

# Spectrum Income Fund

March 31, 2024

## First Quarter Commentary

### Market Commentary

The first quarter of 2024 saw equities continue to build upon gains logged in the final quarter of 2023, as resilient economic data encouraged investors that a soft or no landing scenario was likely. Although still led by the same handful of large-cap growth names, the equity rally broadened to include more cyclical sectors like energy, industrials, and financials. However, fixed income investors found a more challenging environment as yields rose and most bond indices posted small declines. Stickier-than-expected inflation prints caused the Fed and Chair Powell to walk back their previously dovish tone in the March meeting. By quarter end, the market's expectation for seven rate cuts in 2024 fell sharply to the expectation of just three this year.

Although inflation is well off the highs seen in 2022, at 3.2% it remains stubbornly above the Fed's stated 2% goal. Real economic growth, which was stronger than most analysts' expectations at 3.1% in the fourth quarter, slowed modestly in the first quarter. However, it appeared to stay well out of recession territory as unemployment rose only slightly. The critical contributor to this strength appears to be the continued massive stimulus from U.S. federal spending, which has resulted in fiscal deficits ranging recently from 5 to 15 percent of GDP, unheard of levels for peacetime at full employment. Current market expectations are for stronger U.S. growth not leading to a resumption in significantly higher inflation, which should be a good environment for cyclical equities.

Commodities like gold and crude oil appreciated from this economic environment in the first quarter. Gold broke through multi-year resistance to reach an all-time high as the trend towards de-dollarization is helping to create a constant bid for the precious metal by global central banks. Crude oil prices increased as ongoing geopolitical factors, potentially restricting production and movement of the commodity, pressured supply. Additionally, OPEC has maintained their production discipline. With the lack of CapEx spent by U.S. producers, the ability to suddenly "turn on the spigots" in response to price increases seems to have been diminished.

Bramshill continues to see the probable emergence of a lower dollar environment, driven in part by efforts in much of the world to de-dollarize reserves and transactions, as well as the continuing need to provide dollar liquidity to facilitate the large U.S. Treasury auctions made necessary by large fiscal deficits. Further, their investment team believes this will lead to gradual inflation in dollar terms of major hard assets, particularly oil and gold. This trend, sadly, has been exacerbated by continuing geopolitical stress in Ukraine and the Middle East. The possibility of a recession, which seemed likely to result from the Fed's tightening of monetary policy, has been impacted by the emergence of a condition of fiscal dominance in the U.S. The magnitude of federal spending (and resulting fiscal deficits) is so large it overwhelms

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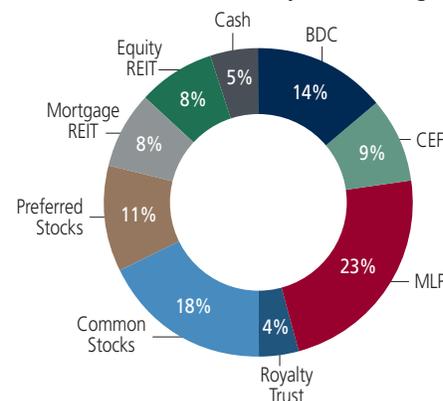
## Performance Summary

As of March 31, 2024

	1Q24	YTD	1-Year	5-Year	10-Year	Since Incept.*
Class A - LSPAX	4.44%	4.44%	7.46%	2.97%	1.31%	1.52%
Class A - LSPAX (Load)	-1.59%	-1.59%	1.29%	1.74%	0.71%	0.94%
Class C - LSPCX	4.35%	4.35%	6.63%	2.18%	0.56%	0.76%
Class C - LSPCX (Load)	3.35%	3.35%	6.63%	2.18%	0.56%	0.76%
Class I - LSPIX	4.54%	4.54%	7.83%	3.23%	1.59%	1.80%
BBg US Agg Bond Index	-0.78%	-0.78%	1.70%	0.36%	1.54%	1.69%

## Spectrum Income Fund Sector Allocation

As of March 31, 2024 (Subject To Change)



\*January 1, 2014. The Fund's total annual fund operation expenses are 2.88% for Class A; 3.63% for Class C; and 2.63% for Class I. The Fund's expense cap is 2.05% (A), 2.80% (C), 1.80% (I), net of contractual waiver through April 30, 2025.

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. Short term performance, in particular, is not a good indication of the Fund's future performance, and an investment should not be made based solely on returns. Performance data current to the most recent month end may be obtained by calling 888.628.2887. The Fund imposes a 2.00% redemption fee on shares redeemed within 60 days. 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. Performance data for the Class A Shares does not reflect the 1.00% CDSC, which only applies to certain no-load transactions of \$1 million or greater. Performance figures one year and greater are annualized.

*Commentary continued.*

any attempt by monetary policy to slow the economy. If this condition persists, which seems probable given the absence of political will to change federal spending, it seems likely bond returns will be minimal, and the Fund's pro-cyclical strategy may be one of the few income strategies capable of producing significant returns.

### Portfolio Commentary

The LoCorr Spectrum Income Fund, Class I share (the "Fund") was up +4.54% during the quarter, outperforming the Bloomberg U.S. Aggregate Bond Index which closed the quarter down -0.78%. In Q1, Master Limited Partnerships (MLPs), as measured by the Alerian MLP Index, rose +13.89%; Equity Real Estate Investment Trusts ("REITs"), as measured by the MSCI U.S. IMI Real Estate 25/50 Index, fell -1.15%; Mortgage REITs ("mREITs"), as measured by the FTSE Nareit Mortgage REITs Index, fell -0.65%; and Business Development Companies ("BDCs"), as measured by the MVIS U.S. Business Development Companies Index, rose +5.46%.

The Fund's most profitable position in the first quarter was CVR Partners (2.55% of the Fund as of 3/31/24), a nitrogen fertilizer manufacturer, which surged following reports that major shareholder Carl Icahn was considering strategic options. Next was NuStar (1.00% of the Fund as of 3/31/24) a

midstream MLP, which rose after the announcement of its acquisition by Sunoco. Also contributing was Energy Transfer (2.39% of the Fund as of 3/31/24), a midstream MLP, which rallied after reporting solid execution and CapEx discipline.

The top detractor in Q1 was Newmont Corp (0.00% of the Fund as of 3/31/24), a gold mining C-CORP, which has struggled to digest an acquisition. Also detracting from returns in the first quarter was Global Net Lease (1.65% of the Fund as of 3/31/24), a REIT, which fell with lackluster earnings and higher yields. Lastly, Atlantica Sustainable Infrastructure (0.00% of the Fund as of 3/31/24), a renewable energy-focused C-CORP, sold off due to lower-than-expected guidance and no strategic review update on their earnings call.

With the current outlook for growth and inflation both higher, Bramshill gravitated towards a pro-cyclical positioning. They favored producers of industrial commodities, energy, and shippers, while also adding REITs with the potential to benefit from this environment, plus some multi-sector and senior loan closed-end-funds trading below NAV. To make room in the portfolio, Bramshill sold underperformers and defensive issues, and reduced some preferred stocks that had rallied to near- or over-par values.

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. **Diversification is no guarantee of future returns.**

**Basis Point** is 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. **S&P GSCI Index** is a composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures. **Alerian MLP Index** is a market-cap weighted, float-adjusted index created to provide a comprehensive benchmark for investors to track the performance of the energy MLP sector. **Bloomberg U.S. Aggregate Bond Index** is the most common index used to track the performance of investment grade bonds in the United States. One cannot invest directly in an index. **FTSE NAREIT US Real Estate Index** is designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the US economy, offering exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets. **MSCI US IMI Real Estate 25/50 Index** is designed to capture the large, mid and small cap segments of the U.S. equity universe. All securities in the index are classified in the Real Estate sector according to the Global Industry Classification Standard. **MVIS US Business Development Companies Index** tracks the performance of the largest and most liquid Business Development Companies that are listed and incorporated in the United States.

*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 investment company, and it may be obtained by calling 1.855.LCFUNDS, or visiting [www.LoCorrFunds.com](http://www.LoCorrFunds.com). Read it 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. These risks are greater for emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in small - and medium-capitalization companies involve additional risks such as limited liquidity and greater volatility. Investments in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The Fund's portfolio will be significantly impacted by the performance of the real estate market generally, and the Fund may be exposed to greater risk and experience higher volatility than would a more economically diversified portfolio. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural, or technological developments. Investments in Limited Partnerships (including master limited partnerships) involve risks different from those of investing in common stock including risks related to limited control and limited rights to vote on matters affecting the Limited Partnership, risks related to potential conflicts of interest between the Limited Partnership and the Limited Partnership's general partner, cash flow risks, dilution risks and risks related to the general partner's limited call right. Underlying Funds are subject to management and other expenses, which will be indirectly paid by the Fund. 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.**

Bramshill is the sub-adviser for the LoCorr Spectrum Income Fund.

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