

# Market Trend 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. The Consumer Price Index 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 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.

U.S. equities declined in the first quarter. The S&P 500 Index was down -4.27%, with most of the losses coming in March. The CBOE

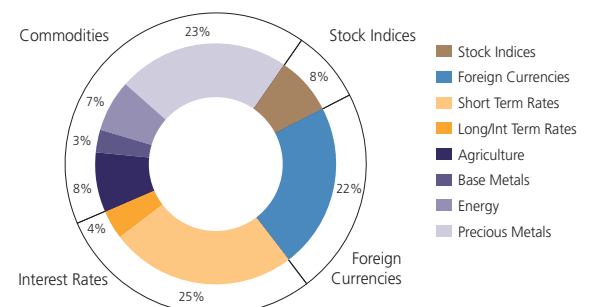
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## Performance Summary As of March 31, 2025

	1Q25	YTD	1 Year	5 Year	10 Year	Since Inception*
Class A - LOTAX	-2.28%	-2.28%	-11.67%	6.05%	1.35%	3.83%
Class A - LOTAX with load	-7.91%	-7.91%	-16.77%	4.80%	0.75%	3.26%
Class C - LOTCX	-2.43%	-2.43%	-12.31%	5.28%	0.59%	3.06%
Class C - LOTCX with load	-3.41%	-3.41%	-12.31%	5.28%	0.59%	3.06%
Class I - LOTIX	-2.19%	-2.19%	-11.44%	6.33%	1.60%	4.09%
ICE BofAML 3M T-Bill Idx	1.06%	1.06%	4.93%	2.56%	1.89%	1.76%
SG Trend Index	-4.54%	-4.54%	-12.61%	6.29%	2.19%	4.54%

## Trend Strategy Sector Allocation Average for 1Q25

(Subject to change and measured by average standalone VaR during the quarter.)<sup>1</sup>



\*June 30, 2014. The Fund's total annual fund operating expenses are 2.00% for Class A; 2.75% for Class C; and 1.75% for Class I.

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. Short term performance, in particular, is not a good indication of the Fund's future performance, and an investment should not be made based solely on returns. 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). Performance figures one year and greater are annualized. Had the sales charge been included, the Fund's returns would be lower.

*Commentary continued.*

Volatility Index, commonly referred to as the market's fear gauge, stayed below 20 for the majority of the quarter until spiking to 27.86 in mid-March due to tariff announcements. The market-cap skew that has been present in recent years continued this quarter as the Russell 2000 Index underperformed large cap stocks by -5.21%. The S&P 500 Equal Weight Index was down -0.61% in Q1, outperforming the cap-weighted S&P 500 by +3.66%. Global stocks also outperformed the S&P 500 Index during the quarter as the MSCI World Index detracted -1.79%.

The Bloomberg Commodity Index rose significantly in the quarter, gaining +8.88%. The U.S. Dollar ("USD") weakened precipitously in Q1 which propelled most commodities markets in the quarter. The Index finished the quarter with strong gains as tariff headlines created inflationary pressure. Gold reached all-time highs as investors flocked to the safe haven asset. The metal finished up +18.21% in the quarter as measured by the Bloomberg Gold Subindex. Copper and Tin each also rose over +25%. Crude oil, as measured by the Bloomberg WTI Crude Oil Subindex, rose by +2.12%, though has been range-bound for the past two years. Livestock also was a positive contributor, while the grains sector was the only detractor in the commodity complex.

In currency markets, the USD fell significantly against a basket of major currencies, down -3.94%. The move lower in the greenback can be attributed to the inflationary pressures caused by the tariff announcements coming from the Trump administration.

### **Performance Overview**

The LoCorr Market Trend Fund, Class I share (the "Fund") was down -2.19% in the quarter versus a -4.54% loss for the SG Trend Index and the -4.27% loss for the S&P 500 Index. The Fund's losses were concentrated in currencies, interest rates, energy, and agriculture. These losses were somewhat offset by profitable trading in metals and equities.

Trading in equity indices was a positive contributor in Q1. The strong rally in European equities throughout the quarter benefited long positions, specifically in the German DAX and Euro Stoxx indexes, while the drop in U.S. stocks during the quarter negatively impacted the Fund's long positions in the S&P 500 and NASDAQ 100 indexes. The Fund maintained a consistent long posture in U.S., European, and Asian equities throughout most of the quarter but finished with a slight short position in the U.S.

Commodity trading was a modest detractor in the quarter as trading losses in energy products and agriculture were mostly offset by gains in metals. Within energy products, the Fund posted its largest losses from long heating oil positions. The Fund also posted losses in agricultural commodities. Grains markets accounted for most of the losses within the agriculture sector, specifically short soybean oil and long corn positions. Gains in metals partially offset the losses in other commodity sectors. The gains were concentrated mainly within precious metals, specifically long gold exposure. The Fund ended the period with a short position in grains, while energy, precious metals, base metals, and softs were long.

The U.S. Dollar fell against a basket of foreign currencies in every month during the quarter. The Fund was long the Dollar for most of this period resulting in losses in the asset class. The largest gains came from short Euro and Japanese Yen. The Fund ended the period with a slight net short foreign currency and long USD position. Short exposure steadily decreased throughout the quarter.

The drop in U.S. interest rates was a headwind for the Fund during the quarter as long-term U.S. bond exposure was unprofitable. Trading in the Japanese 10-year Government Bond was profitable while short exposure in Europe was a negative contributor, particularly the Euro Schat and Euro Bund. Although the Fund maintained a short posture in Europe for the duration of the quarter, it ultimately ended the period with a small, long position in the U.S.

<sup>1</sup>LoCorr also holds cash, cash equivalents and fixed income securities, which are excluded from the Market Trend risk allocation shown. The sector risk allocation is measured by the average standalone VaR during the quarter. 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 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. **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. **Consumer Price Index (CPI)** measures inflation by tracking the changes in prices paid by consumers for a basket of goods and services over time. **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. **EURO STOXX 50 Index** is a blue-chip index designed to represent the 50 largest companies in the eurozone. **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. **MSCI World Index** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. **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 Russell 2000** serves as a benchmark for small-cap stocks in the United States. **SG Trend Index** is a subset of the SG CTA Index, and follows traders of trend following methodologies. The SG CTA Index is equal weighted, calculates the daily rate of return for a pool of CTAs selected from the larger managers that are open to new investment. **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. **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." **German DAX Index** (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Prices are taken from the Xetra trading venue. **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. **NASDAQ 100** is a stock market index made up of 103 equity securities issued by 100 of the largest non-financial companies listed on the NASDAQ stock market. It is a modified capitalization-weighted index.

Performance data for the Class A Shares does not reflect the 1.00% CDSC, which only applies to certain no-load transactions of \$1 million or greater.

*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 investment company, and it may be obtained by calling 1.855.LCFUNDS, or visiting [www.LoCorrFunds.com](http://www.LoCorrFunds.com). Read it 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. 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. 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 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.**

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

One cannot invest directly in an index.

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