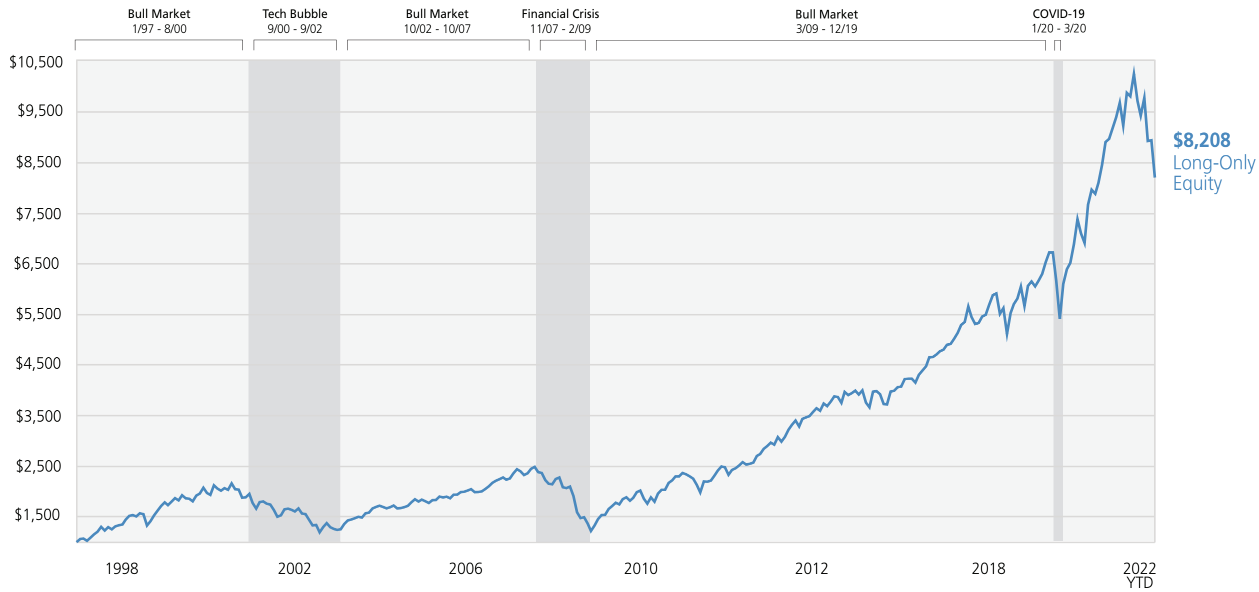
## Investing in Equities

Equities are well-known investments that have been a core holding in investor portfolios for decades. Over the last 25 years, equities (such as U.S. stocks), have provided an average annual return of 8.6%. However, as the chart below illustrates, with this performance often comes significant volatility. This has led investors to search for new opportunities that might allow them to better limit the downside while still participating in the return potential of the upside.

**Growth of a Hypothetical $1,000 Investment -** January 1, 1997 to June 30, 2022




Time period 1/1/97-6/30/22. Long-only Equity is represented by S&P 500 TR Index. **Past performance is not a guarantee of future results. The referenced indices are shown for general market comparisons and are not meant to represent the Fund.** One cannot invest directly in an index. Fund performance may be obtained by calling 1.855.LCFUNDS (1.855.523.8637). Source: Morningstar Direct.

## Potentially a Better Way to Diversify

A long/short equity strategy takes long positions in stocks that are expected to increase in value and short positions in stocks that are expected to decrease in value. With this approach, an investor has the potential to capture much of the market upside while limiting downside loss. Since 1997, there have been five years where the S&P 500 Index produced negative returns. As shown in the chart below, during those same five years a long/short equity strategy presented a stronger return by experiencing only 21.28% of the downside. As a result of limiting the downside, investing in a long/short equity strategy provides the potential for reduced volatility.

**Upside/Downside Capture – January 1, 1997 - June 30, 2022**

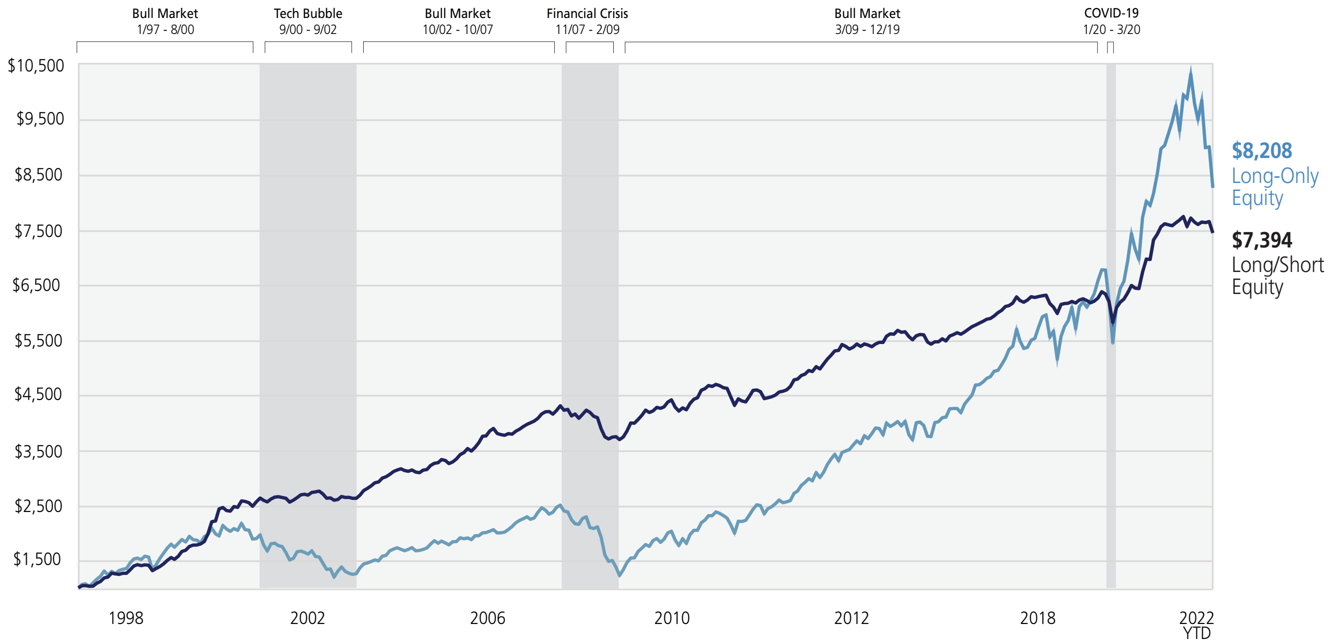
| S&P 500 - 199 Up Months | |
|---|---|
| Long-Only Equity Average Annual Return | 3.31% |
| Long/Short Equity Average Annual Return | 1.48% |
| Capture Ratio | 44.64% |

| S&P 500 - 107 Down Months | |
|---|---|
| Long-Only Equity Average Annual Return | -4.00% |
| Long/Short Equity Average Annual Return | -0.85% |
| Capture Ratio | 21.28% |

The reference to indices are shown for general market comparisons and are not meant to represent any Fund. Long-Only Equity refers to S&P 500 TR Index, Long/Short Equity refers to Barclay Long/Short Equity Index. Barclay Long/Short Equity Index inception date 1/1/1997. Up Capture compares an investment's performance against its benchmark during periods when the benchmark's performance is positive, while Down Capture compares the investment's performance against the benchmark during periods when the benchmark's performance is negative. A value of greater than 100% indicates that the investment captured more return than the benchmark (this is a positive for Up Capture, however, a negative for Down Capture). Conversely, a value less than 100% means the investment captured less return than its benchmark (a positive for Down Capture, but a negative for Up Capture). Source: LoCorr Funds and Morningstar Direct.

## Potential for Enhanced Risk Adjusted Returns and Lower Volatility

History shows that long/short equity strategies have often outperformed the long-only S&P 500 Index in both bull markets and crisis periods. As shown below, long/short equities have historically achieved better risk-adjusted performance over market cycles than long-only strategies, with significantly lower volatility than long-only equity.




**Characteristics** - January 1, 1997 - June 30, 2022

| | Annualized Return | Sharpe Ratio | Beta | Standard Deviation | Max Drawdown |
|---|---|---|---|---|---|
| **Long/Short Equity** | 8.16% | 0.90 | 0.31 | **6.89** | **-14.24%** |
| **Long-Only Equity** | 8.61% | 0.49 | 1.00 | **15.47** | **-50.95%** |

Past performance is not a guarantee of future results. The referenced indices are shown for general market comparisons and are not meant to represent any Fund.

Period: 1/1/1997-6/30/22. Long/Short Equity refers to Barclay Long/Short Equity Index; Long-only Equity refers to S&P 500 Total Return Index. Crisis periods are defined as periods of time when the S&P 500 TR Index experienced a max drawdown of 25% or more. Source: Morningstar Direct.

**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. **Barclay Long/Short Equity Index** involves equity-oriented investing on both the long and short sides of the market. The objective is not to be market neutral. Managers have the ability to shift from value to growth, from small to medium to large capitalization stocks, and from a net long position to a net short position. Managers may use futures and options to hedge. The focus may be regional or sector specific. **Standard Deviation** is the statistical measurement of dispersion about an average, which depicts how widely a portfolio's returns varied over a certain period of time. When a portfolio has a high standard deviation, the predicted range of performance is wide, implying greater volatility. **Max Drawdown** is an indicator of the risk of a portfolio chosen based on a certain strategy. It measures the largest single drop from peak to bottom in the value of a portfolio (before a new peak is achieved). **Beta** measures the sensitivity of a stock's return relative to the return of a selected market index. When beta is greater than one, it means a stock will rise or fall more than the market. **Sharpe Ratio** measures the amount by which a set of values differs from the arithmetical mean, equal to the square root of the mean of the differences' squares.

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

*The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory 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 may be non-diversified, meaning they may concentrate assets in fewer individual holdings than a diversified fund. Therefore, the Funds may be more exposed to individual stock volatility than a diversified fund. The Funds invest in foreign investments and foreign currencies which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. The Funds may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in small- and medium-capitalization companies involve additional risks such as limited liquidity and greater volatility. Investments in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. ETF investments are subject to investment advisory and other expenses, which will be indirectly paid by the Funds. As a result, the cost of investing in the Funds will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in stocks and bonds. ETFs are subject to specific risks, depending on the nature of the ETF.**



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