

# LoCorr Dynamic Equity Fund

LEQAX | LEQCX | LEQIX

Third Quarter | September 30, 2018

## Fund Objective

The Fund's primary investment objective is long-term capital appreciation with reduced volatility compared to traditional broad-based equity indices as a secondary objective.

## Fund Summary

The LoCorr Dynamic Equity Fund takes long and short positions in global equities, leveraging the expertise of two experienced research-driven investment managers. The Fund seeks to provide:

- Outperformance of the S&P 500 Index with lower volatility
- Upside capture in rising markets
- Capital preservation in down markets

## Sub-Advisers

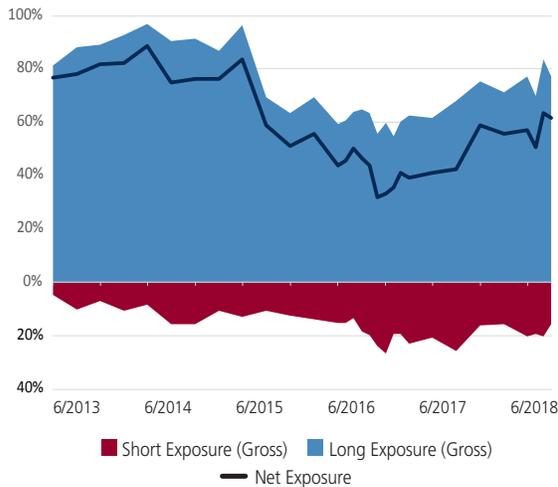
The Fund's portfolio is sub-advised by Billings Capital Management (Billings) and Kettle Hill Capital Management (Kettle Hill).

Billings seeks to capitalize on opportunities through a long-biased portfolio that has concentrated positions in mispriced securities. Kettle Hill seeks to generate alpha by employing a low net market exposure, small cap focused strategy.

## Investment Adviser

LoCorr Fund Management is responsible for overseeing the Fund's investments as well as sub-adviser selection, management and allocations.

## Long/Short Equity Exposure | As of 9/30/18



## Portfolio Characteristics

|                      |       | (Billions) |
|----------------------|-------|------------|
| Market Cap Wt. Avg   | Long  | \$7.3      |
|                      | Short | \$38.8     |
| Median Market Cap    | Long  | \$4.9      |
|                      | Short | \$4.3      |
| Price/Earnings Ratio | Long  | 13.4x      |
|                      | Short | 19.4x      |

### Number of Holdings: 83

Long Holdings: 42

Short Holdings: 41

As of 9/30/18

## Top Five Long Holdings | As of 9/30/18

| Holding                  | Sector        | %     |
|--------------------------|---------------|-------|
| Credit Acceptance Corp.  | Financial     | 9.66% |
| Lear Corp.               | Consumer Cycl | 5.53% |
| Advance Auto Parts, Inc. | Consumer Cycl | 5.23% |
| Synchrony Financial      | Financial     | 4.90% |
| Air Canada               | Consumer Cycl | 4.72% |

## Top Five Short Holdings | As of 9/30/18

| Holding                | Sector          | %      |
|------------------------|-----------------|--------|
| Regis Corp.            | Consumer Cycl   | -0.85% |
| Evercore, Inc.         | Financial       | -0.85% |
| Nucor Corp.            | Basic Materials | -0.72% |
| Live Nation Ent., Inc. | Consumer Cycl   | -0.62% |
| Public Storage         | Financial       | -0.61% |

Holdings exclude ETFs

## Performance Summary | As of 9/30/18

|                        | (Sept. 1, 2015 <sup>2</sup> - Sept 30, 2018) |        |        |        |        |                              |                    |              |
|------------------------|--|--------|--------|--------|--------|------------------------------|--------------------|--------------|
|                        | 3Q18   | YTD    | 1-Year | 3-Year | 5-Year | Since Inception <sup>1</sup> | Standard Deviation | Sharpe Ratio |
| Class A - LEQAX        | 2.74%  | -1.78% | -0.60% | 9.85%  | 3.57%  | 3.72%                        | 10.91%             | 0.68         |
| Class A - LEQAX (load) | -3.17%                                       | -7.42% | -6.28% | 7.69%  | 2.35%  | 2.59%                        | 10.91%             | 0.68         |
| Class C - LEQCX        | 2.49%  | -2.37% | -1.40% | 8.97%  | 2.77%  | 2.93%                        | 10.89%             | 0.60         |
| Class C - LEQCX (load) | 1.49%  | -3.35% | -1.40% | 8.97%  | 2.77%  | 2.93%                        | 10.89%             | 0.60         |
| Class I - LEQIX        | 2.71%  | -1.59% | -0.42% | 10.09% | 3.82%  | 3.97%                        | 10.87%             | 0.70         |
| MStar L/S Equity Cat   | 2.74%  | 2.07%  | 5.68%  | 5.41%  | 3.95%  | 4.14%                        | 4.99%              | 0.76         |
| S&P 500 Index          | 7.71%  | 10.56% | 17.91% | 17.30% | 13.95% | 13.65%                       | 9.32%              | 1.54         |

## Calendar Year Returns | As of 9/30/18

|                           | 2018 YTD | 2017   | 2016   | 2015   | 2014    | 2013 <sup>3</sup> |
|---------------------------|----------|--------|--------|--------|---------|-------------------|
| Class I - LEQIX           | -1.59%   | 2.60%  | 25.33% | -1.22% | -14.18% | 15.00%            |
| MStar L/S Equity Category | 2.07%    | 10.74% | 1.80%  | -2.02% | 2.74%   | 7.40%             |
| S&P 500 Index             | 10.56%   | 21.83% | 11.96% | 1.38%  | 13.69%  | 14.70%            |

## Fund Facts

Total Net Assets: \$47.9 million (as of 9/30/18)

Inception Date: May 10, 2013

Minimum Investment: Class A & C - \$2,500 initial; \$500 subsequent  
Class I - \$100,000 initial; \$500 subsequent

| Expense Ratios | Net   | Gross |
|----------------|-------|-------|
| Class A        | 2.48% | 2.51% |
| Class C        | 3.23% | 3.26% |
| Class I        | 2.23% | 2.26% |

Expense cap: Class A 2.24%, Class C 2.99%, Class I 1.99%. The Fund's expense cap listed here includes the 12b-1 distribution and/or servicing fees per share class, but excludes taxes, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, indirect 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 will not exceed 1.99%/daily average net assets attributable to each class of the Fund, as stated above, net of contractual waiver through April 30, 2020. Net expense ratios are as of a fund's most recent prospectus and were applicable to investors.

<sup>1</sup>May 10, 2013. <sup>2</sup>Addition of Fund sub-adviser Kettle Hill. <sup>3</sup>5/11/13-12/31/13. 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.

### Seeking to build a better portfolio with complementary managers

At LoCorr Funds, we are focused on collaborating with great managers. Through innovative investment processes, strong investment selections, systematic buy and sell disciplines, targeted fundamental research, thorough market intelligence, and extensive industry experience, these managers help us seek to bring carefully crafted low-correlating products to market. We call that hiring "Real Managers with Real Track Records."

## Billings

- Invests only when they believe absolute return potential is sufficient
- Seeks to capitalize on opportunities through concentrated positions in mispriced securities
- Takes short positions seeking to generate positive returns, not for portfolio hedging
- Looks for investments trading at a minimum 30% discount to their intrinsic business value
- Invests primarily in mid- and large-cap equities

### Dynamic Equity

Exposure to different investment styles and various markets provides the ability for:

- Lower volatility
- Increased returns
- More consistent returns
- Reduced correlation
- Added downside risk mitigation



## Kettle Hill

- Small cap equity long/short specialist
- Focuses on capital preservation and downside volatility
- Seeks to generate alpha by employing a bottom-up fundamental investment philosophy
- Top-down and thematic overlay
- Risk controls employed seeking to help prevent permanent loss of capital

Billings + Kettle Hill = LoCorr Dynamic Equity Fund

*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 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. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. 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. ETF investments are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, the cost of investing in the Fund will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in stocks and bonds. ETFs are subject to specific risks, depending on the nature of the ETF.**

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. 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.

One cannot invest directly in an index. **Alpha** measures the difference between an actual return for a stock or a portfolio and its equilibrium expected return. **Weighted Average Market Capitalization** is a stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500. **Median Market Cap** is the midpoint of market capitalization (market price multiplied by the number of shares outstanding) of the stocks in a portfolio. **Price/Earnings Ratio** is the measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. **Standard Deviation** is the statistical measurement of dispersion about an average, which depicts how widely a portfolio's returns varied over a certain period of time. When a portfolio has a high standard deviation, the predicted range of performance is wide, implying greater volatility. **Sharpe Ratio** is the measures the amount by which a set of values differs from the arithmetical mean, equal to the square root of the mean of the differences' squares. **Diversification does not assure a profit nor protect against loss in a declining market.**

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