2Q17 Commentary

Spectrum Income Fund

June 30, 2017

Second Quarter Commentary

Market Commentary

Securities markets in the second quarter were for the most part liquidity driven, as major central banks continued their broadly accommodative policies, though signs began to emerge that their largesse would not be unending. In the U.S., the Federal Reserve raised rates one more time and gave clear guidance that it would begin to unwind its balance sheet of bonds and mortgages within this year. Stocks moved gradually higher, with growth leading value and overseas markets leading domestic issues as the dollar weakened. Investment grade bonds rallied as well, as low inflation, moderate growth, and extremely low interest rates abroad served to anchor U.S. yields.

The manager continues to see fundamental strength in the reflation theme, understood as increasing economic output both at home and abroad--but without meaningful inflation in consumer price indexes, wages, or commodities. The most significant market condition affecting the portfolio was the decline in oil prices which, despite OPEC assurances of extended production control, continued to decline through June. This weighed on the portfolio's holdings in U.S. midstream pipelines, despite the fact that they are benefiting from increasing volumes of U.S. oil and gas production, and exports as well, particularly from the Permian Basin. As this is written, the oil price and pipelines have rallied from June lows and the sub-adviser believes that stable, moderate oil prices will be sufficient to rekindle investor interest in this sector.

Portfolio Commentary

LoCorr Spectrum Income Class I share (the "Fund") gained +0.13% during the second quarter, trailing the +1.45% return for the Bloomberg Barclay's US Aggregate Bond Index and the +3.09% return for the S&P 500. With a primary objective of generating current income, the Fund's Class I shares continued to distribute a $.05 per month distribution during the quarter.

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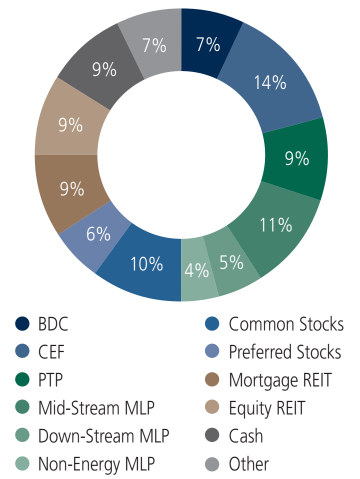
Average Annual Total Returns

As of June 30, 2017

	2Q17	YTD	1 Year	3 Year	Since Inception*
Class A - LSPAX without Load	0.05%	2.69%	5.19%	-3.70%	-1.19%
Class A - LSPAX with Load	-5.67%	-3.22%	-0.91%	-5.58%	-2.85%
Class C - LSPCX without Load	-0.19%	2.19%	4.31%	-4.44%	-1.95%
Class C - LSPCX with Load	-1.18%	1.20%	4.31%	-4.44%	-1.95%
Class I - LSPIX	0.13%	2.85%	5.40%	-3.45%	-0.94%
S&P 500 Index	3.09%	9.34%	17.90%	9.61%	10.35%
BBgBarc U.S. Agg Bond Index	1.45%	2.27%	-0.31%	2.48%	3.26%

Spectrum Income Fund Sector Allocation

As of June 30, 2017 (Subject To Change)



January 1, 2014. The Fund's total annual fund operation expenses are 3.06% for Class A; 3.81% for Class C; and 2.81% 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.

Commentary continued.

With continued noninflationary growth and central banks signaling only gradual withdrawal of monetary accommodation, alternative asset managers continued to benefit from robust public markets which allow them to sell private equity investments at attractive prices. Various fixed income-related holdings such as closed end funds, business development companies, and mortgage REIT's fluctuated modestly with interest rates. Mortgage REIT's continued their first quarter strength although they corrected sharply in the quarter before resuming their upward trend, apparently in anticipation of the Fed rate hike in June. Credit sensitive holdings such as bank loan funds and BDC's, which benefit from higher rates, were quiescent during the quarter as market sentiment seemed to expect that absent inflation, previously anticipated rate hikes later in the year might be deferred. As previously noted, the weakest major group of holdings in the portfolio were midstream oil and gas pipelines, which gradually eroded into an apparent bottom in June. Holdings of renewable energy operators were strong, however.

Portfolio turnover was modest. Sales consisted of securities which had reached price targets or had disappointed on fundamentals. Profits were taken on an amusement park MLP, a nursing home operator involved in a takeover, and various mortgage REITs whose valuations reached elevated levels. Disappointments included two shippers, a BDC, a fertilizer MLP, a restaurant company, and an offshore driller. New holdings included adding to midstream pipelines on weakness; specialized MLP's outside the midstream space, an asset manager, a telco, a renewable energy operator, and a digital theater advertiser. The sub-advisers also added to mortgage REIT's on weakness.

The investment team remains optimistic about what the balance of 2017 may bring for the portfolio. The portfolio is positioned for further economic growth (but not price inflation), but remains diversified across many sectors. The manager believes valuations (and the spread between the Fund's income and that offered by traditional income-oriented strategies) remains extremely attractive.

LoCorr Funds

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