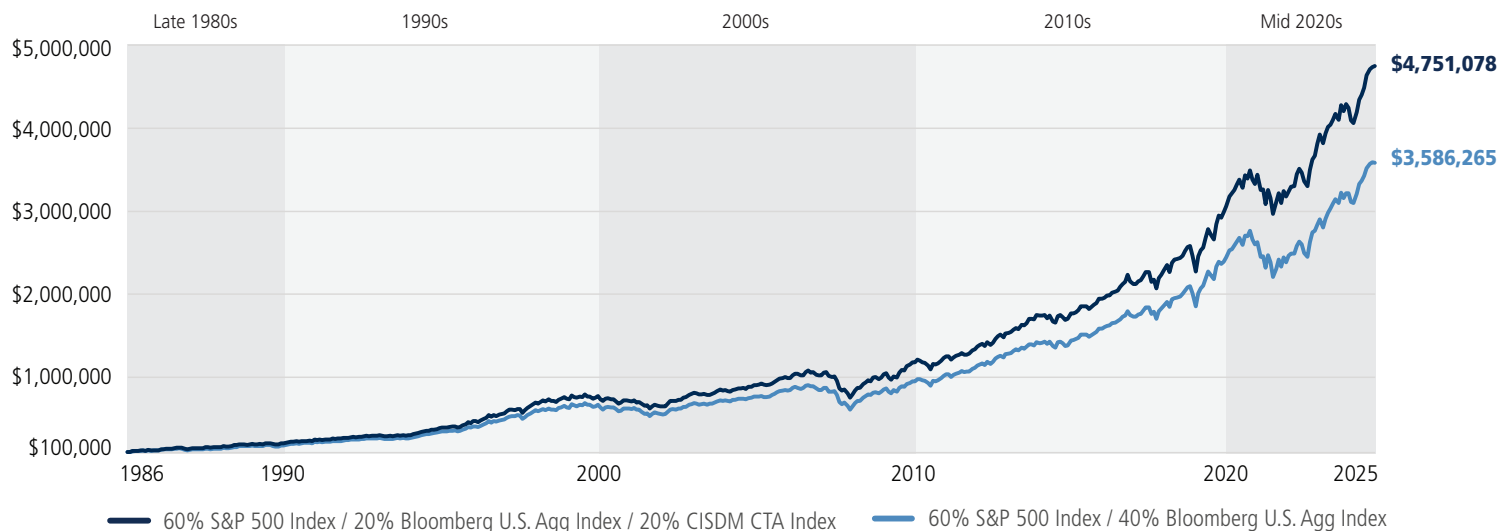


# Rebuild the 60/40 with Low-Correlating Solutions

Given the wide range of economic uncertainties, including existing pressure on growth and inflation, investors should consider a more diversified asset allocation than 60/40. As shown in the chart below, a 60/20/20\* portfolio has historically outperformed a 60/40 portfolio over the last four decades, while frequently providing higher risk-adjusted returns (as measured by Sharpe Ratio).

Late 1980s	Return	Sharpe	1990s	Return	Sharpe	2000s	Return	Sharpe	2010s	Return	Sharpe	Jan 2020-Dec 2025	Return	Sharpe
60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	18.29%	0.86	60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	14.64%	1.07	60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	2.74%	0.03	60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	9.89%	1.16	60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	10.81%	0.72
60 S&P 500 / 40 Bbg Agg	15.25%	0.68	60 S&P 500 / 40 Bbg Agg	14.11%	0.98	60 S&P 500 / 40 Bbg Agg	2.25%	-0.01	60 S&P 500 / 40 Bbg Agg	9.77%	1.24	60 S&P 500 / 40 Bbg Agg	9.49%	0.59



Source: Morningstar Direct. **Past performance is not a guarantee of future results.** Growth of a hypothetical \$100,000 investment from 1/1/86-12/31/25.

\*60% equities / 20% bonds / 20% low-correlating alternatives

## Key Takeaways

- Poor diversification can have a meaningful impact on long-term results as growth can unexpectedly be down and inflation unexpectedly up for uncertain periods of time.
- A 60/20/20 portfolio seeks to provide a stable return stream and enhance diversification.
- A \$100K allocation to a 60/20/20 portfolio in 1986 would today be worth over \$4.5M versus \$3.5M for a 60/40 allocation.

The performance of the index is shown for comparison purposes only. The securities and other instruments included in this index is not necessarily included in any LoCorr Fund portfolio and criteria for inclusion in the index is different than those for investment in any such portfolio. The performance of this index was obtained from published sources believed to be reliable, but which are not warranted as to accuracy or completeness. Unless noted otherwise, index returns do not reflect fees or transaction costs and reflect reinvestment of net dividends. Past performance is not a guarantee of future results.

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**Bloomberg Capital U.S. Aggregate Bond Index** is the most common index used to track the performance of investment grade bonds in the United States. **S&P 500 Total Return Index** is an index 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 time period. Fees and/or transaction costs are not reflected. **CISDM CTA Index** is designed to broadly represent the performance of all CTA programs in the Morningstar database that meet the inclusion requirements. **Sharpe Ratio** measures the amount by which a set of values differs from the arithmetical mean, equal to the square root of the mean of the differences' squares.

The referenced indices are shown for general market comparisons and are not meant to represent any Fund discussed within. One cannot invest directly in an index. The referenced indices are shown for general market comparisons and are not meant to represent any Fund discussed within. One cannot invest directly in an index. Bloomberg U.S. Aggregate Bond Index performance as of 12/31/25 is 7.30% 1-Yr, -0.36% 5-Yr, and 2.01% 10-Yr. S&P 500 Index performance as of 12/31/25 is 17.88% 1-Yr, 14.42% 5-Yr, and 14.82% 10-Yr. CISDM CTA Index performance as of 12/31/25 is 4.09% 1-Yr, 6.42% 5-Yr, and 5.92% 10-Yr.

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 952.513.8195.

**Diversification does not assure a profit or protect against loss in a declining market.**

*The Funds' 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](http://www.LoCorrFunds.com). Read it carefully before investing.*

**Mutual fund investing involves risk. Principal loss is possible. The Funds invests in foreign investments which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. Investing in commodities may subject the Funds to greater risks and volatility as commodity prices may be influenced by a variety of factors including unfavorable weather, environmental factors, and changes in government regulations. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed, Mortgage-Backed, and Collateralized Mortgage-Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Derivative contracts ordinarily have leverage inherent in their terms which can magnify the Fund's potential for gains or losses through increased long and short position exposure. The Funds may access derivatives via a swap agreement. A risk of a swap agreement is the risk that the counterparty to the agreement will default on its obligation to pay the Funds. The Funds will incur a loss as a result of a short position if the price of the short position instrument increases in value between the date of the short position sale and the date on which an offsetting position is purchased. Investments in lower-rated and nonrated securities presents a greater risk of loss to principal and interest than higher rated securities. Underlying Funds are subject to management and other expenses, which will be indirectly paid by the Funds. The Fund's portfolio will be significantly impacted by the performance of the real estate market generally, and the Funds may be exposed to greater risk and experience higher volatility than would a more economically diversified portfolio. Small and mid-sized companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group. There is no assurance that any hedging strategies utilized by the Funds will successfully provide a hedge to the portfolio's holdings which could negatively impact Fund performance.**

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