

Brochure

Item 1 - Cover Page

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This brochure provides information about the qualifications and business practices of TAM. If you have any questions about the contents of this brochure, please contact us at (612) 844-5704. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about TAM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Please note that even though TAM is a registered investment adviser with the SEC, registration with the SEC does not imply a certain level of skill or training.

Item 2 - Material Changes

There are no material changes to report at this time.

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Item 4 - Advisory Business

TAM has provided investment advice since January 2006. Its ultimate parent company is TFL, which wholly owns Thrivent Financial Holdings, Inc. (“TFH”). TFH wholly owns both Thrivent Investment Management Inc. (“TIMI”) and Thrivent Life Insurance Company (“TLIC”). TIMI and TLIC own respectively 60% and 40% of TAM’s membership interests. Neither TFL, TFH, TIMI, TLIC nor TAM is a public company.

TAM’s primary business is providing investment supervisory services to Thrivent Mutual Funds, a multi-series Massachusetts business trust comprised of several mutual funds. It also provides investment supervisory services to a high net worth individual (the “HNWI”). TAM does not currently seek to provide advisory services to additional individuals but may accept additional individuals or other accounts in the future. TAM does not hold itself out as specializing in a particular type of advisory service nor does it limit its advice to only certain types of investments.

TAM’s management of the HNWI assets is subject to the terms of the investment advisory agreement executed between TAM and the HNWI (the “Agreement”). The Agreement contains a specific Investment Policy, which indicates the types of investments that TAM shall make on behalf of the HNWI. This Investment Policy effectively limits TAM’s discretionary investment authority on behalf of the HNWI. The HNWI may amend the Investment Policy at any time by written agreement between the HNWI and TAM. The HNWI shall provide TAM with prompt written notice if the HNWI deems any investments made for its account to be in violation of the Investment Policy.

As of December 31, 2011, TAM managed, on a discretionary basis, \$14,145,183,870 in assets (which includes the assets of the HNWI and its mutual fund clients). As of this date, TAM did not manage any assets on a non-discretionary basis.

Item 5 - Fees and Compensation

TAM’s compensation for advising the HNWI’s assets is based on an annual percentage of the HNWI’s assets under management. The advisory fee is negotiable and was set at the execution of the HNWI’s Agreement. The HNWI has an annual advisory fee of 1.00% for the first \$5 million of assets under management and 0.75% for the next \$25 million in assets under management.

TAM deducts the advisory fee at the end of each calendar quarter from the HNWI’s account, although the HNWI, under its Agreement, may, instead, be billed for the advisory fee. Custodial fees, brokerage commissions, taxes and other transactions costs incident to the custody, purchase or sale of investments are also charged to and paid out of the HNWI’s advisory account. For more information about brokerage practices related to the HNWI account, please see Item 12 below. In addition, to the extent that the HNWI invests in shares of mutual funds or other types of investment companies, the HNWI will bear fees related to shares of that investment company (*e.g.*, sales charges, distribution-related fees and other expenses, including management fees).

TAM’s advisory clients currently are not required to prepay their advisory fees. If an advisory client were to prepay his/her advisory fee, however, and the advisory contract were to terminate before the end of the applicable billing period, the client would receive a pro rata refund of the unearned portion of the prepaid fee.

Item 6 - Performance-Based Fees and Side-By-Side Management

Not applicable.

Item 7 - Types of Clients

As stated earlier in Item 4, TAM's primary business is providing investment supervisory services to Thrivent Mutual Funds ("TMF"), a multi-series Massachusetts business trust comprised of several mutual funds. It also provides investment supervisory services to one high net worth individuals (the "HNWI"). TAM does not currently seek to provide advisory services to additional individuals but may accept additional individuals or other accounts in the future. In addition, TAM does not currently have any minimum account size requirements for individuals that are opening or maintaining advisory accounts with TAM. If TAM were to expand its advisory business to additional individual advisory clients, it may consider implementing minimum account size requirements.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

The investment objective of the HNWI is capital appreciation, which TAM seeks to achieve by investing primarily in large- and mid-cap value stocks. TAM's methods of analysis include stock charting; fundamental, technical and quantitative analyses; and examining cyclical trends. Primary sources of information include financial newspapers and magazines, inspection of corporate activities (including on-site visits to and from company management), research materials prepared by others, ratings services, press releases, filings with the SEC, analytical systems, and proprietary research generated by its own portfolio managers and analysts.

To get exposure to large- and mid-cap value stocks in foreign markets, TAM may invest in American Depositary Receipts ("ADRs"). An ADR is generally a negotiable certificate issued by a U.S. bank and represents a specific number of shares of a foreign stock but trades on a U.S. stock exchange.

Investing in securities involves risk of loss that an investor should be prepared to bear. TAM cannot be certain that it will achieve the investment objective for the HNWI account. There are several risks involved in seeking to achieve capital appreciation by investing primarily in large- and mid-cap stocks. These risks are as follows:

Large Cap Risk. Large cap companies may be unable to respond quickly to new competitive challenges such as changes in technology. They may also not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

Mid-Cap Risk. Mid-cap stocks often have greater price volatility, lower trading volume and less liquidity than large-cap stocks. Mid-cap companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources and less competitive strength than large-cap companies.

Value Style Investing Risk. Value style investing includes the risk that stocks of undervalued companies may not rise as quickly as anticipated if the market does not recognize their intrinsic value or if value stocks are out of favor.

Market Risk. Over time, stock markets generally tend to move in cycles with periods when stock prices rise and periods when security prices decline. The value of the HNWI accounts' stocks may move with these cycles and, in some instances, increase or decrease more than the corresponding market(s) (e.g., large- and mid-cap value stocks). The stock markets may also decline because of factors that affect a particular industry.

Issuer Risk. Issuer risk is the possibility that factors specific to a company, in which the HNWI accounts invest, will affect the market prices of the company's securities and therefore the value of the accounts. Some factors affecting the performance of a company include demand for the company's products or services, the quality of management of the company and brand recognition and loyalty. Common stock of a company is subordinate to other securities issued by the company. If a company becomes insolvent, interests of investors owning common stock will be subordinated to the interests of other investors in, and general creditors of, the company.

Volatility Risk. Volatility risk is the risk that certain types of securities shift in and out of favor depending on market and economic conditions as well as investor sentiment.

Investment Adviser Risk. The HNWI accounts are actively managed and the success of TAM's investment strategy depends significantly on its skills in assessing the potential of the securities in which the accounts invest. This assessment of companies held in the accounts may prove incorrect, resulting in losses or poor performance even in rising markets.

Foreign Securities Risk. The HNWI accounts get exposure to foreign securities through their investments in ADRs. Foreign securities are generally more volatile than their domestic counterparts, in part because of higher political and economic risks, lack of reliable information and fluctuations in currency exchange rates. Foreign securities also may be more difficult to resell than comparable U.S. securities because the markets for foreign securities are often less liquid. Even when a foreign security increases in price in its local currency, the appreciation may be diluted by adverse changes in exchange rates when the security's value is converted to U.S. dollars. Foreign withholding taxes also may apply.

Item 9 - Disciplinary Information

Not applicable.

Item 10 - Other Financial Industry Activities and Affiliations

TAM is affiliated with several other entities that are in the financial services industry. In addition, certain of the executive officers and managers of TAM are executive officers and/or directors/managers of these affiliated entities. These affiliations, however, are not material to TAM's investment advisory relationship with the HNWI because these entities do not provide services or sell products (proprietary or otherwise) to the HNWI. These affiliations are described below. In addition, TAM does not recommend or select any other investment advisers for the HNWI.

Broker-Dealer: TAM is affiliated with TIMI, a dually registered broker-dealer and investment adviser; TIMI serves as the principal underwriter for TMF and variable products sponsored by TFL and TLIC. TIMI does not execute any portfolio brokerage for the HNWI accounts, TMF or Thrivent Series Fund, Inc. ("TSF"), a Minnesota multi-series corporation consisting of several mutual funds that serve as investment options for separate accounts sponsored by TFL and TLIC (the "Separate Accounts").

Investment Companies: TAM serves as investment adviser to TMF. TAM is also responsible for providing administrative and accounting services to TMF. TFL serves as investment adviser to TSF and Thrivent Financial Securities Lending Trust (the “Lending Trust”), a Massachusetts business trust registered under the Investment Company Act of 1940 (the “1940 Act”) as an open-end investment company.¹ TFL is also responsible for providing administrative and accounting services to TSF and the Lending Trust. Further, the Separate Accounts are registered under the 1940 Act as unit investment trusts. Finally, TFL is the managing member of several general partners that manage the day-to-day operations of several limited partnerships (the “Private Funds”) that invest in private equity.

Investment Advisers: TFL and TIMI are affiliates of TAM and are registered as investment advisers under the Investment Advisers Act of 1940 (the “Advisers Act”). TFL has business and financial arrangements with each of TAM and TIMI and the Thrivent-sponsored investment companies. These arrangements relate to (1) financial and operational issues concerning these affiliated entities and (2) the allocation and payment of expenses, and the transfer and accounting of funds, among these affiliated entities.

TIMI, a dually registered broker-dealer and investment adviser, provides asset management services to retail clients, including financial planning services and managed account programs. The programs are offered through licensed registered representatives. Transactions in the mutual fund wrap programs are done through TIMI’s clearing broker. TIMI, along with TLIC, is a partial owner of TAM.

Financial Planning Firm: TIMI provides fee-based financial planning services through licensed registered representatives.

Bank: Thrivent Financial Bank (“the Bank”) is chartered as a federal savings bank and provides bank and trust services. Services offered include, among other things, savings, checking and money market accounts; certificates of deposit; loans; credit cards; IRAs; and online banking services. The Bank also offers investment management, custody, IRA rollover accounts and trust administration services for most types of trusts.

Insurance Companies and Agencies: TFL, a not-for-profit nonstock membership organization, is licensed to conduct business as a fraternal benefit society in all states and the District of Columbia and offers traditional life insurance products and variable annuity and variable life insurance contracts. TLIC, a wholly owned indirect subsidiary of TFL and, along with TIMI, a partial owner of TAM, is an insurance company licensed to sell insurance products in most states and the District of Columbia. Thrivent Insurance Agency Inc., a wholly owned indirect subsidiary of TFL, is a life and health insurance agency engaged in the distribution of non-proprietary life insurance, health insurance and annuity products. Thrivent Property & Casualty Insurance Agency Inc., a wholly owned indirect subsidiary of TFL, is an insurance agency licensed to provide property and casualty insurance.

Sponsor or Syndicator of Limited Partnership: Certain entities affiliated with TFL serve as the general partners to the Private Funds.

¹ TFL has established a securities lending program for certain affiliated entities (*e.g.*, TMF and TSF). Each series of TMF and TSF that participates in this lending program invests cash collateral received from securities lending activity in the Lending Trust, a money market fund that complies with Rule 2a-7 under the 1940 Act. The HNWI does not participate in this securities lending program.

Other: Certain Supervised Persons of TAM (as defined under the Advisers Act) assist in managing the portfolios of a foundation and the pension plan sponsored by TFL. In addition, certain supervised persons of TAM are on the Investment Committee that has investment discretion with respect to certain managed account programs sponsored by TIMI (which are discussed above).

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

TAM or an advisory affiliate registered under the Advisers Act (each, an “Adviser”) may serve as the investment manager to other client accounts, such as the series of TMF and TSF. The Advisers may give advice and take action with respect to any funds or accounts they manage, or for their own account, that may differ from action taken by them on behalf of other funds or accounts. The Advisers are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling, any security that they or their Access Persons may buy or sell for their own accounts or for the accounts of their clients. The Advisers are not obligated to refrain from investing in securities held by funds or accounts that they manage except to the extent that such investments violate the code of ethics adopted by the Advisers or the mutual funds that they manage (*i.e.*, TMF, TSF and the Lending Trust) or other firmwide policy (*e.g.*, insider trading policy).

From time to time, employees and principals of the Advisers or any other related persons may have interests in securities owned by or recommended to TAM’s advisory clients (or securities related to those securities). As these situations may represent a potential conflict of interest (possibly encouraging advisory personnel to put their economic interests ahead of the Advisers’ clients), the Advisers have adopted procedures relating to personal securities transactions and insider trading, which are designed to mitigate these potential conflicts.

The Advisers have adopted a code of ethics in accordance with the federal securities laws (the “Code”) to govern personal transactions by Access Persons (as defined under the federal securities laws) and to help ensure that the interests of Access Persons do not conflict with the interests of the Advisers’ clients. The Code restricts the purchase and sale of certain reportable securities by portfolio managers within seven days before or after execution of a transaction in any such security for the accounts of clients they manage. In addition, Access Persons may not engage in a personal transaction in any nonexempt reportable security for which any order for a client is pending until such order is executed or withdrawn. All Access Persons must also request pre-clearance through the Personal Trading Assistant, an electronic reporting system maintained by TAM’s compliance department (“Compliance”), in order to make personal securities transactions in certain reportable securities, such as shares offered in an initial public offering. Further, all Access Persons must certify to quarterly reports of their personal transactions within 30 days of the end of each calendar quarter (or, in the alternative, the Access Person could have his/her Thrivent-approved broker provide confirmations or periodic statements to Compliance). A copy of TAM’s Code is available to any client or prospective client upon request by calling (612) 844-5704. In addition, TAM has a Code of Conduct that requires all Access Persons and all Supervised Persons of TAM to comply with ethical restraints relating to, among other things, giving gifts to, and receiving gifts from, service providers.

In addition to the Code, the Advisers have also adopted an insider trading policy. The Advisers and their related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. The Advisers and their related persons are prohibited from improperly disclosing or using such information for their own personal benefit or for the benefit of any other person, regardless of whether such other person is a client of the Advisers. Accordingly, should such persons come into

possession of material nonpublic or other confidential information with respect to any company, they are prohibited from communicating such information to, or using such information for their own benefit or the benefit of, their respective clients.

Any officer, director, elected manager or employee of the Advisers who fails to observe the Code and insider trading policy risks being subject to grave sanctions, including dismissal and personal liability.

In addition to the conflicts presented by the personal trading of advisory personnel, TAM's affiliation with other entities that offer Thrivent products to the public presents potential conflicts of interest.

If the HNWI were to invest in a mutual fund managed by an Adviser, TAM and/or its affiliates (e.g., TIMI) would receive additional compensation in the form of increased advisory fees, possible sales charges and 12b-1 fees, and other fees (e.g., transfer agency and other administrative fees). In addition, if the HNWI were to invest in a managed account sponsored by TIMI, it would pay both a managed account program fee as well as the advisory and/or other fees of any mutual funds in which they are invested, including funds managed by TAM (i.e., TMF).

To mitigate some of these conflicts of interests, the Agreement requires TAM, in the event that the HNWI were to invest in one of the series of TMF, to waive the advisory fee that it receives from that series on the portion of the HNWI's account that is invested in the series. TAM and its affiliates also do not buy securities from, or sell securities to, the HNWI account on a principal basis, engage in agency cross transactions on behalf of the HNWI account nor cross trades between the HNWI account and other advisory clients. In addition, TIMI does not engage in portfolio execution for the HNWI account. Furthermore, as stated earlier, the HNWI does not generally invest in Thrivent products. For example, the HNWI is not solicited to invest in the limited partnerships for which TFL affiliates serve as general partner.

Item 12 - Brokerage Practices

Depending upon the terms of the agreement entered into with each client, TAM generally has discretionary authority to make the following determinations without client consultation or consent prior to effecting each transaction:

- which securities are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the broker-dealer through which securities are to be bought or sold; and
- the commission rates at which securities transactions for client accounts are effected.

With respect to each discretionary account, however, TAM's authority is subject to certain limits, including applicable investment objectives, policies and restrictions. These limitations may be based on a variety of factors, such as regulatory constraints, as well as policies imposed by a client or its governing body. For each advisory client, TAM follows the guidelines specified in the client's advisory contract.

Selection Criteria for Brokers-Dealers

In arranging for the purchase and sale of clients' portfolio securities, TAM takes into consideration any legal restrictions, such as those imposed under the securities laws, and any client-imposed restrictions. Within these constraints, TAM employs or deals with members of the securities exchanges and other brokers and dealers that, in TAM's judgment, implement TAM's policy of seeking best execution of portfolio transactions.

TAM's overriding objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its clients' portfolio transactions. The best net price, giving effect to brokerage commissions or spreads, if any, and other transaction costs, is normally an important factor in this decision, but a number of other judgmental factors may be considered when relevant.

The factors include, but are not limited to: the execution capabilities required by the transactions; the importance to the account of speed, efficiency and confidentiality; the broker or dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the ability and willingness of the broker or dealer to facilitate the accounts' portfolio transactions by participating for its own account or committing capital to the transaction; the reputation and perceived soundness of the broker or dealer; TAM's knowledge of negotiated commission rates currently available; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; the execution, clearance and settlement capabilities of the broker or dealer both with respect to the specific transaction and the overall service to TAM as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; the financial stability of the broker or dealer; TAM's knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; the reasonableness of commissions; the brokerage and research services provided by the broker or dealer; as well as other matters relevant to the selection of a broker or dealer for portfolio transactions for any account. TAM does not adhere to any rigid formula in making the selection of the applicable broker or dealer for portfolio transactions but weighs a combination of the preceding factors. TAM's trading desk also considers input from portfolio management and research in directing brokerage. The criteria being used for best execution is reviewed periodically by the Brokerage Commission Committee (the "Brokerage Committee").

TAM may use Electronic Communications Networks ("ECN") or Alternative Trading Systems ("ATS") to effect such trades when, in TAM's judgment, the use of an ECN or ATS may result in equal or more favorable overall executions for the transactions.

TAM endeavors to be aware of current charges of eligible broker-dealers and to minimize the expenses incurred for effecting portfolio transactions to the extent consistent with the interests and policies of their advisory accounts. However, TAM will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. Although TAM generally seeks competitive commission rates, it will not necessarily pay the lowest commission. Transactions may involve specialized services on the part of the broker-dealer involved resulting in higher commissions than would be the case with transactions requiring more routine services.

The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research, and other services, which will help TAM in providing investment management services to its advisory clients. TAM may, therefore, use a broker that provides

useful research and securities transaction services even though a lower commission may be charged by a broker that offers no research services and minimal securities transaction assistance.

Research and Other Soft Dollar Benefits

Consistent with the duty to seek best execution, brokerage commissions on client accounts' portfolio transactions may be directed to broker-dealers in recognition of research furnished by them, as well as for services rendered in the execution of orders by such broker-dealers. The commissions used to acquire research in these arrangements are known as "soft dollars." Under an SEC interpretation, the term "commission" includes a markup, markdown, commission equivalent or other fee paid by an account to a dealer for executing a transaction where the fee and transaction price are fully and separately disclosed on the confirmation and the transaction is reported under conditions that provide independent and objective verification of the transaction price by a self-regulatory organization. As a result, fees charged in relation to certain NASDAQ-reported riskless principal transactions are eligible for use in soft dollar arrangements in addition to traditional agency commissions charged on equity securities transactions.

Broker-dealers typically provide a bundle of services that include research and execution. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by broker-dealer). A statutory "safe harbor" allows an investment adviser to use soft dollars to acquire either type of research, and TAM does receive both types of research with soft dollars. TAM also, in the past, has received brokerage services in exchange for soft dollars.

The receipt of research and other products and services in exchange for soft dollars benefits TAM by allowing it, at no cost to itself, to supplement its own research and analysis activities, to receive the views and information of individuals and research staffs of other securities firms, and to gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors. To the extent the receipt of such soft dollar services supplants services TAM would have acquired on its own, TAM's expenses are reduced. TAM therefore may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the advisory clients' interest in receiving most favorable execution. TAM, however, has a fiduciary duty to its advisory clients, which it takes seriously, and other controls, described below, which limit this incentive's effect.

Where more than one broker-dealer is believed to be capable of providing the best combination of price and execution with respect to a particular portfolio transaction, TAM often selects a broker-dealer that furnishes research products or services, including, but not limited to, reports on the economy, industries, sectors and individual companies or issuers; subscriptions to certain financial publications and research compilations; compilations of securities prices, earnings, dividends and similar data; financial and market databases; quotation services; and services of economic and other consultants providing advice with respect to portfolio strategy. TAM only uses client brokerage commissions to acquire research and other products and services that fall within the statutory "safe harbor."

TAM maintains an internal allocation procedure to identify those brokers that have provided research products or services and the amount of research products or services they provided, and endeavors to direct sufficient commissions to them to ensure the continued receipt of research products and services TAM believes are useful. TAM, through its Brokerage Committee, oversees the determination and evaluation of the reasonableness of the commissions paid in connection with portfolio transactions on at least a quarterly basis.

It is not possible to place a dollar value on the special executions or on the research services TAM receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by TAM may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if TAM determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or TAM's overall duty to its discretionary accounts. In determining whether a service or product qualifies as research or execution, TAM evaluates whether the service or product provides lawful and appropriate assistance to TAM in carrying out its investment decision-making responsibilities.

TAM does not usually attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research received benefits clients and assists TAM in fulfilling its overall duty to its respective clients. As a general matter, research received in exchange for soft dollars may be shared across all of the accounts managed by the advisory entities (*i.e.*, TAM and TFL) and their Supervised Persons. However, research obtained with soft dollars may not be utilized for the specific account that generated the soft dollars and not every research service may be used to service every account managed by these advisory entities. Commissions generated by equity portfolios may be utilized to acquire research services for fixed-income portfolios.

TAM will not enter into any agreement or understanding with any broker-dealer that would obligate it to direct a specific amount of brokerage transactions or commissions in return for research services. However, certain brokers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent. TAM may use its available soft dollar credits to obtain a particular product and pay cash to make up any difference. In some cases, TAM receives products or services that are used both as investment research and for administrative, marketing or other non-research purposes ("mixed use" items). In such instances, TAM makes a good faith effort to determine the relative proportions of such products or services that may be considered as investment research and may use soft dollars for the research portion and pay cash for the non-research portion. Although the allocation between soft dollars and cash is not always capable of precise calculation, and accordingly represents a conflict of interest for TAM, TAM will make a good faith effort to allocate such items reasonably. Records of any such allocations and payments are prepared.

Brokerage for Client Referrals

When selecting or recommending broker-dealers for the HNWI account, TAM does not consider whether it or a related person receives client referrals from a broker-dealer or third party.

Client-Directed Brokerage Transactions

Advisory clients are not generally permitted to direct TAM to use specified broker-dealers in performing portfolio transactions. To the extent that a client may direct TAM to use a particular broker-dealer to execute transactions under terms negotiated by the client with a particular broker-dealer, however, such direction may result in higher commissions, greater spreads or less favorable net prices than might be the case if TAM could negotiate commission rates or spreads freely or select broker-dealers based on best execution. In addition, in a directed brokerage account, the client may pay higher brokerage commissions because TAM may not be able to aggregate orders to reduce transaction costs.

Batch Transaction and Allocation Policy

Occasions may arise when two or more client accounts desire to purchase or sell the same security at approximately the same time on a combined basis. These transactions are referred to as “bunched” trades. Due to differences in strategies, it is quite possible that some securities may be held in more than one client account but not traded at the same time.

On those occasions when “bunched” trades are made, those trades will be allocated according to each client account’s targeted, unfilled position in a security. Although each account typically receives the full amount of securities ordered, in the unlikely event this is not achieved, such transactions will be allocated on a pro rata basis substantially in proportion to the amounts ordered to be purchased or sold by each account. Rounding of the pro rata amounts may take place to avoid holding uneconomic lot sizes.

In allocating purchase and sale transactions made on a combined basis, the authorized traders will seek to achieve the same net unit price of the securities for each account. Where the aggregate order is executed by the same broker in a series of transactions at various prices on a given day, each participating client account receives a proportionate share of such order reflecting the same average net price paid or received with respect to the total order.

TAM is not obligated to provide the same investment advice to each account it manages, including the purchase of, or participation in, initial public offerings (“IPOs”). In general, each portfolio manager is responsible for determining whether any particular IPO is an appropriate investment for the account he/she manages, based on investment objectives, investment restrictions and trading strategies. Accounts whose investment restrictions preclude investing in new, “unseasoned” or small capitalization issuers will not be considered for investments in IPOs. Accounts that are not prohibited from purchasing IPOs may nevertheless not participate in such transactions if to do so would be inconsistent with their trading practices. As a result, certain accounts managed by TAM may have greater opportunities than others to participate in IPOs.

Portfolio managers may purchase IPOs for TFL’s insurance general account and the accounts of TLIC, the Thrivent Financial Defined Benefit Trust, a defined benefit plan, and the Thrivent Financial for Lutherans Foundation, a tax-exempt foundation under Section 501 of the Internal Revenue Code (collectively referred to as the “Proprietary Accounts”). While this is an inherent conflict of interest, TAM and its affiliated investment adviser, TFL, take steps to ensure that it does not disadvantage client accounts by allowing Proprietary Accounts to participate only on the same terms and at the same price as client accounts.

In cases where the trading desk is able to obtain sufficient quantity to fill all current orders, the orders will be allocated according to each client account’s targeted, unfilled position in the security.

In cases where the trading desk is unable to obtain sufficient quantity to fill all current orders, certain circumstances may justify exceptions to the pro rata policies outlined above. Such exceptions include:

- ♦ *De minimis allocations*

Exceptions may be justified based upon large differences in asset sizes. This de minimis exception permits smaller accounts, or accounts with a small initial allocation after pro rata calculations, to receive their entire allocation before larger accounts are given their pro rata amount.

- ♦ *Uneconomic lot sizes*

Proportionate allocations will be rounded off by the portfolio manager to avoid holding uneconomic quantities, which might result in lower bids when the securities are eventually sold. Tracking uneconomic lot sizes may be accomplished by tracking both an absolute figure of an economic lot size (e.g., 50 share increments) in conjunction with the total asset size of each participating account.

- ♦ *Cash flow disparities*

Proportionate allocations may also be affected by the differing cash flow situations of each client account at the time of the transaction. Where allocations are affected by cash flow disparities, a written record will be maintained.

- ♦ *Specialized accounts*

Where there is an insufficient number of securities to satisfy all orders, portfolios with specialized investment policies may take priority over other clients for acquisitions of particular securities that satisfy that account's specialized needs. Tracking specialized account considerations may be accomplished by allocating portions based upon pro rata allocations using the relative asset size of each participating account's benchmark's holdings in securities of the same class as those being requested.

- ♦ *Other Considerations*

Other considerations include the recognition of the efforts of a particular portfolio manager for research with respect to the security involved and recognition of commission volume generated by each participating account. Where allocations are affected by portfolio management efforts, a written record will be maintained.

Item 13 - Review of Account

Mr. Finn reviews the HNWI account on at least a monthly basis, monitoring, among other things, the performance and level of risk in the account relative to established standards. In addition, he will review the account more frequently than monthly upon certain events (e.g., client request). Further, compliance with account restrictions and applicable securities laws and regulations are monitored daily by a portfolio compliance administrator.

Formal reports are provided to the HNWI account by its custodian at least quarterly. In addition, TAM provides the HNWI account with quarterly reports outlining portfolio holdings and account performance.

Item 14 - Client Referrals and Other Compensation

Other than the soft dollar arrangements that are described in Item 12 above, no non-advisory client provides TAM with an economic benefit for providing investment advice or other advisory services to the HNWI.

No person receives compensation for referring advisory clients to TAM. TIMI and the Bank, related persons of TAM, however, have arrangements in place where individuals working for TIMI may receive compensation for referrals of TIMI's clients.

A financial representative of TIMI that refers his/her clients to an investment adviser representative of TIMI (the “recipient IAR”) may share in the fee for the services provided by the recipient IAR. These fees may be a one-time payment or ongoing in nature. This arrangement is only allowed if the financial representative making the referral is appropriately licensed and registered. Any payments to the financial representative making the referral will not increase the fee charged by the recipient IAR.

In addition and separate from the above-referenced arrangement, the Bank compensates financial associates of Thrivent Financial and TLIC (who are also registered representatives of TIMI) for referring clients to the Bank for various products and services, including trust services. Any such compensation payment will be disclosed to the client, when applicable and as required by state law, and will not increase the client’s fees. Such payments may be made for the duration of the client accounts with the Bank.

Item 15 - Custody

Other than deducting advisory fees directly from the HNWI’s account, TAM does not have custody of the HNWI’s assets. The current custodian of the HNWI’s assets is Charles Schwab, which, as a qualified custodian, provides the HNWI with quarterly account statements. The HNWI is encouraged to review carefully these quarterly account statements and should compare them with the billing statements it receives from TAM for the same time period. Discrepancies in the two statements may be the result of differences in the timing or method of recording certain transactions.

Item 16 - Investment Discretion

TAM does have discretionary authority to manage investments on behalf of the HNWI. Before assuming this authority, TAM entered into the Agreement with the HNWI, which contained a power of attorney granting TAM investment discretion. The HNWI may limit TAM’s discretion by specifying in the Investment Policy, which is part of the Agreement, the investment focus of the HNWI’s advisory account. For more information about TAM’s investment discretion, see Item 4 above.

Item 17 - Voting Client Securities

TAM has authority to, and does, vote the HNWI's securities. The following is a general description of its proxy voting policies and procedures with respect to the HNWI.

- **RESPONSIBILITY TO VOTE PROXIES**

Overview. TAM recognizes and adheres to the principle that one of the privileges of owning stock in a company is the right to vote in the election of the company's directors and on matters affecting certain important aspects of the company's structure and operations that are submitted to shareholder vote. As an investment adviser with a fiduciary responsibility to its clients, TAM analyzes the proxy statements of issuers whose stock is owned by institutional accounts that have requested that TAM be involved in the proxy process.

TAM has adopted Proxy Voting Policies and Procedures ("Policies and Procedures") for the purpose of establishing formal policies and procedures for performing and documenting its fiduciary duty with regard to the voting of client proxies.

Fiduciary Considerations. It is the policy of TAM that decisions with respect to proxy issues will be made in light of the anticipated impact of the issue on the desirability of investing in the portfolio company from the viewpoint of the particular TAM client. Proxies are voted solely in the interests of the client. TAM votes proxies, where possible to do so, in a manner consistent with its fiduciary obligations and responsibilities. Logistics involved may make it impossible at times, and at other times disadvantageous, to vote proxies in every instance.

Consideration Given Management Recommendations. One of the primary factors TAM considers when determining the desirability of investing in a particular company is the quality and depth of its management. The Policies and Procedures were developed with the recognition that a company's management is entrusted with the day-to-day operations of the company, as well as its long-term direction and strategic planning, subject to the oversight of the company's board. Accordingly, TAM believes that the recommendation of management on most issues should be given weight in determining how proxy issues should be voted. However, the position of the company's management will not be supported in any situation where it is found to be not in the best interests of the client, and TAM reserves the right to vote contrary to management when it believes a particular proxy proposal may adversely affect the investment merits of owning stock in an issuer.

- **ADMINISTRATION OF POLICIES AND PROCEDURES**

TAM's Brokerage Committee is responsible for establishing positions with respect to corporate governance and other proxy issues, including those involving social responsibility issues. Annually, the Brokerage Committee reviews the Policies and Procedures. As discussed below, portfolio management of TAM may, with the approval of the Brokerage Committee, vote proxies other than in accordance with the Policies and Procedures.

- **HOW PROXIES ARE REVIEWED, PROCESSED AND VOTED**

In order to facilitate the proxy voting process, TAM has retained Institutional Shareholder Services Inc. ("ISS"), an expert in the proxy voting and corporate governance areas. ISS specializes in providing a variety of fiduciary-level proxy advisory and voting services. These services include in-depth research,

analysis, and voting recommendations as well as vote execution, reporting, auditing and consulting assistance for the handling of proxy voting responsibilities. While the Brokerage Committee relies upon ISS research in helping to establish TAM's proxy voting guidelines, TAM may deviate from ISS recommendations on general policy issues or specific proxy proposals.

Summary of TAM's Voting Policies

Voting guidelines have been adopted by the Brokerage Committee for routine anti-takeover, executive compensation and corporate governance proposals, as well as other common shareholder proposals. The following is a summary of the significant voting guidelines:

Board Structure and Composition Issues – TAM believes boards are expected to have a majority of directors independent of management. The independent directors are expected to organize much of the board's work, even if the chief executive officer also serves as chairman of the board. Key committees (audit, compensation, and nominating/corporate governance) of the board are expected to be entirely independent of management. It is expected that boards will engage in critical self-evaluation of themselves and of individual members. Individual directors, in turn, are expected to devote significant amounts of time to their duties, to limit the number of directorships they accept, and to own a meaningful amount of stock in companies on whose boards they serve. As such, TAM withholds votes for directors who miss more than one-fourth of the scheduled board meetings. TAM votes against management efforts to stagger board member terms because a staggered board may act as a deterrent to takeover proposals.

Executive and Director Compensation – Non-salary compensation remains one of the most sensitive and visible corporate governance issues. Although shareholders have little say about how much the CEO is paid in salary and bonus, they do have a major voice in approving stock option and incentive plans. Stock option plans transfer significant amounts of wealth from shareholders to employees, and in particular to executives and directors. Rightly, the cost of these plans must be in line with the anticipated benefits to shareholders. Clearly, reasonable limits must be set on dilution as well as administrative authority. In addition, shareholders must consider the necessity of the various pay programs and examine the appropriateness of award types. Consequently, the pros and cons of these proposals necessitate a case-by-case evaluation. Generally, TAM opposes compensation packages that provide what it views as excessive awards to a few senior executives or that contain excessively dilutive stock option grants based on a number of criteria such as the costs associated with the plan, plan features, and dilution to shareholders.

Ratification of Auditors - Annual election of the outside accountants is standard practice. While it is recognized that the company is in the best position to evaluate the competence of the outside accountants, we believe that outside accountants must ultimately be accountable to shareholders. Given the rash of accounting irregularities that were not detected by audit panels or auditors, shareholder ratification is an essential step in restoring investor confidence. In line with this, TAM votes for proposals to ratify auditors, unless an auditor has a financial interest in or association with the company, and is therefore not independent; or there is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position.

Mergers and Acquisitions, Anti-Takeover and Corporate Governance Issues - TAM votes on mergers and acquisitions on a case-by-case basis, taking the following into account: anticipated financial and operating benefits; offer price (cost vs. premium); prospects of the combined companies; how the deal was negotiated; the opinion of the financial advisor; potential conflicts of interest between management's interests and shareholders' interests; and changes in corporate governance and their

impact on shareholder rights. TAM generally opposes anti-takeover measures because they adversely impact shareholder rights. Also, TAM will consider the dilutive impact to shareholders and the effect on shareholder rights when voting on corporate governance proposals.

Social, Environmental and Corporate Responsibility Issues - In addition to moral and ethical considerations intrinsic to many of these proposals, TAM recognizes their potential for impact on the economic performance of the company. TAM balances these considerations carefully. On proposals which are primarily social, moral or ethical, TAM believes it is impossible to vote in a manner that would accurately reflect the views of the beneficial owners of the portfolios that it manages. As such, on these items, TAM abstains. When voting on matters with apparent economic or operational impacts on the company, TAM realizes that the precise economic effect of such proposals is often unclear. Where this is the case, TAM relies on management's assessment, and generally votes with company management.

Shareblocking - Shareblocking is the practice in certain foreign countries of "freezing" shares for trading purposes in order to vote proxies relating to those shares. In markets where shareblocking applies, the custodian or sub-custodian automatically freezes shares prior to a shareholder meeting once a proxy has been voted. Shareblocking typically takes place between one and fifteen (15) days before the shareholder meeting, depending on the market. In markets where shareblocking applies, there is a potential for a pending trade to fail if trade settlement takes place during the blocking period. Thrivent Financial generally abstains from voting shares in shareblocking countries unless the matter has compelling economic consequences that outweigh the loss of liquidity in the blocked shares.

Meeting Notification

TAM utilizes ISS' voting agent services to notify us of upcoming shareholder meetings for portfolio companies held in client accounts and to transmit votes on behalf of our clients. ISS tracks and reconciles TAM's holdings against incoming proxy ballots. If ballots do not arrive on time, ISS procures them from the appropriate custodian or proxy distribution agent. Meeting and record date information is updated daily in ProxyExchange, ISS' web-based application. ISS is also responsible for maintaining copies of all proxy statements (other than those which are available on the SEC's EDGAR database) received by issuers and to provide such materials to TAM promptly upon request.

Vote Determination

ISS provides comprehensive summaries of proxy proposals, publications discussing key proxy voting issues, and specific vote recommendations regarding portfolio company proxies to assist in the proxy research process. Upon request, portfolio managers may receive any or all of the above-mentioned research materials to assist in the vote determination process. The final authority and responsibility for proxy voting decisions remains with TAM. Decisions with respect to proxy matters are made primarily in light of the anticipated impact of the issue on the desirability of investing in the company from the viewpoint of our clients.

Portfolio managers, executive officers and directors (or persons holding equivalent positions) of TAM and its affiliates may on any particular proxy vote request to diverge from the Policies and Procedures. In such cases, the person requesting to diverge from the Policies and Procedures is required to document in writing the rationale for his/her vote and submit all written documentation to the Brokerage Committee for review and approval. In determining whether to approve any particular request, the Brokerage Committee will determine that the request is not influenced by any conflict of interest and is in the best interests of its clients.

Monitoring and Resolving Conflicts of Interest

The Brokerage Committee is responsible for monitoring and resolving possible material conflicts between the interests of TAM and those of its clients with respect to proxy voting. Application of the voting guidelines to vote client proxies should in most instances adequately address any possible conflicts of interest because the voting guidelines are pre-determined by the Brokerage Committee using recommendations from ISS.

However, for proxy votes inconsistent with the voting guidelines, Investment Operations gathers the documentation with respect to the portfolio manager's voting rationale and brings it to the Brokerage Committee for review for possible conflicts of interest. The Brokerage Committee assesses whether any business or other relationships between TFL and a portfolio company could have influenced an inconsistent vote on that company's proxy.

- **REPORTING AND RECORD RETENTION**

Proxy statements and solicitation materials received from issuers (other than those which are available on the SEC's EDGAR database) are kept by ISS in its capacity as voting agent and are available upon request. TAM retains documentation on shares voted differently than the voting guidelines, and any document which is material to a proxy voting decision such as the TAM voting guidelines and the Brokerage Committee meeting materials. All proxy voting materials and supporting documentation are retained for the applicable required period under the federal securities laws.

An HNWI may contact TAM at (612) 844-8033 to obtain (1) information about how TAM voted the HNWI's securities, and (2) a copy of the Policies and Procedures. In addition, an HNWI may contact TAM to discuss to what extent s/he can direct TAM's vote in particular solicitations.

Item 18 - Financial Information

TAM does not solicit prepayment of fees from the HNWI nor has it been the subject of a bankruptcy petition at any time during the past ten years. TAM does have discretionary authority over the assets in the HNWI's account. TAM currently does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the HNWI.

Item 19 - Requirements for State-Registered Advisers

Not applicable.