LoCORR FUNDS

SEEKING A **BETTER** WAY TO DIVERSIFY

1Q18 Commentary

Long/Short Commodities Strategy Fund

March 31, 2018

First Quarter Commentary

Market Commentary

Following the upward move during the second half of 2017, commodity prices continued to advance during the first quarter of 2018. The S&P GSCI TR USD Index, a proxy for commodity prices, climbed another +2.19% in the March quarter. The quarter was not without its ups and downs; commodity prices generally moved lower during the early February equity market correction, as market participants briefly adopted a risk-off posture that was felt across asset classes. West Texas Intermediate crude (WTI), a proxy for oil prices, fell approximately -12% from its highs (intra-day high on February 1 to intra-day low on February 9), though it finished the quarter higher. The upward move in Commodities over the course of the quarter was led by energy and agricultural markets while industrial and livestock markets were soft.

In energy markets, despite the decline during the aforementioned risk-off period, geopolitical tension in the Middle East contributed to a rise in oil prices in the quarter. Pressures included uncertainty regarding the Iran nuclear deal, along with strong demand and ongoing OPEC and Russia production cuts. WTI rose to $64.94 per barrel, up +7.48% while Brent crude eclipsed the $70 mark (closed the quarter at $70.27 per barrel) as oil prices neared three-year highs.

Following their strong move in 2017, base metal (metals that are consumed in manufacturing) prices retreated during the first quarter. Copper fell -8.33% due to heightened geopolitical tension, higher inventory, and soft Chinese demand which pressured the commodity. In precious metals, gold prices were little changed while silver fell approximately -5%.

Agricultural commodities were strong during the quarter with substantial upward moves in cocoa, corn, and soybean prices.

Continued on reverse side ...

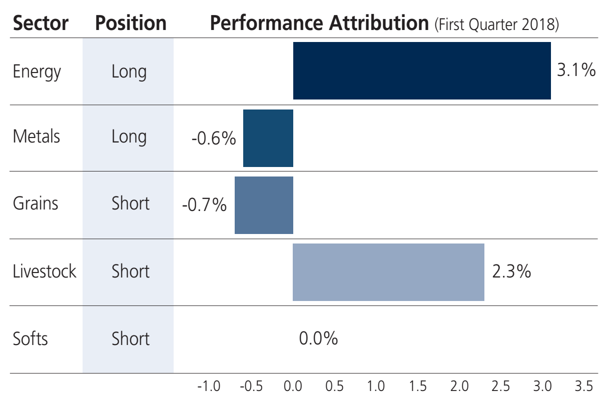
Average Annual Total Returns

As of March 31, 2018

	1Q18	YTD	1 Year	3 Year	5 Year	Since Inc*
Class A - LCSAX without Load	1.75%	1.75%	6.37%	7.23%	7.95%	2.93%
Class A - LCSAX with Load	-4.08%	-4.08%	0.22%	5.13%	6.67%	1.96%
Class C - LCSCX without Load	1.59%	1.59%	5.55%	6.47%	7.12%	2.11%
Class C - LCSCX with Load	0.59%	0.59%	5.55%	6.47%	7.12%	2.11%
Class I - LCSIX	1.83%	1.83%	6.64%	7.55%	8.22%	3.17%
BofA ML 3-Month T-Bill Index	0.35%	0.35%	1.07%	0.52%	0.33%	0.29%
Morningstar L/S Comm Index	1.03%	1.03%	7.86%	-2.95%	-1.88%	-2.97%
S&P 500 Index	-0.76%	-0.76%	13.99%	10.78%	13.31%	15.00%

Exposure and Attribution by Sector

As of 3/31/18 (subject to change)



**As of January 1, 2012 (the Fund commenced operations on January 3, 2012). The Fund's gross expense ratio is 2.73% for Class A; 3.48% for Class C; and 2.48% for Class I. The Fund's total annual fund operation expenses after fee waiver is 2.71% for Class A; 3.46% for Class C; and 2.46% for Class I. The Fund's expense ratio (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, 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 2.20% for Class A; 2.95% for Class C; and 1.95% for Class I, net of contractual fee waiver through April 30, 2019. Net expense ratios are as of a Fund's most recent prospectus and were applicable to investors.*

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.

Cocoa prices soared +35.10% in the quarter due to supply concerns in the Ivory Coast and Ghana, the largest producers in the world. Livestock prices were generally lower led by declines in live cattle prices.

Performance Overview

LoCorr Long/Short Commodities Strategy Fund Class I share (the Fund) gained +1.83% during the quarter, generally in line with the +2.19% increase in the S&P GSCI Index and ahead of the -0.76% return for the S&P 500 Index. During the quarter, the Fund's long/short commodity strategy, managed by Millburn Ridgefield Corporation, produced slightly negative returns while JE Moody's sub-portfolio was strongly profitable. The Fund's positive returns were driven by its relative value (calendar spread) positions while directional long/short trading was slightly unprofitable.

Trading in energy markets continued to be profitable for the Fund and was the largest contributor during the quarter. Strong gains from long directional positions in WTI and Brent crude during January and March, when oil prices rose, were sufficient to offset losses during the risk-off move in late January/early February. Relative value trading was also quite profitable during the quarter.

Trading in livestock was the second largest contributor as the Fund benefitted from calendar spread positions that profitably captured volatility along the forward curves in the live cattle and lean hog markets. Directional long/short trading in livestock was relatively unchanged.

Small losses were generated in metals, grains, and softs trading during the quarter. In metals markets, relative value trading was slightly profitable but was more than offset by long positions in palladium and trading in copper markets. Losses in grains were attributable to trading in soybean and corn markets.

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 advise.

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. **Morningstar Long/Short Commodity Index** is a fully collateralized commodity futures index that uses the momentum rule to determine if each commodity is held long, short, or flat. One cannot invest directly in an index. **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. **S&P GSCI Commodity Index** is a composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures. Index returns as of 12/31/17 were 5.77% 1-Year, -12.16% 5-Year, -10.16% 10-Year, -12.23% since Fund inception (1/1/2012). **Calendar Spread** the simultaneous purchase and sale of separate futures contracts for the same commodity for delivery in different months. **Spread Trading** is the simultaneous purchase of one security and sale of a related security, called legs, as a unit. **Reformulated Gasoline Blendstock for Oxygen Blending** (RBOB) is the term given to unleaded gas futures.

[1]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 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 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 is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to an individual investment's volatility than a diversified fund. The Fund invests in foreign investments 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 will incur a loss as a result of a short position if the price of the short position instrument increases in value between the date of the short position sale and the date on which an offsetting position is purchased. The Fund may invest in derivative securities, which derive their performance from the performance of an underlying asset or index. 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 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.

The LoCorr Long/Short Commodities Strategy Fund is distributed by Quasar Distributors, LLC.

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