

Class A	Class C	Class I
LEQAX	LEQCX	LEQIX

## Dynamic Equity Fund - Monthly Commentary

### May 2017 Commentary – LoCorr Dynamic Equity Fund *(formerly the LoCorr Long/Short Equity Fund)*

#### Market Commentary

In May, the S&P 500 Index gained +1.41% and is now up +8.66% through the first five months of 2017. The S&P 500 posted seven new closing highs during the month – trading above 2,400 for the first time ever. The VIX, the equity market “fear barometer”, showed no signs of discomfort as it hit lows not seen since December 2006. The market generally seems to be ignoring geopolitical events at this time as relatively strong earnings continue to propel it higher. The Fed decided to leave rates alone, but hinted that rate hikes are warranted and upcoming. The Fed also made no changes to its balance sheet policy recognizing the sharp short-term effects that a drastic change would have on the market.

#### Portfolio Update

The LoCorr Dynamic Equity Fund Class I share declined -1.91% in May, lagging the +1.41% gain for the S&P 500 Index. Returns from both managers were negative during the month, as modest

profit from the short book was more than offset by losses from the Fund’s long book. With growth stocks dramatically outperforming value stocks thus far in 2017 (Russell 1000 Growth up +14.30% vs. Russell 1000 Value up +2.97%) and large cap stocks (Russell 1000 Index up +8.51%) outperforming small cap stocks (Russell 2000 Index up +1.48%), the Fund has faced considerable headwinds this year from its value and small-to-mid capitalization market bias. Net exposure for the Fund moved lower in May, finishing the month at approximately 35%, which is below the typical range. Both managers continue to have ample capital to deploy in the event of a market pull back or idiosyncratic individual stock opportunities that present themselves.

The largest contributors from the long book were in the Communication Services, Financials, and Technology sectors. In the Financials sector, a substantial holding in a niche provider of

*Continued on reverse side ...*

#### May 2017 Performance

LoCorr Dynamic Equity Fund (LEQIX)	S&P 500 Index	Morningstar Global L/S Equity Index	LEQIX Excess Return vs. S&P 500 Index	LEQIX Excess Return vs. Morningstar Global L/S Equity Index
-1.91%	1.41%	1.54%	-3.32%	-3.45%

#### Average Annual Total Returns

As of May 31, 2017

	As of May 31, 2017					As of March 31, 2017	
	Monthly	YTD	1-Year	3-Year	Since Inception*	1-Year	Since Inception*
Class A - LEQAX without Load	-1.93%	-2.90%	14.58%	4.95%	4.07%	21.15%	4.46%
Class A - LEQAX with Load	-7.58%	-8.52%	8.03%	2.90%	2.56%	14.23%	2.88%
Class C - LEQCX without Load	-1.99%	-3.16%	13.73%	4.14%	3.27%	20.15%	3.65%
Class C - LEQCX with Load	-2.97%	-4.13%	13.73%	4.14%	3.27%	20.15%	3.65%
Class I - LEQIX	-1.91%	-2.79%	14.85%	5.21%	4.33%	21.51%	4.73%
S&P 500 Index	1.41%	8.66%	17.47%	10.14%	12.42%	17.17%	12.29%
MStar Global L/S Eq Index	1.54%	8.22%	14.51%	0.37%	3.57%	10.70%	3.04%
Russell 2000 Index	-2.03%	1.48%	20.36%	8.00%	10.26%	26.22%	11.00%

\*The Fund commenced operations on May 10, 2013. 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 888.628.2887. 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 or CDSC been included, the Fund’s returns would be lower. The Fund’s gross expense ratio is 3.80% for Class A; 4.55% for Class C; and 3.55% for Class I.

*Commentary continued.*

financing in the auto industry helped buoy returns as quarterly earnings exceeded Wall Street estimates. A sporting goods holding moved sharply higher during May following the release of better-than-expected quarterly earnings and new products well received by consumers. Losses from the Consumer Cyclical sector dragged down results for the quarter with smaller losses from the Energy and Real Estate sectors. In the Consumer Cyclical sector, a holding in a jewelry retailer was particularly weak as quarterly earnings came in below analyst estimates and the overall environment for retailers remains challenging. Though the manager remains confident in this retail position, they reduced their portfolio's overall exposure to retail earlier in the quarter due to the challenging

environment. Other weak stocks in the sector included an auto retailer and a couple of positions in the media and broadcasting industries.

In the short book, positions in the Consumer Cyclical sector helped offset some of the aforementioned losses with smaller gains from Financial and Energy holdings. Short positions in a luxury goods retailer, a salon operator, and a sports production and content provider were particularly profitable during the month. Losses occurred in the Technology and Basic Material sectors.

*As of the most recent prospectus the Fund's total annual fund operating expenses after fee waiver is 3.55% for Class A; 4.30% for Class C; and 3.30% for Class I; and were applicable to investors. The Fund's expense cap (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, short selling 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 2.90% for all share classes, net of contractual fee waiver through April 30, 2018. Net expense ratios are from the most recent prospectus and are applicable to investors.*

**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 Global Long/Short Equity Index** uses historical fund data dating back to the Fund's inception. Funds that have been liquidated or merged are included in analysis. The inception of the index is determined by the date at which the benchmark obtains five or more constituents, without falling below two constituents going forward. It includes funds with exposure to long and short positions in global equities or derivatives and is equally weighted. **Russell 2000 Index** measures the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security. One cannot invest directly in an index. Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice. **VIX** is the Chicago Board Options Exchange (CBOE) 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. **Russell 1000 Index** is a stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, which represents about 90% of the total market capitalization of that index. **Russell 1000 Growth Index** refers to a composite that includes large and mid-cap companies located in the United States that also exhibit a growth probability. The Russell 1000 Growth is published and maintained by FTSE Russell. **Russell 1000 Value Index** refers to a composite of large and mid-cap companies located in the United States that also exhibit a value probability. The Russell 1000 Value is published and maintained by FTSE Russell.

Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

*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](http://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 individual stock volatility than a diversified fund. The Fund invests in foreign investments and foreign currencies which involve political, economic and currency risks, greater volatility and differences in accounting methods. This risk is increased for emerging markets. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. 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. 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. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer term debt securities. Investing in ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Funds ability to sell its shares. The Fund can invest in small- and medium-capitalization companies, which tend to have limited liquidity and greater price volatility than large-capitalization companies. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities.**

The LoCorr Dynamic Equity Fund is distributed by Quasar Distributors, LLC. Billings Capital Management and Kettle Hill Asset Management are sub-advisers to the LoCorr Dynamic Equity Fund. The sub-advisers are not affiliated with Quasar Distributors, LLC. © 2017 LoCorr Funds

Fund Holdings and asset allocations are subject to change and are not recommendations to buy or sell any security.