

Dynamic Opportunity Fund

March 31, 2024

First Quarter Commentary

Market Commentary

The long anticipated dovish pivot during Q4 2023 proved to be premature when Chairman Powell signaled the Fed's intent to cut the federal funds rate three times in 2024. The signs of economic weakness that initially triggered this shift in posture were short lived, as economic growth has strengthened and inflation remains stubbornly high. While there is an ongoing debate amongst Fed officials regarding the timing and extent of future rate cuts, a slight majority still believes there will be three cuts in 2024. The Fed maintained the federal funds rate steady at the current range of 5.25% to 5.50% with Fed Governor Chris Waller stating at the end of March that "there is no rush" to cut rates. Market participants, which had priced in as many as seven rate cuts earlier in the year, have had to dramatically

reset their expectations. Accordingly, bond yields moved higher in Q1 after falling sharply in the last few months of 2023.

The U.S. jobs market showed mixed signals but overall remained resilient in Q1, adding 229,000 and 275,000 jobs in January and February, respectively. Unemployment remains quite low, though ticked up to 3.9% in February, up from 3.7% in January. While inflation has fallen dramatically from its peak, it still remains stubbornly above the Fed's 2% target. CPI rose +3.2% in February, slightly higher than the +3.1% rate in January. The Fed's preferred inflation index, the Personal Consumption Expenditures Index (PCE) rose +2.8% year-over-year in February, slightly lower than the reported +2.9% January increase, but still above the Fed's 2% target. Meanwhile, Q4 U.S. GDP growth,

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First Quarter 2024 Performance

| LoCorr Dynamic Opportunity Fund (LEQIX) | S&P 500 Index | MStar L/S Equity Category | LEQIX Excess Return vs. S&P 500 Index | LEQIX Excess Return vs. MStar L/S Equity Cat. |
|---|---------------|---------------------------|---------------------------------------|---|
| 1.62% | 10.56% | 6.94% | -8.94% | -5.32% |

Performance Summary

As of March 31, 2024

| | 1Q24 | YTD | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception* |
|---------------------------|--------|--------|--------|--------|--------|---------|------------------|
| Class A - LEQAX | 1.58% | 1.58% | 5.76% | 0.14% | 3.46% | 2.91% | 3.03% |
| Class A - LEQAX (load) | -4.29% | -4.29% | -0.34% | -1.82% | 2.25% | 2.30% | 2.47% |
| Class C - LEQCX | 1.42% | 1.42% | 5.11% | -0.59% | 2.96% | 2.15% | 2.26% |
| Class C - LEQCX (load) | 0.42% | 0.42% | 5.11% | -0.59% | 2.96% | 2.15% | 2.26% |
| Class I - LEQIX | 1.62% | 1.62% | 6.03% | 0.43% | 3.73% | 3.18% | 3.30% |
| S&P 500 Index | 10.56% | 10.56% | 29.88% | 11.49% | 15.05% | 12.96% | 13.44% |
| MStar L/S Equity Category | 6.94% | 6.94% | 15.58% | 4.92% | 6.24% | 4.18% | 4.59% |
| Russell 2000 Index | 5.18% | 5.18% | 19.71% | -0.10% | 8.10% | 7.58% | 8.89% |

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 888.628.2887. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced. Performance data shown with load for Class A shares reflects a 5.75% sales load and for Class C shares reflects a 1.00% CDSC. Performance data shown without the load does not reflect the current maximum sales charges for Class A shares (up to 5.75% front-end) and Class C shares (1.00% CDSC). Had the sales charge or CDSC been included, the Fund's returns would be lower. The Fund's gross expense ratio is 2.70% for Class A; 3.45% for Class C; and 2.45% for Class I. Performance figures one year and greater are annualized.

*The Fund commenced operations on May 11, 2013.

Commentary continued.

while revised slightly lower to +3.2%, was unexpectedly brisk as fears of a recession fade.

Global equity prices continued their rise to start the year. The S&P 500 Index was up +10.56%, making gains in all three months of the first quarter. The CBOE Volatility Index, commonly referred to as the market's fear gauge, has been considerably moderate to begin 2024, topping out at only 15.82 before dropping to 13.01 at the end of the quarter. The market-cap skew that was present throughout the first three quarters of 2023 returned in 1Q24 as the Russell 2000 Index underperformed large cap stocks by more than half, up +5.18%. Global stocks moved somewhat in line with U.S. equities during the quarter as the MSCI World Index gained +8.88%.

In the first quarter, growth stocks outperformed value stocks as the Russell 2000 Growth Index grew +7.58%, while the Russell 2000 Value Index rose +2.90%. The Russell 2000 Index experienced positive contributors from seven out of the eleven sectors with the largest gains coming from Energy and Technology, up +11.95% and 10.50%, respectively. Outpacing the Russell 2000 Index, the S&P 500 Index gained +10.56% for the quarter, broadcasting a continued surge in the Index.

Portfolio Commentary

LoCorr Dynamic Opportunity Fund, Class I share (the "Fund") closed out the first quarter of 2024 up +1.62%, while the Morningstar Long-Short Equity Category finished the quarter +6.94% as the Fund's bias toward small capitalization stocks remained a headwind relative to large cap indices. Within the market, LoCorr continues to see a massive dislocation between large and small-cap stocks, where the Russell 2000 ended the quarter +5.18%, versus the +10.56% return for the S&P 500. History suggests that these dislocations often present compelling opportunities as they close. LoCorr believes the extreme dislocation between large cap and small cap stocks will begin to normalize as the year progresses, which could provide a positive tailwind for the Fund. The Fund's gross and net exposure remained within the expected range, ending the quarter at approximately 88% and 43%, respectively.

At the end of the quarter, the target allocation to each sub-adviser remains:

- Kettle Hill Capital Management: 50%
- Millrace Asset Group: 50%

The Fund finished the quarter with strong gains from the long book and losses from the short side as the markets pressed upwards. On the long side, holdings in the Consumer Cyclical sector were the strongest of performers. Among the largest contributors was Neuronetics (1.15% of the Fund as of 3/31/2024), a commercial-stage medical company that develops products for patients with neurohealth disorders. Its shares moved higher after FDA approval of its device to treat depression and expectations to become profitable in 2024. Within the Technology sector, Everbridge (1.33% of the Fund as of 3/31/2024), a leader in critical event management and national public warning solutions, experienced strong gains following the announcement of their proposed acquisition by Thoma Bravo, with an offer price which was subsequently revised higher. A high conviction long position, Transocean (2.16% of the Fund as of 3/31/2024), a provider of offshore contract drilling services for oil and gas worldwide with highly specialized drilling technology, moved higher on an improving outlook as oil prices moved higher during the quarter. Not all long positions were profitable during the period as Unity Software (0.16% of the Fund as of 3/31/2024), experienced a lack of positive momentum while being driven down with weaker forward guidance.

While the Fund experienced gains on the long side, the short book – not surprisingly given the strength in equities – detracted. A short position in Crocs (-0.11% of the Fund as of 3/31/2024), a producer of casual lifestyle footwear and accessories, detracted as the company issued a robust forward-looking outlook for its primary shoe lines. A short position that was profitable during the quarter, but has since been exited was Yeti (0.00% of the Fund as of 3/31/2024), a company offering outdoor equipment and gear. Yeti is facing significant market share loss as a direct result of new competitors. An unprofitable short position, Capital One (-0.67% of the Fund as of 3/31/2024), is one of several short positions in financials. As the economy continues to see pandemic relief funds exhausted, coupled with a restart in student loan payments, the Fund's managers see weakness and opportunity in this area.

As of the most recent prospectus the Fund's total annual operating expenses after fee waiver is 2.51% for Class A; 3.26% for Class C; and 2.26% for Class I; and were applicable to investors. The Fund's expense cap (exclusive of any Rule 12b-1 distribution and/or servicing fees, taxes, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, indirect expenses, short selling expenses, expenses of other investment companies in which the Fund may invest, or extraordinary expenses such as litigation and inclusive of organizational cost incurred prior to the commencement of operations) is 1.99% for all share classes, net of contractual fee waiver through April 30, 2024.

CBOE Volatility Index is the Chicago Board Options Exchange Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 Index options. This volatility is meant to be forward looking, is calculated from both calls and puts, and is a widely used measure of market risk, often referred to as the "investor fear gauge." **S&P 500 Total Return Index** is a capitalization weighted unmanaged benchmark Index that includes the stocks of 500 large capitalization companies in major industries. This total return Index includes net dividends and is calculated by adding an Indexed dividend return to the Index price change for a given period. **The S&P 500 Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. **Morningstar Long/Short Equity Category** is an average monthly return of all funds in the Morningstar Long-Short Equity Category. The category contains a universe of funds with similar investment objectives and investment style, as defined by Morningstar. Performance of the indices and Morningstar Category Average is generated on the first business day of the month. **MSCI World Index** is a market capitalization weighted Index designed to provide a broad measure of equity-market performance throughout the world. **Russell 2000 Index** measures the performance of approximately 2000 small-cap companies in the Russell 3000 Index, which is made up of 3000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). **Russell 2000 Value Index** measures the performance of the smallcap value segment of the US equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years).

The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund and may be obtained by calling 1.855.LCFUNDS or by visiting www.LoCorrFunds.com. Read carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund invests in foreign investments and foreign currencies which involve political, economic and currency risks, greater volatility and differences in accounting methods. This risk is increased for emerging markets. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. The Fund may invest in illiquid securities which involve the risk that the securities will not be able to be sold at the time or prices desired by the Fund, particularly during times of market turmoil. Investments in Real Estate Investment Trusts (REITs) involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer term debt securities. Investing in ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Funds ability to sell its shares. The Fund can invest in small- and medium-capitalization companies, which tend to have limited liquidity and greater price volatility than large-capitalization companies. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities.

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