

## FUNDS & PERSONAL FINANCE

### MUTUAL FUND PROFILE

# Top-Notch Thrivent Large-Cap Fund Looks For Tomorrow's Amazons

## Eye On Innovative Disrupters

Seeking companies that know how to improve the customer experience

BY PAUL KATZEFF  
INVESTOR'S BUSINESS DAILY

Manager Lauri Brunner, whose \$2.1 billion Thrivent Large Cap Growth Fund (THLCX) is one of the best mutual funds, says that her investment approach rests on one simple reality: every sector has an Amazon.com (AMZN)-type company before it becomes a well-known winner.

"We like to own companies that operate in large markets and use technology to improve the customer experience," Brunner said. "This drives revenue growth above market rates for the long term."

Find them early enough, and they're bound to be attractively priced, she says.

Like Amazon, companies that improve the customer experience in a big way have "a chance to be disruptive," Brunner said. "That enables them to generate above-market rates of growth."

Applying those principles, she has built a portfolio that includes such names as computer-chip maker Nvidia (NVDA). She also holds search and advertising juggernaut Alphabet (GOOGL), parent of Google. And she's got payment software provider Square (SQ).

All three happened to be recent members of IBD's Leaderboard.

They're also in the IBD 50.

How can Nvidia help Brunner's Thrivent portfolio remain among the best mutual funds? It's all about the computer chips that Nvidia makes. Their ability to perform fast calculations makes them mainstays of applications such as gaming, artificial intelligence, computer graphics and autonomous automobiles.

"Investors often talk about the autos piece of Nvidia's business," she said. "That was 3% of Nvidia's revenues last year. So it was small. It won't grow a lot in the next three years. I'm much more interested in large industries. The revenue growth path is more clear in gaming and data centers than in autonomous autos."

Nvidia's GPUs have made pioneering advances in ray tracing, which is a realistic method of showing light in graphics. That's a boon for gaming products and graphics.

Days ago, Nvidia's share price jumped after its second-quarter earnings topped views and it guided higher, although supply constraints remain a hurdle.

## Alphabet's Regulatory Risk

Can Alphabet help keep Large Cap Growth in the ranks of the best mutual funds? The question is not just theoretical. Alphabet shares are already up 61% this year going into Wednesday. Can they keep up that pace? Especially since growth in advertising revenue, its key driver via Google, shows signs of slowing.

And Alphabet's cloud business lags both Amazon's (AMZN)

## Thrivent Large Cap Growth S

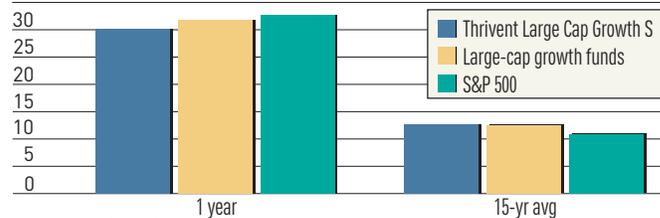


Lauri Brunner

■ Load: None  
■ Expenses: 0.77%  
■ Symbol: THLCX

**Total returns** as of 8/24/21  
2020: 42.91% 3-yr. avg.: 24.25%  
YTD: 19.34% 5-yr. avg.: 23.97%  
10-yr. avg.: 19.34%

35% Total returns as of 8/24/21



Source: Morningstar Direct

## Sector weightings

Fund as of 5/31/21, S&P 500 as of 7/31/21

	% of stock assets	% of S&P 500
<b>Cyclical</b>	<b>32.55%</b>	
Basic materials	0.00	2.27%
Consumer cyclical	18.21	11.74
Financial services	14.34	13.87
Real estate	0.00	2.63

## Economically sensitive 53.17

Communication services	16.91	11.24
Energy	0.00	2.55
Industrials	3.45	8.73
Technology	32.81	24.63

## Defensive 14.27

Consumer defensive	0.52	6.34
Health care	13.75	13.51
Utilities	0.00	2.48

and Microsoft's (MSFT).

Further, Alphabet faces a sharp risk of greater regulation.

But Brunner says many investors overlook the prospects for Alphabet's cloud business. That's a part of Alphabet that resembles Amazon before it widely became seen as a dominant disrupter, she says.

Alphabet is still investing in its cloud business, she says. "Growth (in) profits (will) come later," she added. "That's a progression we're comfortable with." After all, both Amazon and Microsoft's cloud lines rose

from humble beginnings too.

In addition, she likes the outlook for Google-owned YouTube.

## Facing Huge Markets

Brunner also likes Square's prospects for keeping Large Cap Growth in the winners' circle of best mutual funds.

Square makes credit-card readers that plug into mobile point-of-sale devices for merchants, especially smaller ones. The firm also offers loans to sellers. And Square Cash is a peer-to-peer money transfer service.

The credit card readers and

Square Cash address markets whose sizes are measured in trillions of dollars and are growing. Even if Square's fees amount to merely 1% of each, it represents

potential revenue in the billions of dollars. "Those are really large numbers," Brunner said. Thrivent Large Cap Growth became an IBD Best Mutual

Funds Awards winner by topping the S&P 500 in 2020 and in the three, five and 10 years ended Dec. 31. This year going into Wednes-

day, the fund trailed the S&P 500, 19.34% vs. 20.57%. Its large-cap growth rivals tracked by Morningstar Direct were up 17.42% on average.

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