

Thrivent Mid Cap Stock Fund

Q1 2024 Commentary

TMSIX (Class S) • March 28, 2024

Management



Brian Flanagan, CFA
Senior Portfolio Manager

Industry: 1993
Firm: 1994
Fund: 2004



Vikram Kaura
Senior Portfolio Manager

Industry: 1999
Firm: 2017
Fund: 2022



J.P. McKim, CFA
Senior Portfolio Manager

Industry: 2010
Firm: 2019
Fund: 2022

Executive Summary

- Thrivent Mid Cap Stock Fund outperformed the Russell Mid Cap Index for the last three months and underperformed the benchmark over the last 12 months.
- Diverse sectors, including Health Care, Industrial, Financial, Material, and Consumer Discretionary, contributed to the three-month outperformance.
- The Fund continuously seeks companies with the potential to enhance their productivity and return on invested capital.

Performance factors

Thrivent Mid Cap Stock Fund provided strong absolute and relative returns against the Russell Mid Cap Index during the last quarter. The outperformance was spread across multiple sectors including the Health Care, Industrials, Financials, Materials, and Consumer Discretionary sectors. Underperforming sectors were kept to a minimum with the Information Technology sector the only notable underperformer. The Health Care sector outperformance was also nicely distributed as Sarepta Therapeutics, Edwards Lifesciences, Align Technology, and Masimo all positively contributed to lead the Fund's outperformance. Industrial sector outperformance only slightly trailed the Health Care sector contributions as United Rentals, Howmet Aerospace, and Advanced Drainage Systems all outperformed on strong or improving return-on-invested capital and free-cash-flow generation. In the Financials sector, Kinsale Capital Group stood out with its industry-leading growth and profitability, bolstered by its innovative underwriting technology platform. Steel Dynamics and Ball Corporation led the Materials sector outperformance. Steel Dynamics continued to show strong profitability and returns even as steel prices declined during the quarter. The company's newest steel plant also began contributing to profitability after being a cash-flow drag for many quarters. Ball Corporation benefited from closing inefficient manufacturing plants, lowering capital expenditures, and improving free cash flow as the beverage can market began to stabilize. Finally, Consumer Discretionary companies Chipotle Mexican Grill, NVR, and Crocs all produced excellent return-on-invested capital powering their shares higher. Crocs also benefited from reducing their excess inventory and stabilizing their HEYDUDE brand. Wolfspeed hurt the Information Technology sector returns as the company continued to burn through cash attempting to ramp their 200mm silicon carbide manufacturing facility.

Over the last year, the Fund underperformed the Russell Mid Cap Index. Industrial, Financial, Consumer Staple, and Material sector returns were equally offset by the Information Technology and Energy sector returns. Including the Industrial companies mentioned above, Axon Enterprise and Quanta Services added to the sector's outperformance. Axon's continued transition to a recurring revenue model, new product introductions, and increased state and local government spending all helped to accelerate the company's revenues. Quanta's backlog continues to build as power generation and transmission demand continues to outpace industry supply. Western Alliance Bancorp and Kinsale Capital Group led the Financial sector returns. The insatiable demand for Casey's General Stores pizza and food and beverage products significantly outperformed in an otherwise difficult Consumer Staples sector. PPG Industries joined Steel Dynamics and Ball Corporation to drive the Material sector outperformance. The positive contributors were equally offset by Wolfspeed and Dropbox within the Information Technology sector, and Energy companies Valero Energy (not owned in the Fund), Devon Energy, and Chesapeake Energy. Dropbox's performance was hurt by slowing demand and market saturation. The Fund's energy investments followed energy prices lower during the year.

Portfolio outlook

Valuation spreads and insider purchasing and selling remain neutral, a consistent trend for many quarters. Despite the Federal Reserve maintaining its monetary policy as inflation slows, Chair Jerome Powell has hinted at a potential downward adjustment without specifying timing. External factors such as ongoing wars and the uncertain presidential election add to market uncertainty. Yet, the market advances, fueled by low unemployment, slowing inflation, and growing consumer wealth through rising housing and stock prices. Crucially, generative AI's infancy stages have already marked significant productivity and margin improvements, sparking increased capital expenditures and benefiting suppliers. This development signals a

robust investment cycle. Through our investment lens—operating metrics, valuation, and market sentiment—the market's operating metrics are improving and may continue to do so, despite occasional setbacks. Fair valuations and strong market sentiment, driven by widespread recognition of productivity gains, suggest that companies with durable competitive advantages, significant or improving returns on invested capital, and reasonable valuations are poised to outperform. Our investment strategy focuses precisely on identifying and investing in such companies.

Performance

For the period ending March 28, 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 Mid Cap Stock Fund — S share - Expense ratio: 0.75%; Incept. date 12/29/1997	11.93	11.93	21.33	7.14	12.39	11.67	9.72
Russell Midcap Index	8.60	8.60	22.35	6.07	11.10	9.95	
S&P MidCap 400® Index	9.95	9.95	23.33	6.96	11.71	9.99	
Morningstar Mid-Cap Blend Avg	9.21	9.21	22.48	6.45	10.89	8.99	

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Top 10 Holdings (excluding derivatives and cash) 31.12% of Fund, as of Feb 29 2024: NVR, Inc.: 3.88%, Kinsale Capital Grp Inc: 3.71%, Advanced Drainage Syst, Inc.: 3.26%, Steel Dynamics, Inc.: 3.21%, Centene Corp: 3.15%, United Rentals, Inc.: 3.07%, Old Dominion Freight Line Inc: 2.97%, Howmet Aerospace, Inc.: 2.79%, Ball Corp: 2.68%, NICE, Ltd. ADR: 2.40%

Any indexes shown are unmanaged and do not reflect the typical costs of investing. Investors cannot invest directly in an index.

Russell Midcap® Index measures the performance of U.S. medium-capitalization equities.

S&P MidCap 400® Index represents the average performance of a group of 400 medium capitalization stocks.

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: Medium-sized companies often have greater price volatility, lower trading volume, and less liquidity than larger, more established companies. The Fund's value is influenced by a number of factors, including the performance of the broader market, and risks specific to the Fund's asset classes and issuers. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. These and other risks are described in the prospectus.

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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.

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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