

60/40 → 60/20/20

The **diversification benefits** from blending equity and fixed income investments disappear when they become positively correlated. Many investors are seeking other ways to diversify.

Low-correlating strategies typically do not move in the same ways as traditional stock and bond investments – and have the potential to profit when stocks or bonds are declining.

Portfolios need opportunities for **growth and diversification**. The time may be right to reconsider how those diversifying assets are allocated.

Equities

Growth assets are often critical to help meet your clients' goals, but the risk involved in the equity market can potentially impede that vision. Diversifying assets are designed to offset that risk.

Fixed Income

Bonds have been the traditional diversifying asset class and have historically performed differently than equities, providing some portfolio balance. However, bonds may no longer provide the diversification seen in the past, and may not be able to contribute to a portfolio as much as they have historically.

Low-Correlating Assets

Low-correlating assets offer another layer of diversification and a differentiated return stream. They can help add balance to a portfolio and seek to provide a smoother ride.

By considering the opportunities of low-correlating strategies, you can potentially achieve the diversification you need now and for the future.

Using this correlation chart, consider the effect that reducing exposure to the yellow zone, and increasing exposure in the green zone may have on the portfolios you manage. What is the effect?

Correlation Chart | July 2014 - March 2025

Annualized

Index/Fund	Vanguard 500	Vanguard Mid Cap	Vanguard Sm Cap	Vanguard FTSE	Vanguard Em Mkt	Vanguard Intl. Bond	Vanguard Bond Mkt	Vanguard ST Bond	LFMIX	LCSIX	LOTIX	Return	St. Dev.
Vanguard 500 Index Investor	1.00											12.15%	15.06%
Vanguard Mid Cap Growth	0.91	1.00										7.83%	18.85%
Vanguard Small Cap Growth	0.89	0.97	1.00									7.37%	19.81%
Vanguard FTSE All-World	0.84	0.76	0.75	1.00								4.41%	14.78%
Vanguard Emerging Mkt Stock	0.66	0.59	0.60	0.88	1.00							3.34%	16.14%
Vanguard Total Intl. Bond	0.42	0.44	0.42	0.38	0.30	1.00						2.20%	4.22%
Vanguard Total Bond Mkt	0.36	0.39	0.37	0.44	0.37	0.86	1.00					1.68%	4.95%
Vanguard Short-Term Bond	0.23	0.24	0.23	0.34	0.29	0.77	0.92	1.00				1.72%	2.22%
LoCorr Macro Strategies (LFMIX)	-0.03	-0.04	-0.03	-0.11	-0.07	-0.13	-0.19	-0.22	1.00			4.21%	8.17%
LoCorr L/S Commodities (LCSIX)	-0.15	-0.10	-0.13	-0.20	-0.22	-0.08	0.04	0.02	0.20	1.00		6.01%	7.80%
LoCorr Market Trend (LOTIX)	0.07	0.04	0.05	-0.03	-0.02	-0.16	-0.21	-0.28	0.82	0.13	1.00	4.09%	13.09%

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 for LoCorr Funds or 877.320.6390 for Vanguard Funds. Investment performance reflects contractual fee waivers in effect. In the absence of such waivers, total return would be reduced. Calculated using monthly returns.

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Performance Summary | As of March 31, 2025

	YTD	1-Year	5-Year	10-Year	Since Inception
Vanguard 500 Index Investor	-4.31%	8.10%	18.43%	12.35%	11.32%
Vanguard Mid Cap Growth	-9.81%	-3.98%	11.28%	7.07%	9.50%
Vanguard Small Cap Growth	-9.93%	-2.83%	11.48%	7.31%	8.53%
Vanguard FTSE All-World	5.95%	6.70%	11.50%	5.33%	3.49%
Vanguard Emerging Mkt Stock	2.10%	11.22%	9.44%	4.03%	6.51%
Vanguard Total International Bond	-0.16%	3.44%	0.06%	1.71%	2.36%
Vanguard Total Bond Mkt	2.77%	4.88%	-0.40%	1.45%	4.23%
Vanguard Short-Term Bond	2.02%	5.67%	1.23%	1.72%	1.65%
LoCorr Macro Strategies - I Share	0.00%	-0.43%	4.34%	3.44%	2.59%
LoCorr L/S Commodities Strategy - I Share	3.67%	-5.94%	1.28%	5.03%	3.60%
LoCorr Market Trend - I Share	-2.19%	-11.44%	6.33%	1.60%	4.09%

Inception dates - LoCorr: Macro Strategies - 3/24/11, L/S Commodities Strategy - 12/31/11, Market Trend - 6/30/14; Vanguard: 500 Index Investor - 8/31/76, Mid Cap Growth - 12/31/97, Small Cap Growth - 5/24/00, FTSE All-World - 4/30/07, Emerging Market Stock - 6/22/00, Total Intl. Bond - 5/31/13, Total Bond Market - 9/18/95, Short-Term Bond - 9/27/11. Returns greater than one year are annualized.

Why LoCorr?

LoCorr Funds offers investments designed to be low correlated to traditional investments, such as equities and fixed income. As stocks and bonds can move in tandem, impacting the effectiveness of standard diversification approaches, we believe portfolios can benefit from an allocation to low-correlating strategies which move differently than stocks and bonds. Our investment solutions are designed for investment professionals and individual investors who are seeking to achieve better diversification, reduce risk, and enhance returns within their portfolios.

For more information, call our sales desk at **888.628.2887**

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Vanguard 500 Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. Vanguard Mid-Cap Growth Index Fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization growth stocks. Vanguard Small-Cap Growth Index Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks. Vanguard FTSE All-World ex-US Index Fund seeks to track the performance of a benchmark index that measures the investment return of stocks of companies located in developed and emerging markets around the world. Vanguard Emerging Markets Stock Index Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries. Vanguard Total International Stock Index Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States. Vanguard Total Bond Market Index is designed to provide broad exposure to U.S. investment-grade bonds. Vanguard Short-Term Bond Index Fund seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.

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 for LoCorr Funds, or 877-320-6390 for Vanguard Funds. 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. 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 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. Underlying Funds are subject to management and other expenses, which will be indirectly paid by the Fund.

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

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