thrivent®

Thrivent Income Portfolio

Inception: Jan. 9, 1987
Objective: The Portfolio seeks to achieve a high level of income over the longer term while providing reasonable safety of capital.

Portfolio key points

Thrivent Income Portfolio is designed to provide higher levels of income while preserving principal by investing primarily in BBB-rated corporate bonds.

Focused on corporate bonds with the ability to tactically allocate to other sectors

The Portfolio invests primarily in investment-grade corporate bonds across the ratings spectrum, and will aim to have a large portion invested in BBB-rated bonds to increase yield. The portfolio managers can invest outside of corporates as well, emphasizing sectors that exhibit attractive relative value, and may at times have a substantial allocation to non-investment grade bonds.

Collaborative process helps portfolio managers make decisions

In managing the Portfolio, the portfolio managers actively collaborate with other Thrivent Asset Management investment professionals for both top-down and bottom-up analysis. There is ongoing dialogue with other portfolio managers to understand the dynamics driving relative valuations. The portfolio managers rely on the expertise of research analysts in choosing individual securities for the Portfolio.

Portfolio construction process emphasizes credit risk

While some of the decision-making process is driven by interest-rate risk analysis, in which the team seeks to understand where interest rates might be headed and their impact on the Portfolio, a majority is driven by a focus on credit risk. The goal of the process is to construct a portfolio that takes on no more risk than necessary for the desired level of yield.

Investment process

Portfolio construction
- Focused on corporates and employs a relative value approach
- Portfolio managers may tactically allocate to other sectors and may use derivatives for positioning

Sell discipline
- Largely driven by relative value analysis

Security selection
- Fundamental research process supported by team of experienced research analysts
- Focused on identifying companies that are de-leveraging and expected to have strong free cash flow throughout the economic cycle

Management

Kent L. White, CFA
Senior Portfolio Manager
Industry since: 1990
Thrivent since: 1999
Portfolio since: 2017

Stephen D. Lowe, CFA
Head of Fixed Income
Industry since: 1996
Thrivent since: 1997
Portfolio since: 2009

"Our goal of providing income for shareholders is supported by a truly collaborative process highlighting the strengths of Thrivent."

Focus on BBB-rated bonds

The Portfolio primarily invests in BBB-rated corporate bonds, which our portfolio managers believe may offer favorable risk-adjusted yield.

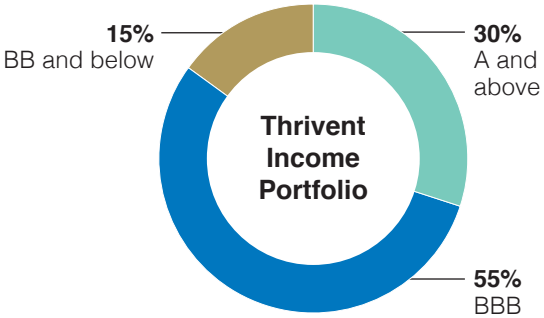
Features of the BBB-bond space

The BBB-rated corporate bond space has been steadily growing and currently makes up about 50% of the corporate bond market. It is currently about four times larger than it was in 2009 as measured by the size of debt outstanding. This growth is driven in part by upgrades from the non-investment grade (below BBB) space, an increase in new issuers, and increased mergers and acquisitions activity. BBB-rated corporate bonds are diversified by industry and issuer, which gives active portfolio managers and research analysts ample opportunity to select best-in-class bonds.

What does this mean for investors?

Investors may benefit from the Portfolio's focus on BBB-rated corporate bonds, which can offer diversification and favorable risk-adjusted returns.

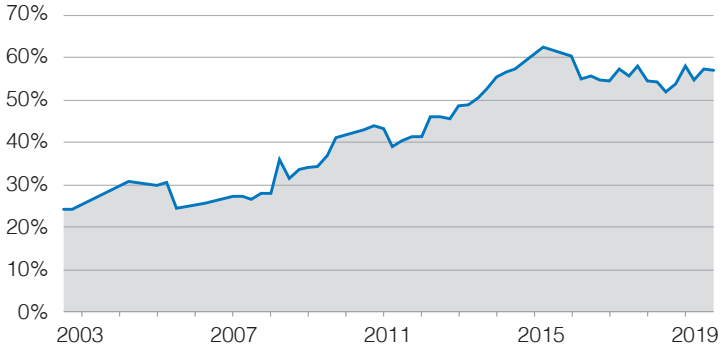
Portfolio's long-term target credit exposure*



*Target allocation subject to change

Portfolio's historical BBB-rated credit exposure[1]

June 2002 – Sept. 2019



Source: Morningstar

[1]These bond ratings represent the lower of those assigned by Moody's Investor Services, Inc. or Standard & Poor's® Financial Services, LLC (S&P).

Risks: The Portfolio's value is influenced by a number of factors, including the performance of the broader market, and risks specific to the Portfolio's asset classes, investment styles, and issuers. 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. The value of U.S. government securities may be affected by changes in the credit rating of the U.S. government and may not be fully guaranteed by the U.S. government. The value of mortgage-related and other asset-backed securities will be influenced by the factors affecting the housing market and the assets underlying such securities. Foreign investments involve additional risks, such as currency fluctuations and political, economic and market instability, which may be magnified for investments in emerging markets. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. To the extent that the financials sector continues to represent a significant portion of the Portfolio, the Portfolio will be sensitive to changes in, and its performance may depend to a greater extent on, factors impacting this sector. The use of derivatives such as futures involves additional risks and transaction costs. When bond inventories are low in relation to the market size, there is the potential for decreased liquidity and increased price volatility. The Portfolio may engage in active and frequent trading of portfolio securities, which may result in higher transaction costs and higher taxes. 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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