps (CDS) or through credit default swap indices (CDX Indices). CDX indices are static pools of equally weighted credit default swaps referencing corporate bonds and/or loans designed to provide diversified credit exposure to these asset classes. Funds sell default protection and assume long-risk positions in individual credits or indices. Index positions are entered into to gain exposure to the corporate bond and/or loan markets in a cost-efficient and diversified structure. In the event that a position defaults, by going into bankruptcy and failing to pay interest or principal on borrowed money, within any given CDX Index held, the maximum potential amount of future payments required would be equal to the pro-rata

share of that position within the index based on the notional amount of the index. In the event of a default under a CDS contract the maximum potential amount of future payments would be the notional amount. For CDS, the default events could be bankruptcy and failing to pay interest or principal on borrowed money or a restructuring. A restructuring is a change in the underlying obligations which would include reduction in interest or principal, maturity extension and subordination to other obligations.

For financial reporting purposes, the Funds do not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities.

Additional information for the Funds' policy regarding valuation of investments and other significant accounting policies can be obtained by referring to the Funds' most recent annual or semiannual shareholder report.