LoCorr FUNDS

SEEKING A BETTER WAY TO DIVERSIFY

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

The bond market had a slow start to the year as the Bloomberg U.S. Aggregate Bond Index finished the quarter with a -0.78% loss, though in March it recouped some of its earlier quarter-to-date losses. The aforementioned economic data points, which pushed back the potential for interest rate cuts, caused global bond yields to move higher. In the U.S., the 10-year Treasury yield rose approximately +35 bps, finishing the quarter at 4.20%. Looking globally, the 10-year German Bund and the 10-year Japanese Government Bond rose 30bps and 10bps, respectively.

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

Continued on reverse side ...

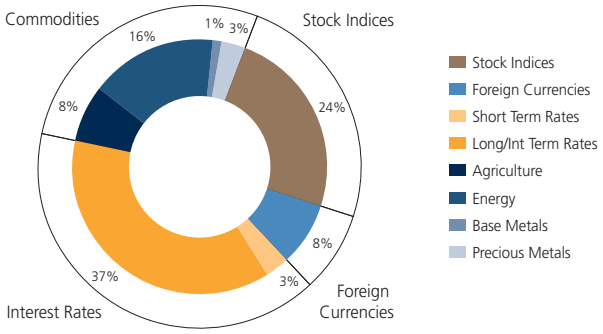
Average Annual Total Returns

As of March 31, 2024

	1Q24	YTD	1 Year	5 Year	10 Year	Since Inc.[1]
Class A - LFMAX	7.04%	7.04%	4.20%	5.81%	5.12%	2.56%
Class A - LFMAX (Load)	0.89%	0.89%	-1.83%	4.56%	4.50%	2.09%
Class C - LFMCX	7.05%	7.05%	3.50%	5.04%	4.36%	1.81%
Class C - LFMCX (Load)	6.05%	6.05%	3.50%	5.04%	4.36%	1.81%
Class I - LFMIX	7.16%	7.16%	4.51%	6.07%	5.39%	2.82%
ICE BofA ML 3M T-Bill Idx	1.30%	1.30%	5.20%	2.06%	1.40%	1.10%
Barclays CTA Index	2.29%	2.29%	3.88%	4.64%	2.76%	1.60%
Mstar Systematic Trend Cat	8.49%	8.49%	8.99%	5.61%	3.11%	1.02%

Macro Strategies Sector Diversification

As of March 31, 2024 (Subject to Change)[2]



[1]*As of April 1, 2011 (Class A Shares commenced operations on 3/22/11, Class C & I Shares commenced operations on 3/24/11) but did not trade its Managed Futures strategy until April 2011). The Fund's total annual fund operating expenses are 2.16% for Class A; 2.91% for Class C; and 1.91% for Class I.*

[2]LoCorr also holds cash, cash equivalents and fixed income securities, which are excluded from the Managed Futures strategy allocation shown above. Performance data for the Class A Shares does not reflect the CDSC of up to 1%, which only applies to no-load transactions of $1 million or greater.

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 952.513.8195. 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 been included, the Fund's returns would be lower.

Commentary continued.

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%.

The Bloomberg Commodity Index was up +2.19% for the quarter. OPEC+ production cuts paired with the ongoing conflict in the Middle East including attacks on vessels in the Red Sea, and more recently, Ukrainian attacks on Russian oil refining infrastructure, drove oil prices higher as WTI and Brend Crude gained +17.70% and +16.41%, respectively. This was not the story for the entire energy complex, however, as natural gas continued to decline, posting two straight months of greater than -10%. Mild winters across the globe along with higher U.S. inventories pushed the commodity down more than -20% in the first quarter. Agricultural commodity prices varied, but the narrative continued to be dominated by cocoa prices. Production issues relating to crop diseases and extreme weather have caused cocoa prices to skyrocket. The commodity followed up a +61.38% move in 2023 with a staggering +132.75% gain in 1Q24. Grain markets experienced the opposite move as wheat, corn and soybean prices fell more than -10%, -7%, and -7%, respectively. Within metals, gold reached a record high as geopolitical tensions, stubborn inflation, and uncertainty from central banks proved to be tailwinds for the precious metal.

In currency markets, the U.S. Dollar ("USD") rose just over +3% against a basket of major currencies, rebounding from weakness in the prior quarter. The move higher in the greenback can be attributed to the relative strength of the U.S. economy vs. other major regions, coupled with the less dovish Fed rhetoric.

Performance Overview

The LoCorr Macro Strategies Fund, Class I share (the "Fund") gained +7.16% in the quarter versus the +10.56% gain for the S&P 500 Index and -0.78% loss for the Bloomberg U.S. Aggregate Bond Index. Overall, the positive performance during the quarter was largely driven by the Fund's trend-following manager, Graham, and systematic macro manager, Millburn. The Fund's short-term traders were mixed. The Fund produced positive returns in all major market sectors, led by equities. Commodities and fixed income were the next largest contributors, followed by FX.

During the period, the target allocation to each sub-adviser remained unchanged versus the prior quarter:

- Millburn Ridgefield Corporation: 37.5%
- Graham Capital Management: 37.5%
- Revolution Capital Management: 15.0%
- R.G. Niederhoffer Capital Management: 10.0%

The rise in global interest rates was a tailwind for the Fund as short positions benefitted from the sell-off in bond prices. The largest gains were from short U.S. government debt, particularly in the 2-year Treasury bond. Additionally, short exposure in Europe was a positive contributor, particularly the German Schatz. The Fund maintained a consistent short posture in the quarter, but the magnitude of this position strengthened throughout the period. The Fund ended the quarter short fixed-income positions, with a focus in the U.S. and to a lesser extent, Europe.

Commodity trading was profitable during the quarter. Energy trading was the largest contributor in commodities, led by gains in Brent and West Texas Intermediate Crude. The Fund consistently increased its long exposure during the period as a clear uptrend in prices took shape. While oil prices steadily rose, natural gas declined sharply amid heightened volatility, providing ample short-selling opportunities, which resulted in modest gains. Agricultural commodities were also profitable as gains in cocoa, soybeans, corn, and wheat trading led the way. The metals sector was also a positive contributor with small gains in both industrial and precious metals. The Fund ended the period with short positions in grains, while energy, precious metals, base metals, livestock, and softs were positioned long.

Currency trading was marginally profitable in the quarter, led by short positions in the Japanese yen which reached a 25-year low versus the U.S. dollar. These gains were mostly offset by negative performance within European currencies, led by the Euro and British Pound. The Fund ended the period net short foreign currency and long USD, though exposure varied considerably throughout the quarter.

Trading in equity indices was the largest contributor to the Fund's performance in 1Q24. Despite rising interest rates in Japan along with a weakening yen against the USD, Japanese equities significantly outpaced major U.S. indices. Given this move, long positions in the Nikkei 225 and TOPIX indices were two of the top three strongest performing markets for the Fund as it maintained a consistent long posture throughout the quarter. Additionally, long positions in European stocks contributed significantly as exposure remained relatively steady throughout the period, ending the quarter slightly longer than where it began the year.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Opinions expressed are subject to change at any time, are not guaranteed, and should not be considered investment advice.

ICE BofA Merrill Lynch 3-Month T-Bill Index tracks the performance of the U.S. dollar denominated U.S. Treasury Bills publicly issued in the U.S. domestic market with a remaining term to final maturity of less than 3 months. **Barclays CTA Index** is an equal weighted index which attempts to measure the performance of the Commodity Trading Advisor industry. The Index measures the combined performance of all CTAs reporting to Barclay Trading Group who have more than 4 years past performance. Fees and transaction costs are reflected. **Bloomberg U.S. Aggregate Bond Index** is a broad-based bond index comprised of government, corporate, mortgage and asset-back issues rated investment grade or higher. **S&P 500 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. **U.S. 10-Year Treasury** is a debt obligation issued by the United States government that matures in 10 years. **Bloomberg Commodity Index** is a broadly diversified commodity price index distributed by Bloomberg Indexes. The index was originally launched in 1998 as the Dow Jones-AIG Commodity Index and renamed to Dow Jones-UBS Commodity Index in 2009, when UBS acquired the index from AIG. **Core Personal Consumption Index (PCE)** measures the changes in the price of goods and services purchased by consumers for the purpose of consumption, excluding food and energy. Prices are weighted according to total expenditure per item. **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. **FTSE 100 Index** (Financial Times Stock Exchange) is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. **NASDAQ Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. Along with the Dow Jones Average and S&P 500, it is one of the three most-followed indices in U.S. stock markets. The composition of the NASDAQ Composite is heavily weighted towards information technology companies. **Nikkei Index** is a stock market index for the Tokyo Stock Exchange (TSE). It is a price-weighted index, and the components are reviewed once a year. Currently, the Nikkei is the most widely quoted average of Japanese equities, similar to the Dow Jones Industrial Average. **TOPIX Index** (Tokyo Stock Price Index) is an important stock market index for the Tokyo Stock Exchange (TSE) in Japan, tracking all domestic companies of the exchange's First Section. **Dow Jones Industrial Average** (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. **CAC 40 Index** is a French stock market index that represents a capitalization-weighted measure of the 40 most significant values among the 100 highest market caps on the Euronext Paris. **Morningstar Systematic Trend Category** is an average monthly return of all funds in the Morningstar Systematic Trend Category. These funds typically take long and short positions in futures options, swaps, and foreign exchange contracts, both listed and over-the-counter, based on market trends or momentum. A majority of these funds follow trend-following, price-momentum strategies. **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." **EURO STOXX 50 Index** is a blue-chip index designed to represent the 50 largest companies in the eurozone. **DAX Index** is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. **MSCI World Index** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. **Basis Points** (bps) - A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.

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 952.513.8195 or by visiting www.LoCorrFunds.com. Read carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in foreign investments and foreign currencies which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Investing in commodities may subject the Fund to greater risks and volatility as commodity prices may be influenced by a variety of factors including unfavorable weather, environmental factors, and changes in government regulations. The Fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks, and, depending upon the characteristics of a particular derivative, suddenly can become illiquid. Derivative contracts ordinarily have leverage inherent in their terms which can magnify the Fund's potential for gains or losses through increased long and short position exposure. The Fund may access derivatives via a swap agreement. A risk of a swap agreement is the risk that the counterparty to the agreement will default on its obligation to pay the Fund. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed, Mortgage-Backed, and Collateralized Mortgage Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. 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. The Fund may use leverage which may exaggerate the effect of any increase or decrease in the value of portfolio securities or the Net Asset Value of the Fund, and money borrowed will be subject to interest costs.

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