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Thrivent High Yield Portfolio

Inception: Nov. 2, 1987
Objective: Thrivent High Yield Portfolio seeks high current income, and secondarily growth of capital.

Portfolio key points

Thrivent High Yield Portfolio is intended to be a core high yield option that emphasizes bonds in the middle of the high yield credit quality spectrum.

"Core B" philosophy

A diversified portfolio of high yield bonds, overweighted to B-rated securities to take advantage of their favorable characteristics, aims to provide the highest yield with the lowest sensitivity to interest rate changes. Securities with a B rating are more vulnerable to default than BB, but less so than CCC-rated issues.

Thorough, fundamental research

Seven experienced credit analysts seek to identify issues with the best potential return within each credit rating and industry, placing emphasis on established companies with strong cash flows and a potential for an improving credit profile.

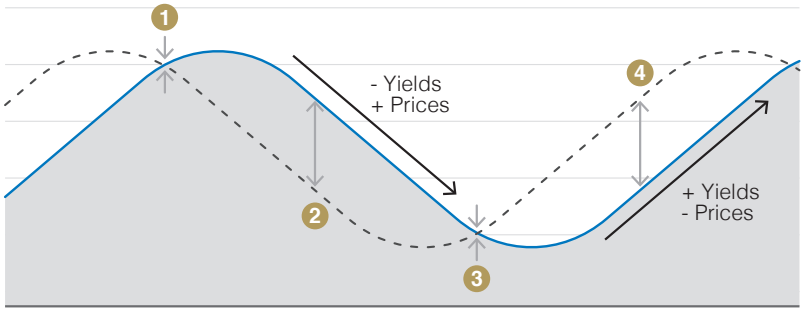
A collaborative approach

The portfolio manager collaborates with the analysts on industry selection used to position the Portfolio. Analyst views, informed by expertise and fundamental research, are taken into consideration when determining industry allocation in the Portfolio.

Positioning the portfolio: a hypothetical example

> *The high yield credit market is dynamic and our portfolio management will update the Portfolio's risk profile based on the current and expected market environment. Estimated spreads are the output of a model that considers multiple economic factors.*

Hypothetical Spreads: Estimated vs. Observed



Observed spread -- Estimated spread

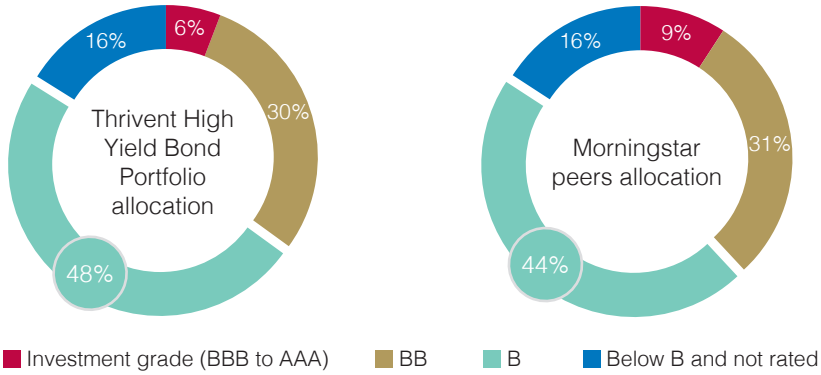
Spread Scenario	Risk profile	Allocation and change
1 Est = Obs	Neutral	BB underweight B overweight CCC underweight
2 Est < Obs	More aggr.	↓ BB lg. underweight B overweight ↑ CCC neutral
3 Est = Obs	Neutral	↑ BB underweight B overweight ↓ CCC underweight
4 Est > Obs	More consv.	↑ BB sm. overweight ↓ B sm. overweight ↓ CCC lg. underweight

Charts are for informational purposes only and do not reflect the performance of any specific portfolio or security.

Portfolio construction: "Core B" approach

› Thrivent High Yield Portfolio aims to have strong total returns through a greater allocation to B-rated bonds than its peers.

Why emphasize B-rated bonds? Our experienced management team believes that B-rated bonds can exhibit both favorable yields and interest rate sensitivity. B-rated bonds have historically lower rates of default than CCC-rated bonds and lower downgrade rates than BB-rated bonds over longer time periods.[1]



Thrivent High Yield Portfolio is part of the Morningstar High Yield Bond category. Data presented is average allocations for the 20 years from September 1999 through September 2019.

Source: Morningstar

When constructing the portfolio, management focuses on:

Credit selection | Diversification | Liquidity

Management

Paul J. Ocenasek, CFA
Senior Portfolio Manager

Industry since: 1987
Thrivent since: 1987
Portfolio since: 1997

"We have a great team of very experienced credit analysts here at Thrivent that can be leveraged to generate ideas for various portfolios. We believe it is important to foster a culture that values the input of the professionals closest to the assets they cover."

[1]**Source:** Standard & Poor's Global Ratings. "2018 Annual Global Corporate Default Study And Rating Transitions." April 9, 2019. Available from S&P Ratings online, accessed Nov. 25, 2019.

Risks: 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. High yield securities are subject to increased credit risk as well as liquidity risk. Convertible securities are subject to additional risks such as interest rate and market risk. Leveraged loans are subject to numerous risks, including liquidity, credit, declines in the value of collateral underlying them, and detrimental legal actions against them. When interest rates fall, certain obligations will be paid off more quickly and proceeds may have to be invested in securities with lower yields. The Portfolio's value is influenced by factors impacting the overall market, certain asset classes, certain investment styles, and specific issuers. Foreign investments involve additional risks, such as currency fluctuations and political, economic and market instability, which may be magnified for investments in emerging markets. When bond inventories are low in relation to the market size, there is the potential for decreased liquidity and increased price volatility. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. The use of derivatives such as futures involves additional risks and transaction costs. These and other risks are described in the prospectus.

The Portfolio is only available to the public through a variable life or variable annuity contract. Contact the provider for more information and a contract prospectus which will include information on the additional charges and fees that apply to the specific contract.

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 portfolio, and other information, which investors should read and consider carefully before investing. Prospectuses are available at thriventportfolios.com or by calling 800-847-4836.

The principal underwriter for Thrivent Variable Portfolios, the marketing name for Thrivent Series Fund, Inc., is Thrivent Distributors, LLC, a registered broker-dealer and member of FINRA and SIPC. Thrivent Financial for Lutherans, an SEC-registered investment adviser, serves as the investment adviser. Thrivent Distributors, LLC is a subsidiary of Thrivent, the marketing name for Thrivent Financial for Lutherans.

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