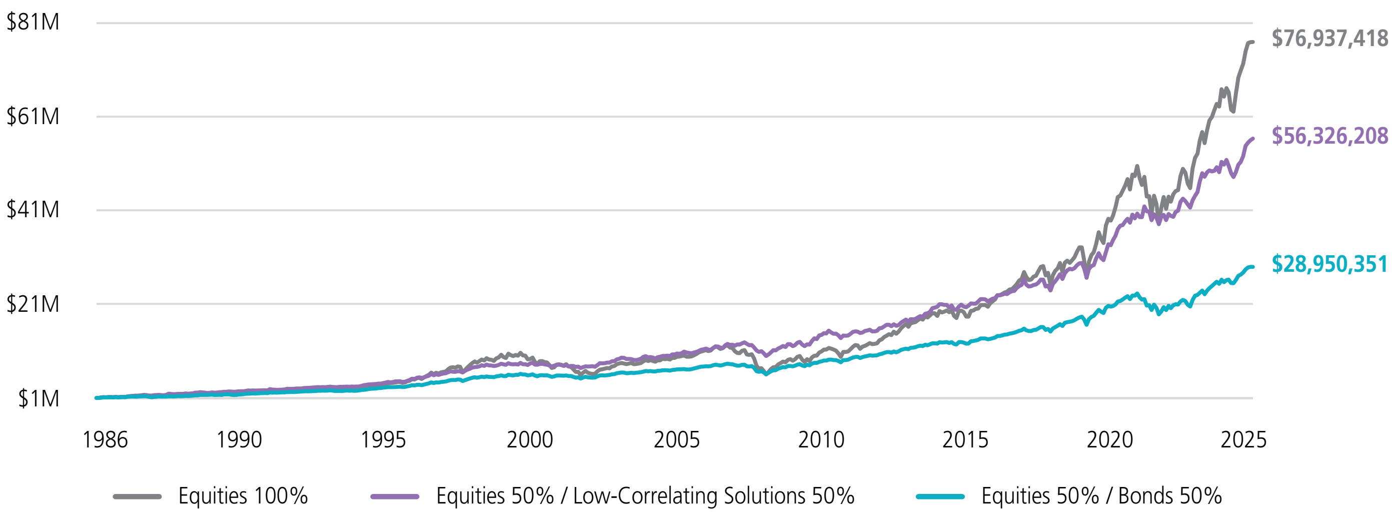
LoCorr Chart Series

How to Diversify Equities

A portfolio of equities can be diversified by adding strategies with low correlation between the assets. Recently, stock and bond correlation has become significantly positive (i.e., moving together) mitigating the diversification benefits once offered by bonds. To address this, low-correlating solutions can be added to the portfolio. As shown below, a 50/50 portfolio split between equities and low-correlating solutions, grew a hypothetical $1M investment to approximately $56M far outperforming the portfolio that used bonds for "diversification".

Growth of a Hypothetical $1 Million Investment | January 1986 – December 2025



Key Takeaways

- Strategic asset allocation is instrumental to the success of a portfolio.
- Correlation between assets is essential in the portfolio construction process.
- Splitting an allocation evenly between stocks and low-correlating solutions has historically provided a better return than a 50% stock/50% bond allocation.

Source: LoCorr Fund Management and Morningstar Direct. Calculated using monthly data. Equities represented by the S&P 500 Index, Bonds by Bloomberg U.S. Aggregate Bond Index, Low-Correlating Solutions by CISDM CTA Index. This is a hypothetical example intended for illustrative purposes only. Index performance is not illustrative of Fund performance. One cannot invest directly in an index. **Past performance is not a guarantee of future results.**

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.**

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice. There can be no guarantee that any strategy will be successful.

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.

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. Securities in the Funds do not match those in the indexes and performance of the Funds will differ. It is not possible to invest directly in an index. For current Fund performance, please visit https://locorrfunds.com/investment-solutions/mutual-funds/.

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

Correlation measures how much the returns of two investments move together over time. **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. **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. **CISDM CTA Index** is designed to broadly represent the performance of all CTA programs in the Morningstar database that meet the inclusion requirements.

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. 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.