

# Dynamic Opportunity Fund

December 31, 2025

## Fourth Quarter Commentary

### Market Commentary

The Federal Reserve ("Fed") continued its rate cut cycle in Q4. Despite ambiguous data caused by the government shutdown in October and November, weak labor data and seemingly cooling inflation prompted the Fed to cut rates by 25 basis points in both the October and December meetings. This brought the federal funds rate to 3.50%-3.75%. A rotation out of technology stocks began midway through the fourth quarter as healthcare and communication services benefitted and propelled U.S. equity indexes higher throughout the period as the S&P 500 Index posted slight gains in all three months of Q4, pushing its year-to-date return to +17.88%.

The U.S. jobs market weakened in Q4. Nonfarm payrolls increased by 50,000 jobs in December, below the 73,000 forecasted. Payrolls rose by 64,000 in November after falling by 105,000 in October. The unemployment rate rose to 4.4%, up from 4.3% in the previous quarter. While inflation has fallen dramatically from its peak, it still remains stubbornly above the

Fed's 2% target. CPI rose +2.7% year-over-year in December, decreasing -0.3% from September. The Fed's preferred inflation index, the Personal Consumption Expenditures Index ("PCE"), was not reported due to the government shutdown but September showed a +2.8% year-over-year increase.

The bond market rose as the Bloomberg U.S. Aggregate Bond Index finished the quarter with a +1.10% gain as the Fed easing cycle continued. However, inflationary pressure from tariff announcements and potential trade war fallout with the U.S. government has still seemingly limited the rally in U.S. debt. The 10-year Treasury yield rose approximately +2 bps, finishing the quarter at 4.14% as the yield curve steepened. Globally, the story was similar as the 10-year German Bund and the 10-year Japanese Government Bond yields rose approximately +16 and +40 bps, respectively.

Growth stocks lagged value stocks in the fourth quarter, as the Russell 1000 Growth Index increased by +1.12%, while the

*Continued on next page ...*

## Performance Summary | As of 12/31/25

	4Q25	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception*
Class A - LEQAX	-0.64%	2.74%	2.74%	5.69%	4.16%	4.88%	3.57%
Class A - LEQAX (load)	-6.38%	-3.17%	-3.17%	3.63%	2.93%	4.26%	3.09%
Class C - LEQCX	-0.94%	1.96%	1.96%	4.87%	3.37%	4.08%	2.79%
Class C - LEQCX (load)	-1.76%	1.96%	1.96%	4.87%	3.37%	4.08%	2.79%
Class I - LEQIX	-0.67%	3.01%	3.01%	5.93%	4.43%	5.15%	3.84%
Russell 2000 Index	2.19%	12.81%	12.81%	13.73%	6.09%	9.62%	9.15%
MStar L/S Equity Category	1.72%	10.47%	10.47%	10.80%	7.01%	5.74%	5.14%
S&P 500 Index	2.66%	17.88%	17.88%	23.01%	14.42%	14.82%	14.04%

*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 contractual 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 or CDSC been included, the Fund's returns would be lower. The Fund's gross expense ratio is 2.60% for Class A; 3.35% for Class C; and 2.35% for Class I. Performance figures one year and greater are annualized.*

\*The Fund commenced operations on May 10, 2013.

*Commentary continued.*

Russell 1000 Value Index climbed by +3.81%. Within the S&P 500 Index, nine out of the eleven sectors ended in the black and two in the red. Health Care and Communication Services led the way, gaining +11.68% and +7.26%, respectively. The two detractors were Real Estate and Utilities, which fell by -2.86% and -1.40%, respectively.

### Portfolio Commentary

LoCorr Dynamic Opportunity Fund, Class I share ("Dynamic Opportunity" or the "Fund") ended the fourth quarter with a negative return, down -0.67%. The S&P 500 Index, Russell 2000 Index, and Morningstar Long-Short Equity Category all experienced modest gains of +2.66%, +2.19%, and +1.72%, respectively. On a sector basis, Dynamic Opportunity's best performing sectors were Technology and Materials, while its worst performing sectors were Real Estate and Consumer Discretionary.

The Fund ended the quarter with a net loss in its long and short books. A long position in Commercial Metals Company (2.12% of the Fund as of 12/31/2025), an international manufacturer and fabricator of steel and metal products used for construction and industrial markets, led all contributors as the stock was up over +21% in the quarter due to strong data center growth and a robust pipeline. A long position in Unity Software Inc. (5.33% of the Fund as of 12/31/2025), a technology company that provides real-time 3D development, enabling creators to operate and monetize content across platforms, was the next largest contributor, with the stock gaining over +12% in November because of efficiency improvements from AI and better-than-expected revenue guidance. A long position in Confluent, Inc. (1.63% of the Fund as of 12/31/2025), a U.S. technology company which provides data streaming, rounded out the Fund's top three contributors for the quarter. Confluent, Inc. rose almost +53%, including over +29% on December 8th, following an announcement that IBM would acquire the company for \$11 billion.

A short position in Hims & Hers Health, Inc. (-0.36% of the Fund as of 12/31/2025), a telehealth platform that offers direct-to-consumer healthcare services by connecting customers to licensed professionals, was the largest

contributor on the short side. Hims & Hers Health, Inc. was down nearly -43% in the quarter due to increased competition in the pharmaceutical market and a reduction in margins. A short position in Blue Bird Corporation (-0.81% of the Fund as of 12/31/2025), a designer, engineer, manufacturer, and seller of school buses and related parts, was the second largest short contributor. Blue Bird Corporation fell more than -18% in the quarter because of leadership transitions and insider sales. Automatic Data Processing, Inc. (-1.11% of the Fund as of 12/31/2025), a provider of cloud-based human capital management that offers human resources outsourcing solutions to businesses of all sizes, closed out the top three short contributors for the quarter. Automatic Data Processing, Inc. declined over -11% in October due to disappointing guidance for 2026 and a weak U.S. job market.

A long position in Parsons Corporation (3.20% of the Fund as of 12/31/2025), an engineering and technology company that provides integrated services and solutions in the defense, intelligence, and critical infrastructure markets, led all detractors as the stock dropped greater than -27% in December, including -21% on December 5th after losing a bid for a large contract from the Federal Aviation Administration. Long positions in Wynn Resorts, Limited (4.35% of the Fund as of 12/31/2025), a luxury hospitality and gaming company that develops and operates high-end casino resorts like Wynn Las Vegas, and Penn Entertainment, Inc. (4.35% of the Fund as of 12/31/2025), an American entertainment and gaming company that owns and operates various casinos, racetracks, and gaming services, were also top detractors for the quarter. Wynn Resorts, Limited was down over -7% in October, driven by weaker-than-expected travel data and weather concerns in China. Penn Entertainment, Inc. fell more than -23%, following its early termination with ESPN Bet and corporate restructurings.

Net exposure ranged from approximately 21% to 57% during the period and ended the period near the upper end of this range, at almost 51%, showing sub-adviser Kettle Hill's ability to tactically shift its exposure based on a constantly changing investment backdrop.

*Current and future portfolio holdings are subject to change and risk. As of the most recent prospectus the Fund's total annual operating expenses after fee waiver is 2.40% for Class A; 3.15% for Class C; and 2.15% for Class I; and were applicable to investors. The Fund's expense cap (exclusive of any Rule 12b-1 distribution and/or servicing fees, taxes, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, indirect expenses, short selling expenses, expenses of other investment companies in which the Fund may invest, or extraordinary expenses such as litigation and inclusive of organizational cost incurred prior to the commencement of operations) is 1.99% for all share classes, net of contractual fee waiver through April 30, 2026.*

**Bloomberg U.S. Aggregate Bond Index** is a broad-based bond index comprised of government, corporate, mortgage and asset-back issues rated investment grade or higher. **Consumer Price Index (CPI)** measures inflation by tracking the changes in prices paid by consumers for a basket of goods and services over time. **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. **Morningstar Long-Short Equity Category** is an average monthly return of all funds in the Morningstar Long-Short Equity Category. The category contains a universe of funds with similar investment objectives and investment style, as defined by Morningstar. Performance of the indices and Morningstar Category Average is generated on the first business day of the month. **Russell 1000 Value Index** refers to a composite of large and mid-cap companies located in the United States that also exhibit a value probability. The Russell 1000 Value is published and maintained by FTSE Russell. **Russell 1000 Growth Index** refers to a composite that includes large and mid-cap companies located in the United States that also exhibit a growth probability. The Russell 1000 Growth is published and maintained by FTSE Russell. **Russell 2000 Index** measures the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. **Personal Consumption Expenditures Index (PCE)** measures the changes in the price of goods and services purchased by consumers for the purpose of consumption, excluding food and energy. Prices are weighted according to total expenditure per item. **Basis Points (bps)** A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.

*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 Fund and may be obtained by calling 1.855.LCFUNDS or by visiting [www.LoCorrFunds.com](http://www.LoCorrFunds.com). Read carefully before investing.*

Mutual Fund investing involves risk. Principal loss is possible. The Fund 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. 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 Fund 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 Fund. 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. 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 Fund. Small and mid-sized companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group.

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

The LoCorr Dynamic Opportunity Fund is distributed by Quasar Distributors, LLC. Kettle Hill Asset Management is a sub-adviser to the LoCorr Dynamic Opportunity Fund. The sub-adviser is not affiliated with Quasar Distributors, LLC. © 2026 LoCorr Funds