

# LoCorr Spectrum Income Fund Quarterly Update

December 2024

For use with institutional investors only, not for use with retail investors.

**LoCorr Spectrum Income Fund** is an income-oriented fund, strategically focused on investments that have historically produced high income. The Fund invests in a portfolio of pass-through securities and other income producing investments, it is also designed to provide low correlation to the broader bond market while minimizing sector risk.

Through this process, the Fund strives to provide:

- Competitive yields
- Consistent monthly dividend distribution
- Low correlation to bonds

Spectrum Income Fund may be an attractive alternative for investors seeking income, but are concerned with the potential for rising interest rates.

## Spectrum Income Fund: A Potentially Attractive Option

A primary benefit of this Fund is the attractive yield the strategy has historically offered. As shown below, the high yield on Spectrum Income Fund may be attractive to individuals in search of income-producing investments.

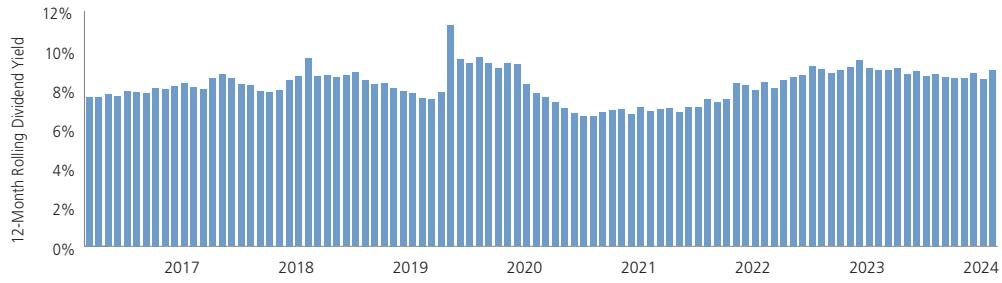
### Distribution Rate and SEC Yield

As of 12/31/24 (Class I Share, subject to change)

12-Month Distribution Rate <sup>1</sup>	8.95%
30-Day SEC Yield (Subsidized) <sup>2</sup>	4.62%
30-Day SEC Yield (Unsubsidized) <sup>3</sup>	4.60%

<sup>1</sup>12-Month Distribution Rate is the combined distribution over the trailing twelve months divided by the period ending NAV. Net interest income, distributions may include capital gains and returns of capital. <sup>2</sup>Subsidized yield reflects the effect of current contractual fee waivers and expense reimbursements. Returns would be lower without those reimbursements. <sup>3</sup>Unsubsidized SEC Yield represents what a fund's 30-Day SEC Yield would have been had no fee waiver or expense reimbursement been in place over the period.

### Spectrum Rolling 12-Month Distribution Rate | March 31, 2017 - December 31, 2024



### Rolling Distribution Rates

Since inception, the Fund has provided attractive distributions through consistent monthly dividends even as the NAV has fluctuated over time. The rolling 12-month distribution rate is comprised of all distributions paid to investors over the past 12 months divided by the NAV at the end of the period. These distributions include net investment income, capital gains and returns of capital.

## November 2023 - August 2024: Falling Interest Rate Environment – Spectrum Income Fund

After peaking in October 2023, the 10-year U.S. treasury yield (a proxy for interest rates) started a decline that, at least temporarily, bottomed out in the middle of September 2024. During this period, the Spectrum Income Fund, Class I shares had a total return of +19.10%, outpacing the +11.86% return produced by the Bloomberg U.S. Aggregate Bond Index.

Performance Summary	As of 12/31/24					Since Inception (1/1/14-12/31/24)	
	4Q24	1-Year	5-Year	10-Year	4/1/16-12/31/24	Annual Return	Correlation to BBg Agg
Class A - LSPAX	-2.23%	8.96%	3.01%	2.56%	3.75%	1.81%	0.27
Class A - LSPAX (w/load)	-7.80%	2.67%	1.79%	1.96%	3.05%	1.26%	-
Class C - LSPCX	-2.41%	8.12%	2.20%	1.79%	2.97%	1.04%	0.27
Class C - LSPCX (w/load)	-3.37%	8.12%	2.20%	1.79%	2.97%	1.04%	-
Class I - LSPIX	-2.17%	9.13%	3.24%	2.83%	4.01%	2.07%	0.27
Bloomberg U.S. Aggregate Bond Index	-3.06%	1.25%	-0.33%	1.35%	1.13%	1.76%	1.00
S&P 500 Index	2.41%	25.02%	14.53%	13.10%	14.75%	13.16%	0.37

\*Addition of Fund sub-adviser acquired by Bramshill. Returns are annualized for periods greater than one year. The Fund's annual operating expenses are: Class A 3.16%; Class C 3.91%; Class I 2.91%. 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. The Fund imposes a 2.00% redemption fee on shares sold within 60 days. 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.

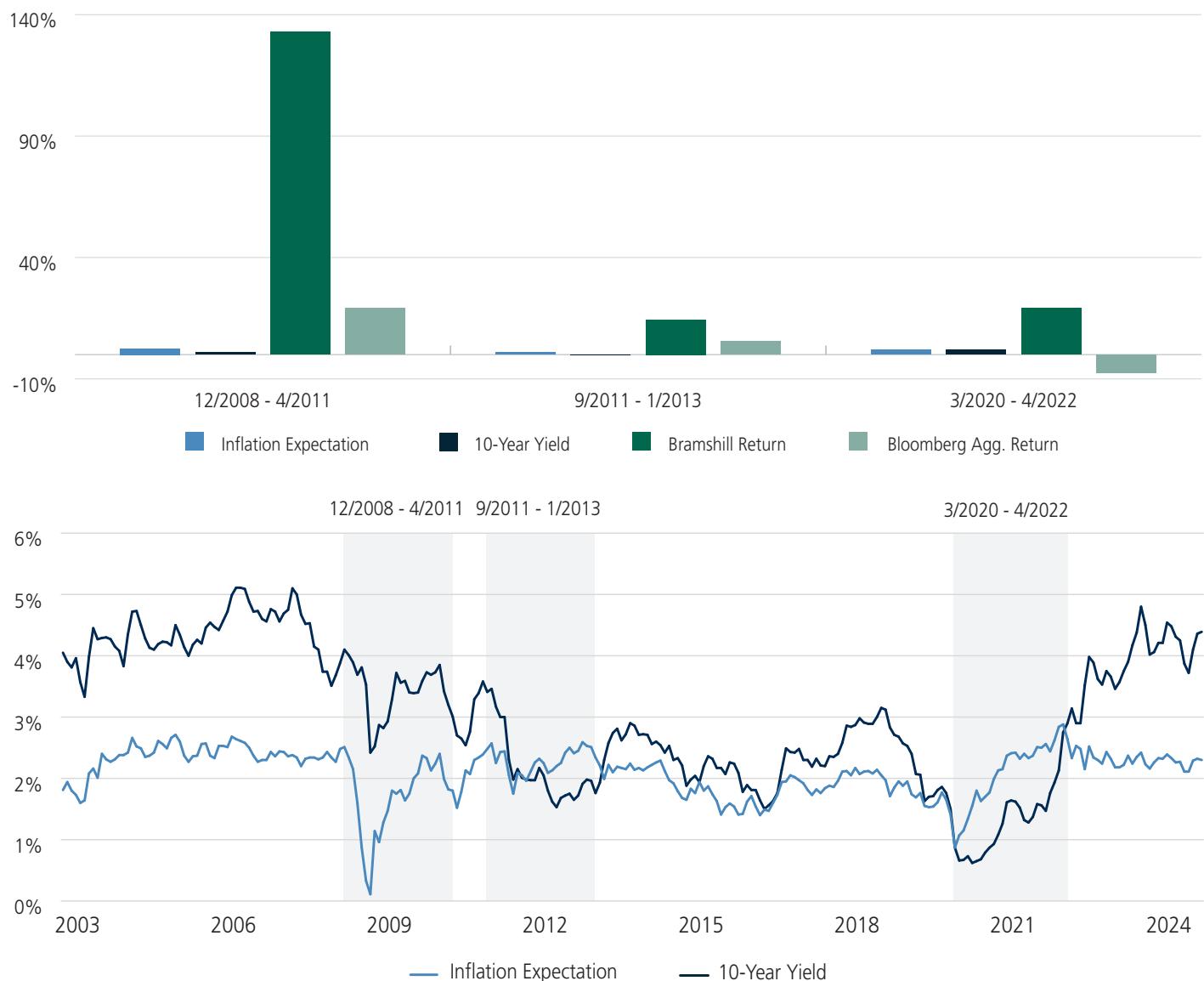
## Sticky Inflation and the Future Path of Interest Rate Changes

In previous newsletters, we discussed the strong performance of the All Weather Strategy managed by Bramshill Investment (Bramshill), the sub-adviser for the Fund in rising interest rate environments. The All Weather Strategy is a strategy that is similar to the one utilized by Spectrum Income Fund.

Concerns around sticky and potentially rising inflation started to become legitimized in the last few months of 2024. Despite the Fed announcing a rate cut of 50 bps in mid-September, and then subsequently cutting an additional 25 bps both in November and December, the 10-year Treasury yield has risen from 3.74% to above 4.50% entering 2025, as investors remain cognizant of inflation that continues to reside above the Fed's target and could for some time. Fixed income investments have historically been challenged during periods of rising inflation, while the All Weather Strategy has conversely performed well during such periods.

Bramshill anticipates an environment in 2025 that will be characterized by inflation that is higher than consensus alongside muted economic growth. In response, Bramshill has increased exposure to shorter duration credit-related areas in addition to names in the energy transportation infrastructure space.

## Largest Inflation Increase Expectations – January 1, 2003 - December 31, 2024



Shaded time frames reflect the largest inflation increases. Source: Federal Reserve Economic Data

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## Average Annual Returns - As of 12/31/24

	1-Year	5-Year	10-Year	Since Inc* (7/1/01)
Bramshill All Weather Strategy	11.51%	3.37%	3.23%	4.74%

\*Bramshill All Weather Strategy inception date, July 1, 2001. Performance information does not reflect the deduction of fees and expenses. Different funds and accounts will have distinct fee and expense structures that will cause related performance to be lower for those funds or accounts subject to higher fees and expenses. All Weather Composite Performance is comprised of all substantially similar accounts that trade All Weather comparable to the LoCorr Spectrum Income Fund. Strategy performance is net of fees. A management fee of 0.75% is the highest fee of the related accounts.

## About LoCorr Funds

LoCorr Funds was founded on the belief that investments with low correlation to stocks and bonds can reduce risk and help increase returns in portfolios. LoCorr offers investment solutions that not only provide the potential for positive returns in rising or falling markets, but also help manage portfolio risk. Through its strong distribution network, we believe LoCorr is well positioned for continued growth as investors demand low-correlating investment strategies to help achieve portfolio diversification. LoCorr Funds is headquartered in Excelsior, MN. For more information, please visit [www.LoCorrFunds.com](http://www.LoCorrFunds.com) or call 1.888.628.2887.

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The mutual fund fees and expenses are higher than the fees and expenses of the related performance. Other than the above stated fees, there are no other material differences of the accounts and their related performance.

Stocks, bonds and futures are not guaranteed. Investments in equity securities involve risks such as volatility and the potential for loss of principal. Bonds traditionally experience less volatility than stocks and typically decrease in value when interest rates rise. Futures are derivatives which can be volatile and involve various types and degrees of risk, and depending upon the characteristics of a particular derivative, suddenly become illiquid. The performance of various indices is shown for comparison purposes only. The performance of those indices 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. One cannot invest directly in an index.

*This material must be preceded or accompanied by a prospectus.*

**Mutual fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. 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 invests in foreign investments which involve greater volatility and political, economic and currency risks and differences in accounting methods. Investments in lower-rated and nonrated securities presents a greater risk of loss to principal and interest than higher rated securities. The Fund's portfolio will be significantly impacted by the performance of the real estate market generally, and the Fund 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 Fund will successfully provide a hedge to the portfolio's holdings which could negatively impact Fund performance. Non diversified fund risk can be removed from all risk disclosures.

**Diversification does not assure a profit nor protect against loss in a declining market. Past performance is not necessarily indicative of future results.**

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

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For more information, please contact LoCorr at 888.628.2887.

