December 2017 **Commentary**

Class A	Class C	Class I
LEQAX	LEQCX	LEQIX

LoCORR FUNDS

Dynamic Equity Fund - **Monthly Commentary**

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

Market Commentary

December capped off another banner year for the S&P 500 Index. The Index was up another +1.11% for the month; the cherry on top of a +21.83% gain for the year. In 2017, the S&P 500 Index posted gains in all 12 calendar months while extending its winning streak to 14 consecutive positive months. With the Chicago Board of Exchange ("CBOE") Volatility Index finishing the year below 10, investors remain in a risk-on mode, buoyed by the positive impact on corporate earnings expected from the recent tax code changes.

Portfolio Update

The LoCorr Dynamic Equity Fund Class I share ("the Fund") advanced +1.85% in December, slightly ahead of the +1.11% return for the S&P 500 Index. During the month, both of the Fund's sub-advisers generated positive returns led by the Fund's more long-biased manager, Billings Capital. Similar to November, net exposure remained at the high end of the typical 40 – 60% range, helping the Fund participate in the bull market that pushed through to the end of the year. During December, positive contributions from the Fund's long positions more than offset slight losses from the short book.

In the Fund's long book, positions in Consumer Cyclical stocks were the largest contributors led by strong performance from Etsy Inc., a specialty retailer operating a global commerce platform to connect buyers and sellers both on-line and off-line. The stock price moved higher as management met with investors to articulate their new strategy, strong trends in the business, and following the announcement of a substantial share repurchase program in late November. Also in the Consumer Cyclical sector, Nextstar Media Group and Sinclair Broadcasting Group advanced. Both companies are benefitting from de-regulation in the broadcasting industry. Further, the broadcasting industry was buoyed by a U.S. Federal Communications Commission decision during the quarter that removes bans on cross-ownership of newspaper and television stations in major markets that could pave the way for increased merger and acquisition activity.

Continued on reverse side ...

December 2017 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.
1.85%	1.11%	0.87%	0.74%	0.98%

Average Annual Total Returns — As of December 31, 2017

	Monthly	YTD	1-Year	3-Year	Since Inception*
Class A - LEQAX without Load	1.87%	2.38%	2.38%	8.04%	4.74%
Class A - LEQAX with Load	-3.99%	-3.54%	-3.54%	5.92%	3.41%
Class C - LEQCX without Load	1.85%	1.68%	1.68%	7.21%	3.94%
Class C - LEQCX with Load	0.88%	1.68%	1.68%	7.21%	3.94%
Class I - LEQIX	1.85%	2.60%	2.60%	8.30%	4.99%
S&P 500 Index	1.11%	21.83%	21.83%	11.41%	13.54%
MStar L/S Equity Category	0.87%	10.74%	10.74%	3.37%	4.36%
Russell 2000 Index	-0.40%	14.65%	14.65%	9.95%	11.81%

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.

[1]The Fund commenced operations on May 10, 2013.

Commentary continued.

Other sectors contributing positively to December's results were Financial Services and, to a lesser extent, Communication Services, Industrial and Basic Material positions. In Financial Services, despite a dearth of news during the month, Credit Acceptance Corp., a niche provider of financing to automobile dealers, moved higher. The largest losses during the month were in the Technology sector. A position in Dena Co. Ltd., a provider of a broad range of mobile and online services including games, e-commerce and entertainment content distribution, detracted from results. Holdings in the auto supplier industry also detracted from results.

In the short book, the ongoing rise in the equity markets continued to negatively affect the performance of the portfolio. The Fund enjoyed modest positive contributions from positions in the Technology and Communication Services sectors. These gains were more than offset by losses elsewhere, particularly in the Consumer Cyclical sector. In this sector, short positions in a number of retailers detracted from results as these stocks rallied during the month on the back of a strong holiday selling season.

Outlook

As we have previously discussed, it is our belief that the Fund faced significant stylistic headwinds in 2017 from its small-cap and value biases. Further, it is a relatively concentrated Fund, which can contribute to performance deviation, both positively and negatively, versus a diversified benchmark like the S&P 500 Index over shorter periods. We remain highly confident in the combination of these two complementary sub-advisers. 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 net 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 December 31, 2017, as follows; Nextstar Media 3.37%, Sinclair Broadcasting 3.21%, Credit Acceptance Corp.8.60%, Dema Co. 1.05%.

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.

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. 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, often referred to as the "investor fear gauge." **Market capitalization** (market cap) is the total market value of the shares outstanding of a publicly traded company; it is equal to the share price times the number of shares outstanding.

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. 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.

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

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