LoCORR FUNDS

Hedged Core Fund

December 31, 2024

Fourth Quarter Commentary

Market Commentary

In the fourth quarter, the Federal Reserve (the "Fed") cut rates twice for a total of a 50 basis point reduction, continuing its decrease in the federal funds rate that began in September. The shift toward a more dovish stance was perhaps premature as the Fed changed its rhetoric in December, signaling fewer cuts in 2025 than previous guidance had suggested, following the release of stronger-than-anticipated economic data and sticky inflation.

The U.S. jobs market showed mixed signals once again in Q4 but ultimately seemed to heat up. October non-farm payrolls came in much lower-than-expected, but November and December surprised to the upside. The December report showed an increase in non-farm payrolls of 256,000, up from 212,000 in November and above the 155,000 estimated. Unemployment continues to be quite low, remaining unchanged from the previous quarter-end at 4.1%. While inflation has fallen dramatically from its peak, it still remains stubbornly above the Fed's 2% target. Consumer Price Index rose +2.7% year-over-year in November, increasing 0.3% from October, and higher than the +2.6% annual rate posted in October.

The Fed's preferred inflation index, the Personal Consumption Expenditures Index (PCE) rose +2.4% year-over-year in November, slightly below the +2.3% increase in October, and still above the Fed's 2% target.

The bond market continued its mediocre year as the Bloomberg U.S. Aggregate Bond Index finished the quarter with a -3.06% loss. The quarter began with election uncertainty and cooling rate cut expectations which caused rates to rise beginning in October. Despite the Fed's two rate cuts following the election, the aforementioned economic data points released in November and December caused global bond yields to spike again in December. In the U.S., the 10-year Treasury yield rose approximately +67 bps, finishing the quarter at 4.39%. Globally, the 10-year German Bund and the 10-year Japanese Government Bond yields both rose approximately -24 bps.

U.S. equity prices continued their rise in Q4. The S&P 500 Index was up +2.41%, with most of the gains coming in November. The CBOE Volatility Index, commonly referred to as the market's fear gauge, hovered around 20 for the entirety of October and through the election, but then fell sharply and remained in

Continued on reverse side ...

Average Annual Total Returns

As of December 31, 2024

	4Q24	Since Inception
Class A - LHEAX	-2.30%	-5.33%[1]
Class A - LHEAX (Load)	-7.91%	-10.78%[1]
Class I - LHEIX	-2.26%	-5.29%[1]
Barclays CTA Index	-0.03%	0.04%[2]
ICE BofAML 3M T-Bill Index	1.17%	2.07%[2]

Exposure and Attribution by Sector[3]

As of 12/31/24 (subject to change)

Sector	Position	Performance Attribution (Fourth Quarter 2024)
Agriculture	Short	-0.2%
Energy	Long	-2.3%
Stock Indicies	Long	-0.2%
Interest Rates	Short	-0.6%
Foreign Currencies	Short	1.8%
Metals	Long	-0.8%
Other	Long	-0.1%

-2.5 -1.5 0.0 1.5 2.5

[1]*As of July 10, 2024. The Fund's total annual fund operating expenses are 2.40% for Class A and 2.15% for Class I.* [2]*As August 1, 2024.* [3]The Fund also holds cash, cash equivalents and fixed income securities, which are excluded from sector chart shown above. Performance data for the Class A Shares does not reflect the CDSC of up to 1%, which only applies to no-load transactions of $1 million or greater.

***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. Investment performance reflects contractual 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.

a range between 13 and 17 in November. The volatility index spiked to 27.62 on December 18th after the Fed projected fewer rate cuts in 2025. The market-cap skew that has been present in recent years returned this quarter as the Russell 2000 Index underperformed large cap stocks by -2.08%. The S&P 500 Equal Weight Index was down -1.87% in Q4, underperforming the cap-weighted S&P 500 by -4.28%. Global stocks also underperformed the S&P 500 Index during the quarter as the MSCI World Index lost -0.16%.

In currency markets, the U.S. Dollar ("USD") rose significantly against a basket of major currencies, up +7.65%, its strongest quarterly gain since Q1 2015. The move higher in the greenback can be attributed to the relative strength in the U.S. economy and stubborn inflation versus most other developed economies, as well as dollar bullishness resulting from former President Trump's re-election.

The Bloomberg Commodity Index fell modestly in the quarter, losing -0.45% and bringing its return for the year to +5.38%. The U.S. Dollar strengthened precipitously in Q4, rallying by more than 7.6% against a basket of six major currencies, its strongest quarterly gain since Q1 2015. That usually results in a challenging environment for commodities, though the Index finished the quarter relatively flat as geopolitical and fundamental factors overpowered traditional market forces. The Index, energy heavy as it is, was positively influenced by oil which rose by +8.32%, measured by the Bloomberg WTI Crude Oil Subindex. Metals and agricultural commodities broadly weighed the Index down.

The aforementioned Oil Subindex moved up with strength in October and December, sandwiching a slightly negative return in November. Market participants have grappled all year with the opposing forces of increased geopolitical risk around the world, and a gloomier outlook for the global economy outside of the U.S. and thus expected oil demand, particularly in China. While the former seemed to sway oil markets more in Q4, Brent Crude futures traded in the narrowest nominal range since 2019, and when adjusted for inflation, the narrowest range since 2003. Elsewhere in energy, natural gas gained +1.18% in the quarter as measured by the Bloomberg Natural Gas Subindex, though it continued to demonstrate pronounced volatility on a month-to-month basis, trading down -19% in October before rising +14% in November and +10% in December – including a 14% spike from 12/25 to 12/29.

Industrial metals markets moved -7.73% lower in the quarter, as measured by the Bloomberg Industrial Metals Subindex, pressured by the relative strength of the U.S. Dollar as markets digested the Fed's guidance for higher interest rates relative to peers and an incoming Trump presidency.

Copper weighed the most on the abovementioned Index, falling -11.60% as production growth remains strong while demand from China has considerably weakened. Nickel was a notable Index detractor as well, declining -12.82% during the quarter. Precious metals fell by a smaller percentage, returning -2.14% in Q4, as measured by the Bloomberg Precious Metals Subindex. Silver markets gave back some of their strong YTD gains, sinking -7.27% in the quarter. Longer term tailwinds such as its importance in solar cell production were outweighed by near-term negative impacts from the change in the Fed's expected interest rate path. Gold's losses were more modest, returning -0.47% in Q4.

Agricultural commodities were a mixed bag in the quarter, falling -1.17% at the Index level, as measured by the Bloomberg Agriculture Subindex, but with significant dispersion underneath the hood. Coffee continued to dominate the news cycle, rising +19.86% in Q4 after gaining more than 20% in each of the two prior quarters. Concerns around the impact of a lack of rain and higher temperatures on future production in Brazil continue to be tailwinds, though the commodity's price fell -8.65% in October before soaring +30.02% in November and rising +0.92% in December. Prices surged in November in part due to the European Union delaying its enforcement of the Deforestation Regulation by one year to the end of 2025. While very little coffee is produced in Europe, a significant percentage of global supply crosses the border of at least one EU country, which will eventually force non-compliant shipments to reroute to other end markets. Cocoa similarly followed the path in coffee markets, falling -4.65% in October before spiking +31.93% in November and +7.78% in December. Conversely, in softs sugar fell -13.30% for the quarter as producing countries, most notably India, provided higher guidance on future output. Grains fared the worst, highlighted by wheat falling -7.06% and soybeans declining -5.50%, though corn gained +6.12%. Finally, livestock markets rose +4.77%, as measured by the Bloomberg Livestock Subindex.

Performance Overview

The LoCorr Hedged Core Fund, Class I share (the "Fund") fell -2.26% in the quarter versus a -0.85% return for the Morningstar Macro Trading category and a +2.41% gain for the S&P 500 Index. The Fund's commodity-focused strategy drove the losses, as the challenging market conditions present throughout the year persisted. The Fund's diversified global macro strategy was profitable during the quarter. Looking forward, we believe the Fund provides exposure to some of the premier commodity and global macro managers and have confidence that the market backdrop will be more conducive to the strategy as we look ahead to 2025.

Commentary continued.

The rise in global interest rates was a headwind for the Fund early in the quarter as long positions were hurt from the sell-off in bonds. The largest losses were from long European debt, particularly in the Bund and Bobl. Additionally, long exposure in Canada was a negative contributor, particularly the Canadian 10-yr Note. Although the Fund experienced losses from long fixed income positions early in the quarter, it flipped short and maintained this posture for most of the quarter, ultimately ending the period with a significant short position with a focus in the U.S.

Trading in equity indices was a small negative contributor in Q4 as the Fund experienced conflicting performance from its sub-advisers. The slight decline in global equities negatively impacted long positions, specifically in the Russell 2000, Euro Stoxx, and Hang Seng indexes, while the continued rally in large-cap U.S. stocks during the quarter benefited the Fund's long positions in the S&P 500. The Fund maintained a consistent long posture in U.S., European, and Asian equities throughout the quarter.

Gains in FX trading helped counter some of the losses experienced elsewhere. The Fund was long the dollar for most of the quarter, resulting in strong gains in the asset class. The largest gains came from short Japanese Yen, Canadian Dollar, Australian Dollar, and Euro. The Fund ended the period net short foreign currency and long USD as that short FX exposure steadily increased throughout the quarter.

Energy trading was the largest detractor from the Fund in Q4, dragging Fund performance lower in the quarter, but especially in late December. One of the key energy detractors during the quarter were bear calendar spread positions in natural gas, which were hurt by near-term weather forecasts calling for much colder temperatures. Smaller losses came from a modest net long position in oil & oil products that produced losses earlier in the quarter. The Fund ended the quarter with a moderate net long stance in oil & oil products, primarily from WTI Crude, Brent Crude, and heating oil. Short positions were most prominent in natural gas.

Metals trading was also a detractor in the quarter. Industrial metal positions were negative in aggregate, as a net long tilt in copper hurt the most, with milder losses coming from long exposure in aluminum and zinc. Precious metals' contribution also finished in the red, with the largest losses sourced from a small palladium long. Net longs in gold and silver that persisted throughout the quarter also detracted. The Fund maintained its conviction with longs in both industrial metals, still spread across copper, aluminum, and zinc, and precious metals, concentrated in gold, silver, platinum, and to a lesser extent, palladium.

Positions in agricultural commodities were marginally beneficial led by trading in softs which benefitted from long positions in palm oil markets. The Fund also capitalized on the aggressive move upward in cocoa markets, maintaining consistent yet risk-controlled net long positioning throughout the quarter. Longs in softs remain skewed net long across coffee, palm oil, and cocoa, with the short book anticipating weakness in sugar markets. Elsewhere, the Fund ended Q4 with slight net shorts in grains and livestock.

The Hedged Core Fund is a recently organized management investment company with a short operating history. As a result, prospective investors do not have a track record or history on which to base their investment decisions.

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.

Bloomberg Agriculture Subindex is a commodity group subindex of the BCOM. It is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat. It reflects the return of underlying commodity futures price movements only and is quoted in USD. **Bloomberg Precious Metals Subindex** is a commodity group subindex of the BCOM. It is composed of futures contracts on gold and silver. It reflects the return of underlying commodity futures price movements only and is quoted in USD. **Bloomberg Industrial Metals Subindex index** is composed of futures contracts on aluminum, copper, nickel and zinc. It reflects the return of underlyying commodity futures price movements only. **Bloomberg Natural Gas Subindex index** is a commodity group subindex of the BCOM composed of futures contracts on Natural Gas. **Bloomberg WTI Consumer Price Index (CPI)** measures inflation by tracking the changes in prices paid by consumers for a basket of goods and services over time. **Crude Oil Subindex** is a single commodity subindex of the BCOM composed of futures contracts on WTI crude oil. It reflects the return on fully collateralized futures positions and is quoted in USD. **CBOE Volatility Index** is the Chicago Board Options Exchange 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." **Hang Seng Index (HSI)** is a freefloat-adjusted market capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong. **EURO STOXX 50 Index** is a blue-chip index designed to represent the 50 largest companies in the eurozone. **Russell 2000 Index** measures the performance of approximately 2000 small-cap companies in the Russell 3000 Index, which is made up of 3000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. **ICE BofA Merrill Lynch 3-Month T-Bill Index** tracks the performance of the U.S. dollar denominated U.S. Treasury Bills publicly issued in the U.S. domestic market with a remaining term to final maturity of less than 3 months. **Barclays CTA Index** is an equal weighted index which attempts to measure the performance of the Commodity Trading Advisor industry. The Index measures the combined performance of all CTAs reporting to Barclay Trading Group who have more than 4 years past performance. Fees and transaction costs are reflected. **Bloomberg U.S. Aggregate Bond Index** is a broad-based bond index comprised of government, corporate, mortgage and asset-back issues rated investment grade or higher. **S&P 500 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. **U.S. 10-Year Treasury** is a debt obligation issued by the United States government that matures in 10 years. **Bloomberg Commodity Index** is a broadly diversified commodity price index distributed by Bloomberg Indexes. The index was originally launched in 1998 as the Dow Jones-AIG Commodity Index and renamed to Dow Jones-UBS Commodity Index in 2009, when UBS acquired the index from AIG. **Core Personal Consumption Index (PCE)** measures the changes in the price of goods and services purchased by consumers for the purpose of consumption, excluding food and energy. Prices are weighted according to total expenditure per item. **The S&P 500 Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. **Morningstar Macro Trading Category** is a category of funds that use a variety of methods to identify investment opportunities. These funds consider macroeconomic factors like interest rates, inflation, and government policies. They may invest in a wide range of assets, including bonds, currencies, commodities, and equities. **CBOE Volatility Index** is the Chicago Board Options Exchange 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." **MSCI World Index** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. **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 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 invests in foreign investments and foreign currencies which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Investing in commodities may subject the Fund 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. The Fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks, and, depending upon the characteristics of a particular derivative, suddenly can become illiquid. 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 Fund 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 Fund. 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. 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. The Fund may use leverage which may exaggerate the effect of any increase or decrease in the value of portfolio securities or the Net Asset Value of the Fund, and money borrowed will be subject to interest costs.

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