

Hedged Core Fund

September 30, 2025

Third Quarter Commentary

Market Commentary

The third quarter was marked by the beginning of the Federal Reserve Board's ("Fed") rate cutting cycle. Weak labor data and seemingly cooling inflation prompted the Fed to cut rates by 25 basis points in its September meeting and announced its intention of future rate cuts going forward dependent on further inflation and labor data. Artificial Intelligence ("AI") optimism propelled tech-heavy U.S. equity indexes higher throughout the quarter as the S&P 500 Index posted gains in all three months of third quarter, pushing its year-to-date return to +14.83%.

The U.S. jobs market weakened in the quarter. Nonfarm payrolls increased by 73,000 jobs in July, below the 100,000 forecasted, and June and May numbers were revised significantly lower. Nonfarm payrolls increased 22,000 in August versus the 75,000 forecasted. The unemployment rate rose to 4.3%, up from 4.1% in the previous quarter. While inflation has fallen dramatically from its peak, it still remains stubbornly above the Fed's 2% target. CPI rose +2.9% year-over-year in August, increasing +0.4% from July. The Fed's preferred inflation index, the Personal Consumption Expenditures Index ("PCE") rose +2.7% in August, increasing +0.1% from July.

The bond market rose as the Bloomberg U.S. Aggregate Bond Index finished the quarter with a +2.03% gain as the Fed easing cycle began. 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 fell approximately -26 bps, finishing the quarter at 4.12%. Globally, the story was different as the 10-year German Bund and the 10-year Japanese Government Bond yields rose approximately +14 and +25 bps, respectively.

U.S. equities rallied in third quarter, with the S&P 500 Index up +8.12%. The CBOE Volatility Index, commonly referred to as the market's fear gauge, stayed below 20 for most of the quarter as market volatility continued to cool following April's "Liberation Day". The market-cap skew that has been present in recent years reversed somewhat this quarter as the Russell 2000 Index outperformed large cap stocks by +4.27%. The S&P 500 Equal Weight Index was up +4.84% in third quarter, underperforming the cap-weighted S&P 500 Index by -3.28%. International stocks also underperformed the S&P 500 Index as the MSCI EAFE Index gained just +4.77%.

Continued on reverse side ...

Fund Performance

As of September 30, 2025

	3Q25	YTD	1-Year	Since Inception
Class A - LHEAX	1.47%	2.44%	0.08%	-2.47% ¹
Class A - LHEAX (load)	-4.37%	-3.41%	-5.66%	-7.08% ¹
Class I - LHEIX	1.47%	2.66%	0.34%	-2.27% ¹
Barclays CTA Index	2.34%	-0.69%	-0.75%	-0.57% ²
ICE BofAML 3M T-Bill Index	1.07%	3.20%	4.40%	4.55% ²

Exposure and Attribution by Sector³

As of September 30, 2025 (subject to change)

Sector	Position	Performance Attribution (Third Quarter 2025)	
Agriculture	Short	0.0%	
Energy	Long	0.4%	
Stock Indices	Long	0.2%	
Interest Rates	Long	-0.7%	
Foreign Currencies	Short	-0.5%	
Metals	Long	0.7%	
Other	Long	0.0%	

¹As of July 10, 2024. ²As August 1, 2024. ³The Fund also holds cash, cash equivalents and fixed income securities, which are excluded from sector chart shown above. The Fund's total annual fund operating expenses are 2.99% for Class A and 2.74% for Class I. Performance data for the Class A Shares does not reflect the CDSC of up to 1%, which only applies to no-load transactions of \$1 million or greater. Returns for periods greater than one year are annualized.

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 952.513.8195. 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. Performance data shown without the load does not reflect the current maximum sales charges for Class A shares (up to 5.75% front-end). Had the sales charge been included, the Fund's returns would be lower.

Commentary continued.

In currency markets, the U.S. Dollar rose slightly against a basket of major currencies, up +0.93%, bringing its YTD decline to -9.87%.

The Bloomberg Commodity Index finished the quarter up +3.65%, as prices rose in August and September after a small loss in July. This came in the face of the U.S. Dollar rising +0.93% against a basket of six major currencies, typically a headwind for commodities, as a volatile geopolitical landscape and shifting trade policy narrative continued to chop markets around. Precious metals contributed the most, gaining +19.20% as measured by the Bloomberg Precious Metals Subindex. Softs and livestock were also strong contributors, while grain and energy prices were down.

Energy bounced around during the quarter, up +2.52% in July before falling -5.57% in August and finishing a relatively flat -0.14% in September. Natural gas sold off materially for a second straight quarter, declining -18.16% as U.S. storage levels remained elevated and mild weather dampened demand. Crude oil on the other hand finished the quarter roughly flat, though its price path was volatile, spiking in July on heightened geopolitical tensions in the Middle East before coming down the following two months on increased global inventories and eased production cuts from OPEC+.

Agricultural commodities moved slightly lower on average, declining -0.81% as measured by the Bloomberg Agriculture Subindex. Coffee reversed course dramatically versus the previous quarter, ascending +29.04% driven by a +33.88% advance in August. Volatile weather that has affected harvests in major markets like Brazil and Vietnam were behind the climb alongside President Trump imposing a 50% tariff against the former in August. Cocoa prices moved significantly in the opposite direction, falling -21.32% over the course of the quarter as the commodity's meteoric rise over the past couple of years has resulted in a significant decrease in industrial demand. Wheat led the grains complex lower, as prices fell in each month of third quarter and decreased -8.33% cumulatively with larger-than-expected harvests coming to fruition in key markets outside of the U.S. Soybean oil and corn also drove losses for grains, declining -5.18% and -3.22%, respectively. Finally, livestock was strong again in the quarter, increasing +9.21% as supply across individual markets remains extraordinarily tight.

The rise in precious metals within the Index was led by silver, up +28.63%, though platinum and gold were also up significantly, climbing +19.55% and +16.40%, respectively. Elevated geopolitical tensions and the potential for sticky inflation have been positive tailwinds for the commodities space, although silver's relative importance as an input into clean energy products, particularly solar panels, serves as an

additional driver for that market. Industrial metals finished the quarter close to flat, up +0.20%. Copper seized headlines in late July as Trump clarified that market-specific tariffs on the metal would apply to semi-finished products but not on raw and refined copper. That detail surprised investors, who in previous months had bid up COMEX copper to a record spread against copper traded on the London Metal Exchange, ultimately resulting in a record decline of -17% in one day. Copper ultimately ended the quarter down -4.70%. Lead was also down, descending -3.60%, while zinc and tin gained +9.31% and 6.02%, respectively.

Performance Overview

The LoCorr Hedged Core Fund, Class I share (the "Fund") was up +1.47% for the quarter, versus a +4.80% return for the Morningstar Macro Trading category. The Fund's diversified global macro strategy provided most of the gains this quarter, though its commodity-focused strategy also produced positive results, bringing year-to-date performance to +2.66%. The macroeconomic environment continues to be unstable, as demonstrated by continued geopolitical instability, policy uncertainty, and more recently the shutdown of the U.S. government. We believe the Fund is positioned to capitalize on opportunities stemming from that through its exposure to some of the top global macro and commodities managers.

Trading in equity indices was a positive contributor to the Fund in the quarter. The strong rally in U.S. equities throughout the quarter benefited long positions, specifically in the S&P 500 and NASDAQ 100 indexes. Asian and European equities also rallied, providing a tailwind for long positions, specifically in the Hang Seng and FTSE 100 indexes. The Fund ended the period with long positions in the U.S., Asia, and Europe.

The Fund flipped from long to short FX during the period, resulting in a slight loss. The largest currency losses came from long Euro and short Japanese Yen positions which were somewhat offset by gains in short positions in the Mexican Peso and Canadian Dollar. The Fund ended the period with a short position in foreign currencies and a long U.S. Dollar position.

The rally in fixed income was a headwind for the Fund as short exposure in European fixed income was unprofitable, particularly the Euro Bund and the Euro Bobl. However, short exposure in Japanese Government Bonds was a positive contributor. The Fund flipped from short to long fixed income during the quarter and ended the period long in the U.S. and short in Europe and Asia.

Energy trading provided a modestly positive contribution. Trading in natural gas markets was responsible for much

Commentary continued.

of the success in the sector, with spreads and a directional net short position in UK Natural Gas producing solid gains. Spreads in low sulfur gasoil was another source of positive value. Crude oil was the largest detractor in the sector. The Fund closed the quarter with a net long posture in oil & oil products, a flat position across natural gas markets, and a small net short in power.

Agricultural commodities were not a significant driver of results in the quarter. Livestock was the largest detractor, as a persistent net short impacted the Fund negatively. A directional net short in cocoa markets countered losses elsewhere in softs. Grains was a bright spot for the Fund, led by calendar spreads in corn and soybeans and a net short posture in wheat. The Fund entered October modestly short grains, notably soybeans, mildly net short softs, and marginally net short livestock.

Metals trading was a strong contributor in the quarter, as precious metals was a profitable sector for the commodity-focused strategy and especially the global macro strategy. Long positioning in gold profited significantly and easily had the greatest impact on Fund performance of any individual metals market, though a long in silver was also beneficial. A long in copper produced the largest losses, impacted by the clarification from President Trump in late July about which types of copper products would be included in imposed tariffs. At the end of the quarter, the Fund held moderate net longs in precious metals, mostly tied to longs in gold and silver, and industrial metals, primarily led by aluminum and copper.

The Hedged Core Fund is a recently organized management investment company with a short operating history. As a result, prospective investors do not have a track record or history on which to base their investment decisions.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Opinions expressed are subject to change at any time, are not guaranteed, and should not be considered investment advice.

Russell 2000 Index measures the performance of approximately 2000 small-cap companies in the Russell 3000 Index, which is made up of 3000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States. **ICE BofA Merrill Lynch 3-Month T-Bill Index** tracks the performance of the U.S. Dollar denominated U.S. Treasury Bills publicly issued in the U.S. domestic market with a remaining term to final maturity of less than 3 months. **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. **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. **S&P 500 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. **U.S. 10-Year Treasury** is a debt obligation issued by the United States government that matures in 10 years. **Bloomberg Commodity Index** is a broadly diversified commodity price index distributed by Bloomberg Indexes. The index was originally launched in 1998 as the Dow Jones-AIG Commodity Index and renamed to Dow Jones-UBS Commodity Index in 2009, when UBS acquired the index from AIG. **Core Personal Consumption 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. **The S&P 500 Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. **Morningstar Macro Trading Category** is a category of funds that use a variety of methods to identify investment opportunities. These funds consider macroeconomic factors like interest rates, inflation, and government policies. They may invest in a wide range of assets, including bonds, currencies, commodities, and equities. **CBOE Volatility Index** is the Chicago Board Options Exchange Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking, is calculated from both calls and puts, and is a widely used measure of market risk, often referred to as the "investor fear gauge." **MSCI World Index** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. **NASDAQ 100** is a stock market index made up of 103 equity securities issued by 100 of the largest non-financial companies listed on the NASDAQ stock market. It is a modified capitalization-weighted index. **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 952.513.8195 or by visiting 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. Investing in commodities may subject the Fund 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 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. Underlying Funds are subject to management and other expenses, which will be indirectly paid by the Fund.

The LoCorr Macro Strategies Fund is distributed by Quasar Distributors, LLC. © 2025 LoCorr Funds