

Dynamic Opportunity Fund

December 31, 2022

Fourth Quarter Commentary

Market Commentary

While the final quarter of 2022 started strong on the hopes of a dovish Federal Reserve ("Fed") and the possibility of a soft landing, doubts reemerged in December, pushing markets lower. The Fed continued its hawkish posture in response to surging prices, raising the federal funds rate by three-quarters of a point in November and by half of a point in December. These moves now place the target federal funds range at 4.25% - 4.50%.

While many areas of the economy are expected to slow, the U.S. jobs market remained resilient, adding 261,000 and 263,000 new jobs in October and November, respectively. Moreover, November marked the 23rd month in a row of job gains. However, after hitting a post-pandemic low unemployment rate of 3.5% this summer, the rate ticked up modestly to

3.7% in the period. The robust job market has continued in an unrelenting fashion despite the Fed's attempts to slow the economy. While prices of household goods remained elevated, gas prices moderated in the fourth quarter, after a steep decline in the prior period.

While volatile, global equity prices rose during the quarter. The S&P 500 Index was up +7.56%, closing the year down -18.11%, its worst calendar year return since the 2008 Financial Crisis. Equities rebounded significantly in October, up +8.10%, and up +5.59% in November, but this unsupported optimism aided the December pullback, down -5.76%. The CBOE Volatility Index, commonly referred to as the market's fear gauge, rose to 33.63 on October 11th, up more than

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Fourth Quarter 2022 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.
3.37%	7.56%	5.06%	-4.19%	-1.69%

Average Annual Total Returns

As of December 31, 2022

	4Q22	YTD	1-Year	3-Year	5-Year	Since Inception*
Class A - LEQAX	3.28%	-9.18%	-9.18%	2.53%	1.26%	2.92%
Class A - LEQAX (load)	-2.65%	-14.38%	-14.38%	0.53%	0.07%	2.92%
Class C - LEQCX	3.06%	-9.80%	-9.80%	1.74%	0.51%	2.15%
Class C - LEQCX (load)	2.06%	-9.80%	-9.80%	1.74%	0.51%	2.15%
Class I - LEQIX	3.37%	-8.80%	-8.80%	2.82%	1.56%	3.20%
S&P 500 Index	7.56%	-18.11%	-18.11%	7.66%	9.42%	11.39%
MStar L/S Equity Category	5.06%	-8.35%	-8.35%	2.87%	2.60%	3.44%
Russell 2000 Index	6.23%	-20.44%	-20.44%	3.10%	4.13%	7.76%

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 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 3.91% for Class A; 4.66% for Class C; and 3.66% for Class I.

*The Fund commenced operations on May 11, 2013.

Commentary continued.

100% from the beginning of the year. Investors became increasingly skittish in response to growing recessionary risk, as fear surrounding the aforementioned potential Fed policy error swelled. The continuation of rising interest rates and recessionary concerns would pressure growth and high-valuation stocks while value and more defensive sectors along with commodity stocks would perform better on a relative basis.

In the fourth quarter, value stocks strongly outperformed growth stocks as the Russell 1000 Value Index rose +12.42% while the Russell 1000 Growth index gained just +2.20%. Ten of the eleven S&P 500 sectors were positive in the quarter, led by the Energy and Industrial sectors, up +22.86% and +19.22%, respectively. The Consumer Discretionary sector was hit the hardest, down -9.09%.

Portfolio Commentary

LoCorr Dynamic Opportunity Class I share (the "Fund") ended the year with a positive return over the fourth quarter, up +3.37% and just slightly behind the Morningstar Long-Short Equity category which was up +5.06%. Net exposure at quarter end was approximately 38% long, which remains within its normal range.

Owing to the general upward movement in risk-assets, the Fund posted a gain in its long book and a net loss from short positions. On the long side, holdings in the Healthcare and Communication Services sectors were the strongest performers. A long position in Neuronetics Inc. (1.29% of the Fund as of 12/31/2022), a healthcare company that develops non-invasive

treatments for psychiatric disorders, was profitable as the stock traded higher after reporting strong revenue growth. Netflix Inc. (2.21% of the Fund as of 12/31/2022), a subscription video on-demand streaming service, moved higher after releasing its ad-supported subscription tier in November. The Fund's long book did have some losses in quarter four, the largest of which came within the Industrials sector. Enovix Corporation (1.16% of the Fund as of 12/31/2022), a developer and producer of silicon-anode lithium-ion batteries, detracted after reporting weaker-than-expected revenue.

The Fund's short book saw a slightly negative return, due in part to the aforementioned upward move in risk-assets. Most profitable of the short positions was Zscaler (-0.70% of the Fund as of 12/31/2022), a cloud security company, which declined in December, tracking the downward trend in technology-related stocks. An opportunistic short position that has since been exited in Tesla Inc. (0.00% of the Fund as of 12/31/2022), a designer and manufacturer of electric vehicles, was a positive contributor after the stock sold off due to a production shutdown at its Shanghai facility along with concerns regarding CEO Elon Musk's acquisition of the social media company Twitter. The Fund's short book also benefited from a position in Proto Labs (0.00% of the Fund as of 12/31/2022), a company that provides rapid manufacturing for prototyping and short-run production, as the stock declined after reporting disappointing revenue.

At the end of the quarter, the target allocation to each sub-adviser was:

- Kettle Hill Capital Management: 50%
- Millrace Asset Group: 50%

On December 2, 2022, the Dynamic Equity Fund was renamed to Dynamic Opportunity Fund.

As of the most recent prospectus the Fund's total annual fund operating expenses after fee waiver is 2.68% for Class A; 3.43% for Class C; and 2.43% 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, 2023.

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." **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 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 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 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.

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. Read 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 political, economic and currency risks, greater volatility and differences in accounting methods. This risk is increased for emerging markets. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. 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. 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. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer term debt securities. Investing in ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Funds ability to sell its shares. The Fund can invest in small- and medium-capitalization companies, which tend to have limited liquidity and greater price volatility than large-capitalization companies. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities.

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