LoCORR FUNDS

SEEKING A BETTER WAY TO DIVERSIFY

1Q14 Commentary

Spectrum Income Fund

March 31, 2017

First Quarter Commentary

Market Commentary

The reflationary theme we have been following for roughly a year now continued into the first quarter. Although much attention has been centered on the potential of stimulative economic policies from the Trump administration, our focus has been on actual economic performance here and abroad, as well as credible leading indicators which stand independent of policy. Despite an anticipated weak first quarter, year-over-year and full year projected GDP, employment, and earnings are continuing to improve, and the portfolio maintains its procyclical tilt.

Several events prompted a change of market sentiment in March, though they did not affect our longer-term view. The U.S. Federal Reserve, as expected, raised interest rates at its mid-March meeting. Roughly coincident with this event, bonds rallied and oil prices fell, both suggestive of a weakening economy, though the latter was perhaps more closely related to market concerns that OPEC would end its current production restrictions when the agreement expires in June. The failure to pass health care reform raised fears that a subsequent constructive tax reform package would be delayed. While these events did not significantly affect our outlook for economic fundamentals, they were sufficient to prompt a correction in the reflationary market theme. By month end, however, oil prices had recovered, though bond rates remained low (perhaps due to continued monetary ease overseas) and global economic indicators remained positive.

Portfolio Commentary

LoCorr Spectrum Income Class I share (the "Fund") gained +2.72% during the quarter, exceeding the +0.82% return for the Bloomberg Barclay's U.S. Aggregate Bond index and trailing the 6.07% return for the S&P 500. The Fund continued to distribute a $.05 per month distribution for Class I shares.

The greatest contributors during the quarter were in Alternative Asset Manager holdings focused on private equity or mezzanine debt, as a positive equity market supports their ability to liquidate private holdings profitably in the public markets. Also performing

Continued on reverse side ...

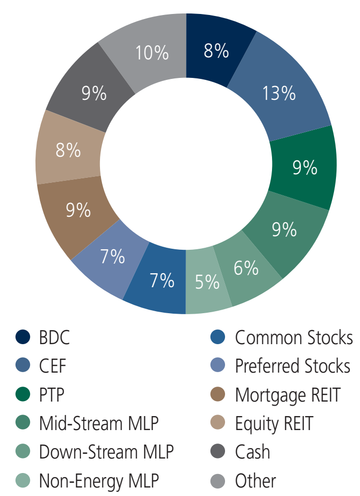
Average Annual Total Returns

As of March 31, 2017

	1Q17	YTD	1 Year	3 Year	Since Inception*
Class A - LSPAX without Load	2.64%	2.64%	8.63%	-2.20%	-1.29%
Class A - LSPAX with Load	-3.27%	-3.27%	2.37%	-4.11%	-3.07%
Class C - LSPCX without Load	2.39%	2.39%	7.87%	-2.93%	-2.04%
Class C - LSPCX with Load	1.39%	1.39%	7.87%	-2.93%	-2.04%
Class I - LSPIX	2.72%	2.72%	8.84%	-1.95%	-1.05%
S&P 500 Index	6.07%	6.07%	17.17%	10.37%	10.15%
BBgBarc U.S. Agg Bond Index	0.82%	0.82%	0.44%	2.68%	3.05%

Spectrum Income Fund Sector Allocation

As of March 31, 2017 (Subject To Change)



January 1, 2014. The Fund's total annual fund operation expenses are 3.06% for Class A; 3.81% for Class C; and 2.81% for Class I.

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 funds 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 952.513.8195. The Fund imposes a 2.00% redemption fee on shares sold 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.

Commentary continued.

well were Mortgage Real Estate Investment Trusts ("Mortgage REITs"). These entities historically prosper when bond rates increase and the yield curve steepens (the spread between their longer-term lending rates and short-term borrowing rates increase). Business Development Companies, which lend to middle market firms in this country, also performed well.

Midstream Energy investments were strong early in the year, but peaked in mid-February before selling-off in March. The weakest portion of the portfolio was a group of individual issues which suffered from declines in commodity prices (an oil royalty trust, a metallurgical coal Master Limited Partnership "MLP", and a fertilizer MLP) or experienced operating issues (a rural wire line provider and a death care MLP). If there is a silver lining, however, we proactively managed risk and mostly kept the worst performers to small portfolio weightings.

New purchases were concentrated in favorable sectors including Asset Managers and Business Development Companies where we were able to identify individual securities that we believe are at attractive valuations. Positions were initiated in renewable energy operators which had come under pressure even as the ability of properly sited solar and wind technologies have reached economic competitiveness with natural gas. Sales included weak performers such as an oil shipper, a fertilizer MLP, and a mall Equity REIT. We also reduced positions in Senior Loan Closed End Funds and one of our Mortgage REITs, both of whose valuations were extended.

Looking ahead to the balance of 2017, we believe we are well positioned to participate in the intermediate to longer-term acceleration of economic fundamentals. At the same time, we recognize that there is a high degree of political uncertainty, which could affect market sentiment in any number of unpredictable ways. We believe that the best approach to managing that risk is to focus on distribution sustainability under plausible scenarios, to size positions commensurate with our analysis of their risk/reward profile, and to opportunistically seek to use volatility to our advantage.

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.

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. **Barclays Capital U.S. Aggregate Bond Index** is the most common index used to track the performance of investment grade bonds in the United States. **Spread** in the manager's view, the value proposition of the portfolio is extremely attractive right now because the average holding is trading far below its highs of the past three years, and the difference between the portfolio's current yield and that of traditional bond indexes is close to its highest historical levels.

Performance data for the Class A Shares does not reflect the 1.00% CDSC, which only applies to no-load transactions of $1 million or greater.

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. Read it 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 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.

One cannot invest directly in an index.

The LoCorr Funds are distributed by Quasar Distributors, LLC.

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