

Class A	Class C	Class I
LEQAX	LEQCX	LEQIX

## Dynamic Equity Fund - Monthly Commentary

### September 2018 Commentary – LoCorr Dynamic Equity Fund *(formerly the LoCorr Long/Short Equity Fund)*

#### Market Commentary

Despite headlines dominated by continuing global trade discussions stemming from the approaching NAFTA deadline and the proposed tariffs between the U.S. and China, the S&P 500 Index still managed to clip off another positive month, finishing September up +0.57%. Technical drivers were the primary catalyst to another positive month and strong quarter for the market, as corporate earnings were boosted by lower tax rates, increased sales, and some progress in trade discussions between the U.S. and Canada. The market boasted a strong quarterly return as the S&P 500 Index posted 10 of 13 weeks in the black, finishing the quarter up +7.71%.

With one quarter left in the year, Wall Street's forward-looking sentiment appears quite positive. The majority of off-fiscal company earnings reports have beaten Q3 2018 reporting estimates, building

positive momentum moving into the remainder of the year. Potential negatives for Q4 could be U.S. China trade issues or a spike in inflation; however, corporate fundamentals are still healthy, and trade tensions have not detracted from economic growth, providing reasons for optimism.

#### Portfolio Update

The LoCorr Dynamic Equity Fund Class I share (the Fund) was down -0.59% in September, slightly trailing the +0.57% return for the S&P 500 Index. Throughout September, Kettle Hill delivered positive returns for the Fund, while Billings finished in the red. Overall, negative detraction from the Fund's long book offset gains from the short book. Net exposure fell to approximately 61.5% from 64% in

*Continued on reverse side ...*

#### September 2018 Performance

LoCorr Dynamic Equity Fund (LEQIX)	S&P 500 Index	MStar L/S Equity Category	LEQIX Excess Return vs. S&P 500 Index	LEQIX Excess Return vs. MStar L/S Eq Cat.
-0.59%	0.57%	-0.02%	-1.16%	-0.57%

#### Average Annual Total Returns

As of September 30, 2018

	Monthly	YTD	1-Year	3-Year	5-Year	Since Inception*
Class A - LEQAX without Load	-0.60%	-1.78%	-0.60%	9.85%	3.57%	3.72%
Class A - LEQAX with Load	-6.30%	-7.42%	-6.28%	7.69%	2.35%	2.59%
Class C - LEQCX without Load	-0.71%	-2.37%	-1.40%	8.97%	2.77%	2.93%
Class C - LEQCX with Load	-1.71%	-3.35%	-1.40%	8.97%	2.77%	2.93%
Class I - LEQIX	-0.59%	-1.59%	-0.42%	10.09%	3.82%	3.97%
S&P 500 Index	0.57%	10.56%	17.91%	17.30%	13.95%	13.65%
MStar L/S Equity Category	-0.02%	2.07%	5.68%	5.41%	3.95%	4.14%
Russell 2000 Index	-2.41%	11.51%	15.24%	17.12%	11.07%	12.34%

*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 3.46% for Class A; 4.21% for Class C; and 3.21% for Class I.*

\*The Fund commenced operations on May 10, 2013.

*Commentary continued.*

August. With growth stocks outperforming value stocks year-to-date, (Russell 1000 Growth up +17.09% vs. Russell 1000 Value up +3.92%) the Fund has faced considerable headwinds from its value style bias.

Communication Service stocks were the largest contributor to returns in the Fund's long book, followed by Industrials. Within the Communication Services sector, a position in Intelsat SA was a primary contributor to the Fund's long book. A provider of satellite services which specializes in global communications infrastructure, Intelsat SA successfully launched a new communication satellite which is expected to expand its communication bandwidth and was viewed positively by the Street. A strong performer in the Industrials sector was a commercial airliner, Air Canada, whose stock rose on news of a possible acquisition in the near future. Partially offsetting gains in the Communications Services and Industrials sectors were losses in the Financial Services sector. Credit Acceptance Corporation, a provider of specialized consumer automotive financing, was the largest detractor. News of more trade tariffs

triggered significant headwinds for the auto industry, causing the stock to sell-off in sympathy. The sub-adviser continues to hold this stock and remains optimistic regarding its outlook.

In the short book, the largest positive contributions came from positions in the Technology and Energy sectors, with the largest detractors coming from Consumer Cyclical holdings.

### Outlook

We continue to believe the Fund is well positioned, with two highly-complementary investment managers employing distinct, yet correlating, investment strategies. Kettle Hill uses an opportunistic investment approach, and focuses primarily on the small-cap market. Its portfolio is expected to be defensive, and normally has low market exposure. Billings employs a more concentrated portfolio, and invests across the market capitalization spectrum. Billings adheres to a long-term investment approach, while typically having high net exposure to the market.

The mentioned securities held positions in the Fund, as of September 30, 2017, as follows; Intelsat SA 2.89%, Air Canada 4.72%, Credit Acceptance Corp. 9.66%.

*As of the most recent prospectus the Fund's total annual fund operating expenses after fee waiver is 3.39% for Class A; 4.14% for Class C; and 3.14% 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, 2020.*

**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 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. **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. 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. **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.

*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.**

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