

Is it time to "Think Outside the Box"?

For many investors, the style box has been an important guide when it comes to diversifying their portfolio across the various asset classes. Over the last decade, we have seen a change in the investment landscape. In the past, the various assets within the style box had lower correlations to one another. However, more recently, this has not been the case. If you overlay the style box with correlation, you will find that the various asset classes are in fact highly correlated to one another.

Correlations to the S&P 500 Total Return Index - 10/1/2007 to 12/31/2021

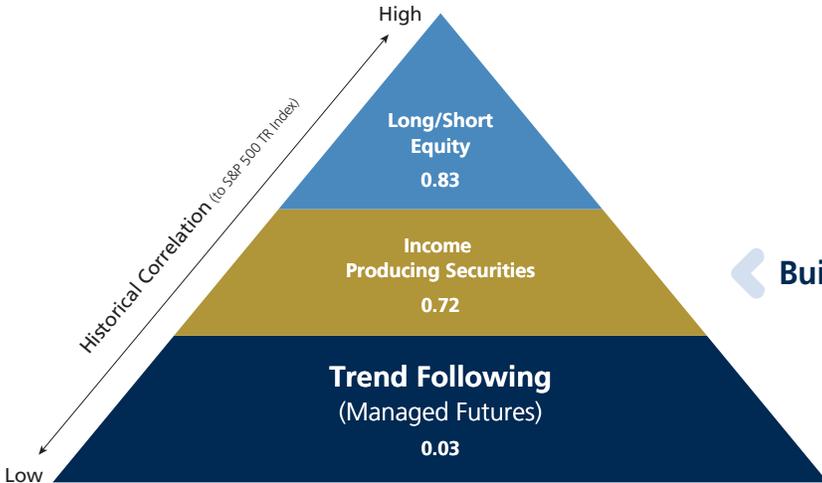
	Value	Blend	Growth
Large	0.97	1.00	0.97
Medium	0.95	0.96	0.94
Small	0.88	0.90	0.89

Source: Morningstar

Large Value represents the Russell 1000 Value Index which is an unmanaged index considered representative of large-cap value stocks. **Large Blend** represents the Russell 1000 Index which is an unmanaged index considered representative of large-cap stocks. **Large Growth** represents the Russell 1000 Growth Index which is an unmanaged index considered representative of large-cap growth stocks. **Medium Value** represents the Russell Midcap Value Index which is an unmanaged index considered representative of mid-cap value stocks. **Medium Blend** represents the Russell Midcap Index which is an unmanaged index considered representative of mid-cap stocks. **Medium Growth** represents the Russell Midcap Growth Index which is an unmanaged index considered representative of mid-cap growth stocks. **Small Value** represents the Russell 2000 Value Index which is an unmanaged index considered representative of small-cap value stocks. **Small Blend** represents the Russell 2000 Index which is an unmanaged index considered representative of small-cap stocks. **Small Growth** represents the Russell 2000 Growth Index which is an unmanaged index considered representative of small-cap growth stocks.

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Let's take a look at other investment classes traditionally used to help diversify portfolios. ➤



Market	Correlation
International Equities	0.89
REITs	0.81
Emerging Markets	0.78
Hedge Funds	0.77
Private Equity	0.91

◀ Building blocks for a low-correlating strategy

Is your portfolio really diversified? Adding truly low-correlating assets can help diversify your portfolio while potentially enhancing gains, lowering risk, and providing the ability for a smoother ride. LoCorr Funds has a family of mutual funds designed to be low-correlating product solutions.

Source: Morningstar. REITs = Real Estate Investment Trusts. Historical correlation pyramid: Long/Short Equities are represented by the CISDM Equity Long/Short Index, Income Producing Securities are represented by the Bloomberg U.S. Corporate High-Yield Bond Index, and Trend Following is represented by the Barclays CTA Index. 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. "International Equities" are represented by MSCI EAFE Index which was designed to measure the equity market performance of developed markets outside of the U.S. & Canada. "REITs" are represented by S&P Developed REIT Index that consists of all real estate investment trusts in developed markets. "Emerging Markets" are represented by MSCI Emerging Markets Index that is designed to measure equity market performance in global emerging markets. "Hedge Funds" are represented by the Credit Suisse Hedge Fund Index which uses the Credit Suisse Hedge Fund Database, which tracks approximately 9,000 funds and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. The index is calculated and rebalanced on a monthly basis, and reflects performance net of all hedge fund component performance fees and expenses. "Private Equity" is represented by the Red Rocks (GLPE) Index which is designed to track the performance of private equity firms which are publicly traded on any nationally recognized exchange worldwide. These companies invest in, lend capital to, or provide services to privately held businesses. The Index is comprised of 40 to 75 public companies representing a means of diversified exposure to private equity firms. The securities of the Index are selected and rebalanced quarterly per modified market capitalization weights. CISDM Equity Long/Short Index demonstrates the median return of hedge funds with long and/or short directional strategies in equities. Such hedge funds typically take long or short positions in equities and may simultaneously use hedging strategies with futures and options. Only hedge funds that have reported net returns for the particular month are included in the index calculation. Funds that have been liquidated or merged are included in analysis. The inception of the index is determined by the date at which the benchmark obtains five or more constituents, without falling below two constituents going forward. It includes funds with exposure to long and short positions in global equities or derivatives and is equally weighted. Bloomberg U.S. Corporate High Yield Bond Index is a market value-weighted index, which covers the U.S. non-investment grade fixed-rate debt market. Barclays CTA Index is an equal weighted index which attempts to measure the performance of the Commodity Trading Advisor industry. The Index measures the combined performance of all CTAs reporting to Barclay Trading Group who have more than 4 years past performance. Fees and transaction costs are reflected. **Index performance is not indicative of fund's performance. Past performance does not guarantee future results. Current performance can be obtained by calling 1.855.523.8637.**

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. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Non-diversified investments may concentrate assets in fewer individual holdings than diversified investments. Therefore, the investments are more exposed to individual stock volatility than diversified funds. 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. 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. The Funds may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. 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. 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. 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 present 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.

Diversification does not assure a profit or protect against loss in a declining market. Correlation measures how much the returns of two investments move together over time.

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