

A Low-Correlating Sleeve May Enhance Portfolio Performance

Modernizing the traditional 60/40 portfolio to a 60/20/20 portfolio by including a sleeve of low-correlating strategies may provide the opportunity to generate positive returns, while also potentially reducing drawdowns.

60/40 Portfolio versus 60/20/20 Portfolio – June 2013 - December 2025

	Return	Max Drawdown
60/40 Portfolio	9.20%	-20.16%
60/20/20 Portfolio	9.84%	-16.95%
Equities	13.96%	-23.95%
Fixed Income	1.86%	-17.57%
Low-Correlating Sleeve	4.93%	-5.44%

Source: Morningstar. Calculated using monthly data. The 60/40 Portfolio represents a 60% allocation to the Vanguard 500 Index Fund, Investor Shares (VFINX) and a 40% allocation to the Vanguard Total Bond Market Index Fund, Investor Shares (VBMFX), rebalanced monthly. The 60/20/20 Portfolio represents a 60% allocation to VFINX, a 20% allocation to VBMFX, and a 20% allocation to a Low-Correlating Sleeve which is equally weighted between LoCorr Macro Strategies Fund (LFMIX), LoCorr Long/Short Commodities Strategy Fund (LCSIX), and LoCorr Dynamic Opportunity Fund (LEQIX), rebalanced monthly. Equities are represented by VFINX and Fixed Income is represented by VBMFX. **Past performance is not a guarantee of future results.**

*Returns are annualized for periods greater than one year. 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. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.*

Key Takeaways

- A 60/20/20 portfolio has historically increased returns and reduced drawdowns versus the 60/40.
- The 60/20/20 portfolio reduced the maximum drawdown by more than 300 basis points.
- Drawdowns can be devastating to a portfolio—especially for those nearing retirement—and can take years to recover.

As of December 31, 2025	1-Year	5-Year	10-Year
LoCorr Macro Strategies Fund (Class I)	2.90%	3.45%	3.94%
LoCorr Long/Short Commodities Strategy Fund (Class I)	1.14%	1.82%	3.04%
LoCorr Dynamic Opportunity Fund (Class I)	3.01%	4.43%	5.15%
Vanguard 500 Index Fund (Class I)	17.71%	14.27%	14.66%
Vanguard Total Bond Market Index Fund (Class I)	7.03%	-0.52%	1.89%

Rebalanced monthly with distributions reinvested. Gross expense ratios; LFMIX 1.89%, LCSIX 2.11%, LEQIX 2.28%. Vanguard 500 Index Fund - Expense ratio: 0.14%. Objective: The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. Vanguard Total Bond Market Index Fund – Expense ratio: 0.15%. Objective: The Fund seeks to track the performance of a broad, market-weighted bond index. For performance data current to the most recent month-end, visit vanguard.com/performance.

Fees and/or transaction costs are not reflected. **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).

The Funds’ 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. The Funds invests in foreign investments which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. 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 Funds 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. Investments in lower-rated and nonrated securities presents a greater risk of loss to principal and interest than higher rated securities. Underlying Funds are subject to management and other expenses, which will be indirectly paid by the Funds. The Fund's portfolio will be significantly impacted by the performance of the real estate market generally, and the Funds 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 Funds will successfully provide a hedge to the portfolio's holdings which could negatively impact Fund performance.

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