

Understanding Mutual Fund Fees and Expenses

When investing in mutual funds, there are many factors to consider. In addition to determining whether the mutual fund's investment strategy is compatible with your risk tolerance and investment objectives, it is also important to understand the fees and expenses in connection with the mutual fund. These costs can have a large impact on the return of your investment over time. This document provides general background information about these fees and expenses. **However, fees and expenses vary from mutual fund to mutual fund, so it is very important to review each mutual fund's prospectus and discuss these issues with your Thrivent Financial representative to get specific information for a particular mutual fund. Prospectuses are available on the mutual fund's website or by contacting your financial representative.**

Sales Charges

A sales charge, or load, is a percentage of your total investment that is paid when you purchase a mutual fund. The sales charge is used to compensate Thrivent Investment Management Inc. and your financial representative. The price you pay when purchasing a mutual fund is called the Public Offering Price (POP) and includes the sales charge. The POP is higher than the Net Asset Value (NAV) price of the mutual fund, which is the price that is received when the shares are sold. Mutual funds offer investors a variety of ways to lower the sales charge. If you believe that you may qualify for a lower sales charge, be sure to discuss that with your financial representative.

Breakpoint Discounts: A breakpoint is the total value that your account must have to qualify for a lower sales charge. A mutual fund's prospectus will contain tables that illustrate the investment levels you must reach to qualify for a breakpoint discount.

Rights of Accumulation (ROA): Adding the value of funds within the same mutual fund family, along with the value of the current purchase, can qualify you for a reduced sales charge. In addition, a mutual fund family may allow you to count the value of holdings in related accounts, such as spouses or dependent children, to qualify for breakpoint discounts. Each mutual fund family has different rules regarding which accounts may be combined to qualify for breakpoint discounts. If you wish to rely upon the holdings of spouses or dependents, or accounts at other brokerage firms or the mutual fund company, to qualify for a breakpoint discount, inform your financial representative of these other qualifying accounts and provide documentation of the amount invested.

Letters of Intent (LOI): You may also qualify for a breakpoint discount by signing an agreement to purchase an additional amount of the mutual fund within a defined period of time, usually 13 months. For example, if you plan to purchase \$50,000 worth of Class A shares over a period of 13 months, but each individual purchase would not qualify for a breakpoint discount, you could sign an LOI at the time of your initial purchase and receive the breakpoint discount. Additionally, some mutual fund families allow you to rely upon purchases in other related accounts to fulfill the LOI. **It is important to remember that if the amount stated in the LOI is not invested by the due date, the mutual fund company may retroactively deduct additional sales charges from the account.**

Exchange and Reinstatement Privileges: You may be able to invest money from one mutual fund to another within the same mutual fund family without paying another sales charge. In addition, if you sell a mutual fund, then repurchase that or another mutual fund within a short period of time; you may qualify for a sales charge waiver. This waiver is only available if you purchase mutual funds within the same mutual fund family. If you purchase mutual funds from a different mutual fund family, you will pay a new sales charge.

Registration Type Discounts: Qualifying organizations, such as 501(c)3 or group retirement plans, may qualify for a discounted sales charge.

Contingent Deferred Sales Charge (CDSC)

Some mutual funds impose a CDSC when a mutual fund is sold, which is deducted from sales proceeds. The amount of the charge is normally based on the length of time the shares were held, and typically declines over time. This is also known as a "back-end load."

Distribution (12b-1) and Service Fees

12b-1 and service fees are deducted from the mutual fund's assets on an ongoing basis to compensate Thrivent Investment Management Inc. and your financial representative for distribution and shareholder servicing activities.

Management and Other Fees

Management, advisory, and other fees are deducted from the mutual fund's assets on an ongoing basis to compensate the mutual fund for management and operation of the fund. A **Short Term Redemption Fee** may be charged if a fund is sold shortly after purchased. This fee is meant to discourage the short term trading of mutual funds, which increases the cost of the mutual fund for long term investors due to increased operational and administrative expenses.

Share Classes

Many mutual funds offer different share classes. Although each share class has the same overall investment objective and similar underlying investments, they have different sales charges, fees and expenses. You should consider your investment time horizon, investment amount, account type, and other factors when deciding which share class to purchase. There is a Fund Analyzer tool available on the Financial Industry Regulatory Authority, Inc. (FINRA) website to help you compare funds (<http://www.finra.org/fundanalyzer>).

Commonly available share classes include:

- **Class A** shares typically have a sales charge that is deducted from your investment amount when you purchase your shares, but lower ongoing 12b-1 and service fees. They are typically better for investors who plan to hold a fund for many years.
- **Class B and C** shares usually do not have an initial sales charge, but may have higher ongoing 12b-1 or service fees. They may also apply a CDSC when the shares are sold. They are typically better for investors who plan to hold a fund for a shorter period of time.
- **Class I (Institutional)** shares usually do not have an initial sales charge, 12b-1 or service fees, but have high minimum investment amounts, and may only be available to certain types of organizations.
- **Thrivent Mutual Fund Class S** shares do not have a sales charge or 12b-1 fees. You can choose to work with your Thrivent Financial representative and pay an Account Service Fee for broker dealer services, or invest on your own, online, without a financial representative and without paying an Account Service Fee.
- Other share classes may be available to **retirement plans** or other qualifying investors. They vary widely from mutual fund to mutual fund and have different sales charges and fees.
- Some mutual funds may allow you to exchange from one share class to another once you meet certain investment amounts or other requirements.

For additional information about investing in mutual funds, see FINRA's website:

<http://www.finra.org/investors/mutual-funds>

Investing in a mutual fund involves risks, including the possible loss of principal. The prospectus contains more complete information on the investment objectives, risks, charges and expenses of the fund, which investors should read and consider carefully before investing. Prospectuses are available from a Thrivent Financial representative, ThriventFunds.com, or the specific fund's website.

Securities and investment advisory services are offered through Thrivent Investment Management Inc., 625 Fourth Ave. S., Minneapolis, MN 55415, a FINRA and SIPC member and a wholly owned subsidiary of Thrivent Financial, the marketing name for Thrivent Financial for Lutherans. Thrivent Financial representatives are registered representatives of Thrivent Investment Management Inc. They are also licensed insurance agents/producers of Thrivent Financial. Fee-based investment advisory services are available through qualified investment adviser representatives only. For additional important information, visit Thrivent.com/disclosures.