LoCORR FUNDS

SEEKING A BETTER WAY TO DIVERSIFY

2Q18 Commentary

Spectrum Income Fund

June 30, 2018

Second Quarter Commentary

Market Commentary

Concerns regarding the potential for a full-blown trade war due to President Trump's hardline stance on trade imbalances, not only with China, but also with traditional allies such as Canada and Europe were front and center during the three-month period ended June 30th, 2018. Although no portfolio is immune from general market volatility, the Spectrum Income Fund's holdings are domestically focused which may minimize this risk. As expected, the U.S. Federal Reserve continued its path of raising rates 25 basis points per quarter and indicated its commitment to maintaining this policy into next year. The Organization of the Petroleum Exporting Countries (OPEC) agreed to boost production at its June meeting and oil rallied as the increase was generally less than feared. Due largely to OPEC's previous production restraint, global oil surpluses have been worked off and the market has become tighter. Disruptions such as those in Libya and Canada kept a bid in the market for crude despite OPEC's production increase, demonstrating the tightness to global supplies.

Although these developments have been problematic for much of the equity market, they have been helpful to many of the positions in the portfolio. Higher interest rates are helpful for Business Development Companies (BDCs), which lend to domestic companies at short term interest rates. Trade concerns are of little direct impact to the Fund's holdings, which are relatively small companies serving domestic markets. Finally, higher oil prices support U.S. oil producers and increased production in shipment through the pipelines which are well represented in the portfolio.

Portfolio Commentary

LoCorr Spectrum Income Class I share (the "Fund") gained +9.42% during the second quarter. The Fund demonstrated its diversification potential and its complementary nature to traditional bonds as it significantly outpaced the -0.16% return from the Bloomberg Barclay's US Aggregate Bond Index. During the period, the Fund benefitted from significant gains from its master limited partnership (MLP) holdings, as well as positive contributions from BDCs, Equity real estate investment trusts (REITs), and C-Corp holdings with only slightly negative performance from Royalty Trusts.

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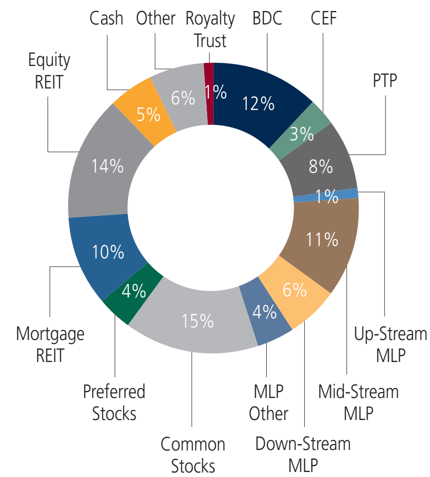
Average Annual Total Returns

As of June 30, 2018

	2Q18	YTD	1 Year	3 Year	Since Inception*
Class A - LSPAX without Load	9.48%	3.24%	4.06%	1.05%	-0.04%
Class A - LSPAX with Load	3.13%	-2.68%	-1.86%	-0.92%	-1.35%
Class C - LSPCX without Load	9.14%	2.83%	3.27%	0.24%	-0.81%
Class C - LSPCX with Load	8.14%	1.84%	3.27%	0.24%	-0.81%
Class I - LSPIX	9.42%	3.43%	4.42%	1.34%	0.23%
S&P 500 Index	3.43%	2.65%	14.37%	11.93%	11.22%
BBgBarc U.S. Agg Bond Index	-0.16%	-1.62%	-0.40%	1.72%	2.43%

Spectrum Income Fund Sector Allocation

As of June 30, 2018 (Subject To Change)



*January 1, 2014. The Fund's total annual fund operation expenses are 2.99% for Class A; 3.74% for Class C; and 2.74% for Class I.

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. Short term performance, in particular, is not a good indication of the funds future performance, and an investment should not be made based solely on returns. Performance data current to the most recent month end may be obtained by calling 952.513.8195. The Fund imposes a 2.00% redemption fee on shares sold within 60 days. 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. 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.

Commentary continued.

MLP holdings were the strongest contributors during the period, particularly mid-stream holdings. The surprise Federal Energy Regulatory Commission (FERC) cost of service ruling during the first quarter, which was feared to impact pipeline profitability, seems to have served as a bottom for the group. Crestwood Equity Partners LP was the most notable contributor during the period as it benefited from strength in its midstream operations as well as having a clean structure and growing distribution coverage. Other strong performers included CVR Refining LP which advanced on widening crack spreads. Suncoke Energy was a notable detractor following its distribution cut as management focused on debt pay down despite strong fundamentals.

The Fund also benefitted from strong performance by its Equity REIT positions. At a macro level, healthy economic growth conditions supported higher occupancy rates and rising property values. The Fund was buoyed by a number of strong performers in this group led by Washington Prime Group, a retail REIT.

Holdings in BDCs were also robust contributors during the period. BDCs were buoyed by increasing GDP growth, relatively tight and stable high yield spreads and an increase in allowable leverage from 1:1 to 2:1 which provides the opportunity for increased growth. Employing this additional leverage will likely separate the good allocators of capital from the bad ones, and the investment team will monitor closely how individual BDCs plan to use this added flexibility.

Positions in higher yielding C-Corps also provided a boost to returns during the quarter. National Cinemedia, rallied on strong box office trends. A position in Brinker International, an owner/operator of casual dining restaurants, was also a healthy contributor. Golar LNG Partners, an owner/operator of liquid natural gas carriers and floating storage, was a notable detractor after reporting a greater than expected dip in distribution coverage as a result of what TFIP believes to be a lag in the timing of cash flows generated by growth projects.

The mentioned securities held positions in the Fund, as of June 30, 2018, as follows; Crestwood Equity Partners LP 2.72%, CVR Refining LP 1.00%, Suncoke Energy 1.86%, Washington Prime Group 2.10%, National Cinemedia 1.32%, Brinker International 0.00%, Golar LNG Partners 1.46%

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 advice. **Diversification is no guarantee of future returns.**

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. **Barclays Capital U.S. Aggregate Bond Index** is the most common index used to track the performance of investment grade bonds in the United States. One cannot invest directly in an index. **Basis Points** (bps) - A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.

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. 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. 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. The Fund's portfolio will be significantly impacted by the performance of the real estate market generally, and the Fund may be exposed to greater risk and experience higher volatility than would a more economically diversified portfolio. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural, or technological developments. Investments in Limited Partnerships (including master limited partnerships) involve risks different from those of investing in common stock including risks related to limited control and limited rights to vote on matters affecting the Limited Partnership, risks related to potential conflicts of interest between the Limited Partnership and the Limited Partnership's general partner, cash flow risks, dilution risks and risks related to the general partner's limited call right. Underlying Funds are subject to management and other expenses, which will be indirectly paid by the Fund. 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.

TFIP is the sub-adviser for the LoCorr Spectrum Income Fund.

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