LoCORR FUNDS
SEEKING A **BETTER** WAY TO DIVERSIFY

4Q22 Commentary

Long/Short Commodities Strategy 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.

The Bloomberg Commodity Index rose +2.22% over the quarter, closing out 2022 up +16.09%. A lack of investment in commodities over the past decade, coupled with surging demand following the pandemic shutdowns, contributed to the massive rise in prices which was exacerbated by the Russian invasion of Ukraine. In December, China announced its shift away from a strict zero-Covid policy, which is expected to add even more demand back into global commodity markets. The U.S. Dollar ("USD") fell over -7% against a basket of major currencies in the fourth quarter, providing some relief to the strong USD uptrend that has persisted since the start of 2021. A weaker USD typically creates a tailwind for commodity prices, which tend to move inversely to the greenback.

Energy markets were mixed during the quarter as volatility remained elevated and investors balanced recessionary fears and geopolitical events. Prices across the oil complex rose, while markets like natural gas and power declined. West Texas Intermediate crude climbed +4.88%, while distillates such as unleaded gas and heating oil rose +12.76% and +14.58%, respectively. On the other hand, natural gas declined around -36% as winter weather has been mild enough thus far to allow for gas inventories to rebalance, pushing prices lower.

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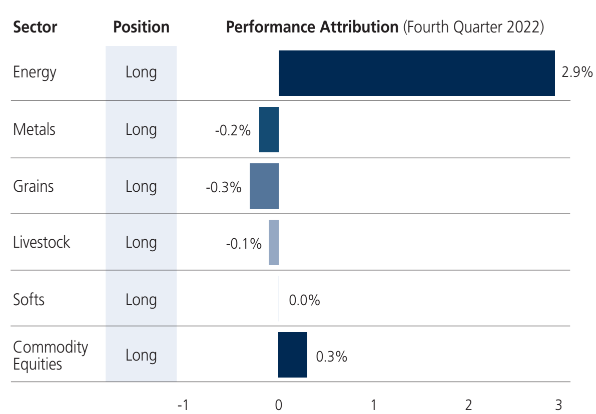
Average Annual Total Returns

As of December 31, 2022

	4Q22	YTD	1-Year	5-Year	10-Year	Since Inc*
Class A - LCSAX	2.54%	5.84%	5.84%	7.48%	7.27%	4.87%
Class A - LCSAX with Load	-3.39%	-0.29%	-0.29%	6.22%	6.63%	4.31%
Class C - LCSCX	2.39%	5.03%	5.03%	6.67%	6.45%	4.06%
Class C - LCSCX with Load	1.46%	5.03%	5.03%	6.67%	6.45%	4.06%
Class I - LCSIX	2.61%	6.06%	6.06%	7.75%	7.54%	5.13%
ICE BofAML 3-M T-Bill Index	0.91%	1.49%	1.49%	1.31%	0.79%	0.73%

Exposure and Attribution by Sector

As of 12/31/22 (subject to change)



**As of January 1, 2012 (the Fund commenced operations on January 3, 2012). The Fund's gross expense ratio is 2.47% for Class A; 3.22% for Class C; and 2.22% for Class I. Expense cap: 2.20% (A), 2.95 (C), 1.95% (I). The Fund's expense cap listed here includes the 12b-1 distribution and/or servicing fees per share class, but excludes taxes, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, indirect 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 will not exceed 1.95%/daily average net assets attributable to each class of the Fund, as stated above, net of contractual waiver through April 30, 2023. Net expense ratios (operation expenses after fee waiver) are as of the Fund's most recent prospectus and were applicable to investors.*

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 been included, the Fund's returns would be lower.

Commentary continued.

In agricultural markets, performance was also mixed. Within the grains sector, the price of soybeans rose +11.57% because adverse weather affected the crop yield, while wheat prices dropped -15.30%, partially due to Ukraine resuming its grain exports in the Black Sea. Markets within the softs sector had a similar dislocation, with sugar climbing +14.51% on tightening supply conditions as India and Brazil cited harvest concerns, while coffee prices fell -22.34%, weighed down by expectations that a global economic downturn will hurt demand.

Metal markets generally rallied during the quarter, reflecting enthusiasm around China's re-opening as it shifts away from a strict zero-Covid policy. Within industrial metals, copper surged +13.05% as demand for the red metal typically heats up when the outlook for Chinese economic activity improves. Nickel prices also continue to rise, surging another +42.56% this quarter, as Chinese demand is expected to return and the London Metal Exchange hiked initial margin on nickel by +28%, making it more difficult to short in response to the "short squeeze" fiasco earlier this year. Within precious metals, the platinum market rallied +27.01%, marking its largest quarterly increase since the first quarter of 2008.

Performance Overview

The LoCorr Long/Short Commodities Strategy Fund Class I share (the "Fund") gained +2.61% during the quarter, outpacing the Bloomberg Commodity Index by 39 basis points and the Morningstar Systematic Trend category by +7.71%. As a long/short strategy which also provides exposure to relative value trading, we do not expect the Fund to outperform long-only commodities during a sharp bull market rally, but over the long-term we seek to generate strong absolute returns with reduced volatility and smaller drawdowns. During the worst of the intra-quarter sell-off in stocks from 12/1/22 – 12/28/22, the Fund gained +0.59% as the S&P corrected by -7.16%. During the quarter, the strongest contributions for the Fund were from the energy sector, with very modest contributions also coming from commodity equities, and the softs sector. These gains were somewhat offset by losses in grains, metals, and livestock trading.

Energy trading generated the majority of the Fund's fourth quarter profits, with the largest gains coming from the natural gas market. These profits were generated from an overall bearish posture which was expressed through a mixture of directional short positions and a number of calendar spread positions, as near-term contracts fell more precipitously than deferred contracts in both Europe and the United States. Gasoline RBOB and heating oil were also significant contributors, which were partially offset by losses in London gasoil, carbon emissions, and coal.

Commodity equities was the next largest contributing sector, although the gains were quite modest. The materials sector provided the largest returns, led in large part by metals mining companies. As previously noted, fourth quarter metal prices generally rose across the complex. This was a benefit to metals miners, which tend to be more sensitive to underlying commodity prices than other sectors do.

Throughout the quarter, the grains sector detracted the most from the portfolio, though losses were small and effectively washed out by similar-sized gains in commodity equities. The main detractor from grains performance was soybeans, as prices moved against the Fund's net short directional positions and bearish calendar spread positions.

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.

ICE BofAML 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. **Bloomberg Commodity Index (BCOM)** 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 (DJ-AIGCI) and renamed to Dow Jones-UBS Commodity Index (DJ-UBSCI) in 2009, when UBS acquired the index from AIG. **WTI West Texas Intermediate** is crude oil that is produced, refined, and consumed in North America. It is not possible to invest directly in an index. **Reformulated Gasoline Blendstock for Oxygen Blending** (RBOB) is the term given to unleaded gas futures. **Morningstar Systematic Trend Category** is an average monthly return of all funds in the Morningstar Systematic Trend Category. These funds typically take long and short positions in futures options, swaps, and foreign exchange contracts, both listed and over-the-counter, based on market trends or momentum. A majority of these funds follow trend-following, price-momentum strategies. **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.

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 an individual investment's volatility than a diversified fund. The Fund invests in foreign investments 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 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. The Fund may invest in derivative securities, which derive their performance from the performance of an underlying asset or index. 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 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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