

# Dynamic Opportunity Fund

March 31, 2025

## First Quarter Commentary

### Market Commentary

The inauguration of President Trump in the beginning of the first quarter was quickly followed with a multitude of executive orders and talks about tariffs. The market reaction was positive initially as equity markets, as measured by the S&P 500 Index, rallied +2.78% in January, despite a selloff in mega cap technology stocks later in the month on a report from China's DeepSeek regarding significantly cheaper AI models. February was marked by tariff announcements and weaker-than-expected economic news and signaled the beginning of a selloff in global equities. In March, tariff talks grew more serious, markets reacted very strongly, and the selloff in equities was amplified.

The U.S. jobs market showed mixed signals once again in Q1. January and February non-farm payrolls came in lower than expected, but March surprised to the upside. The March report showed an increase in non-farm payrolls of 228,000, up from 117,000 in February and well above the 140,000 estimated. The unemployment rate remains quite low, slightly increasing to 4.2% from 4.1% in the previous quarter. While inflation has fallen dramatically from its peak, it still remains stubbornly above the Fed's 2% target. CPI rose +2.8% year-over-year in February, increasing +0.2% from January, but lower than the +3.0% annual rate posted in January. The Fed's preferred inflation index, the Personal

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## First Quarter 2025 Performance

LoCorr Dynamic Opportunity 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 Equity Cat.
-5.48%	-4.27%	-0.80%	-1.21%	-4.68%

### Performance Summary | As of 3/31/25

	1Q25	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Class A - LEQAX	-5.55%	-5.55%	3.53%	0.71%	9.01%	3.52%	3.07%
Class A - LEQAX (load)	-10.98%	-10.98%	-2.44%	-1.27%	7.72%	2.91%	2.56%
Class C - LEQCX	-5.68%	-5.68%	2.71%	-0.02%	8.19%	2.76%	2.30%
Class C - LEQCX (load)	-6.63%	-6.63%	2.71%	-0.02%	8.19%	2.76%	2.30%
Class I - LEQIX	-5.48%	-5.48%	3.76%	0.99%	9.30%	3.81%	3.34%
MStar L/S Equity Cat	-0.80%	-0.80%	3.90%	4.81%	8.79%	4.25%	4.51%
Russell 2000 Index	-9.48%	-9.48%	-4.01%	0.52%	13.27%	6.30%	7.74%
S&P 500 Index	-4.27%	-4.27%	8.25%	9.06%	18.59%	12.50%	13.00%

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 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 or CDSC been included, the Fund's returns would be lower. The Fund's gross expense ratio is 2.53% for Class A; 3.28% for Class C; and 2.28% for Class I. Performance figures one year and greater are annualized.

\*The Fund commenced operations on May 10, 2013.

*Commentary continued.*

Consumption Expenditures Index (PCE), rose +2.5% year-over-year in February, in line with the +2.5% increase in January, and still above the Fed's 2% target.

The bond market rose as the Bloomberg U.S. Aggregate Bond Index finished the quarter with a +2.78% gain as tariff announcements and trade war fears caused a risk-off move. However, inflationary pressure from the aforementioned tariffs and potential trade war fallout with the U.S. government has seemingly limited the rally in U.S. debt. The 10-year Treasury yield fell approximately -35 bps, finishing the quarter at 4.28%. Globally, the story was different as the 10-year German Bund and the 10-year Japanese Government Bond yields both rose approximately +30 bps and +40 bps, respectively.

In the first quarter, value stocks outperformed growth stocks, as the Russell 1000 Value Index rose +2.14% while the Russell 1000 Growth Index fell -9.97%. This type of dispersion was also evident in the S&P 500 Index, with seven out of the eleven sectors ending in the black and five in the red. The largest gains came from the Energy and Health Care sectors, up +10.21% and +6.54%, respectively. The weakest sectors were Consumer Discretionary and Technology, which concluded the quarter down -13.80% and -12.65%, respectively.

### Portfolio Commentary

LoCorr Dynamic Opportunity Fund, Class I share (the "Fund") ended the first quarter with a negative return for the period, down -5.48%, outperforming the Russell 2000 Index, down -9.48%, and underperforming the Morningstar Long-Short Equity category and S&P 500 Index which finished down -0.80% and -4.27%, respectively. The Fund experienced a difficult quarter as equities were driven down, headlined by tariff and inflation risks.

The Fund closed the quarter with a net loss in its long book and a net gain from shorts. A long position in Allegro MicroSystems, Inc. (0.43% of the Fund as of 3/31/2025), a designer and manufacturer of advanced semiconductor solutions, gained in the quarter, including nearly +15% in one day following news of a potential acquisition by ON

Semiconductor. A long position in AT&T Inc. (0.00% of the Fund as of 3/31/2025), a telecommunication and technology services provider, rose over +23% in the quarter after beating earnings expectations along with the expansion of its fiber-optic network. A long position in TKO Group Holdings, Inc. (0.00% of the Fund as of 3/31/2025), a sports and entertainment operator, rounded out the top three long contributors. The majority of TKO Group Holdings, Inc.'s gains were made in January and the early part of February as the company continued to realize synergies from previous acquisitions along with the continued expansion of its partnerships, including one with Monster Energy. Positions in Miller Industries, Inc. (-0.26% of the Fund as of 3/31/2025), a manufacturer of towing and recovery equipment, Five Below, Inc. (-1.05% of the Fund as of 3/31/2025), a clothing and personal care discount retailer, and Williams-Sonoma, Inc. (0.00% of the Fund as of 3/31/2025), a high-end retailer of various home products, were the top three short contributors. All three consumer discretionary stocks were negatively impacted by fears of inflationary pressure due to tariffs. The Fund's sub-adviser, Kettle Hill, showed its ability to capitalize on companies in this sector given macroeconomic conditions.

A long position in Victoria's Secret & Co. (0.00% of the Fund as of 3/31/2025), a global women's apparel and beauty products retailer, led all detractors, falling over -54% driven by a lower-than-expected sales forecast, weaker consumer demand, and the upcoming retirement of their Chief Financial and Chief Administrative Officer. A long position in Cable One, Inc. (0.00% of the Fund as of 3/31/2025), an internet and cable telecommunications provider, was the next-largest detractor, dropping over -27% in the quarter due to concerns over the company's growth prospects along with increased competition in the fiber space. Kettle Hill exited both of these positions during the quarter.

Net exposure ranged from approximately 28% to 69% throughout the quarter and ended the period near the bottom of the range, at approximately 32%, showing Kettle Hill's willingness to tactically shift exposure based on their view of the rapidly changing market dynamics.

As of the most recent prospectus the Fund's total annual operating expenses after fee waiver is 2.47% for Class A; 3.22% for Class C; and 2.22% 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 1.99% for all share classes, net of contractual fee waiver through April 30, 2025.

**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. **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. **Consumer Price Index (CPI)** measures inflation by tracking the changes in prices paid by consumers for a basket of goods and services over time. **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 1000 Value Index** refers to a composite of large and mid-cap companies located in the United States that also exhibit a value probability. The Russell 1000 Value is published and maintained by FTSE Russell. **Russell 1000 Growth Index** refers to a composite that includes large and mid-cap companies located in the United States that also exhibit a growth probability. The Russell 1000 Growth is published and maintained by FTSE Russell. **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. **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). **Russell 2000 Value Index** measures the performance of the smallcap value segment of the US equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). **Personal Consumption Expenditures 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 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 1.855.LCFUNDS or by visiting [www.LoCorrFunds.com](http://www.LoCorrFunds.com). Read carefully before investing.*

**Mutual Fund investing involves risk. Principal loss is possible. The Fund 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. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. 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. The Fund 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 Fund. Small and mid-sized companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group.**

**Diversification does not assure a profit nor protect against loss in a declining market.**

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