

# Strategic Allocation 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 their September meeting and announced its intention of future rate cuts going forward dependent on further inflation and labor data. 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%.

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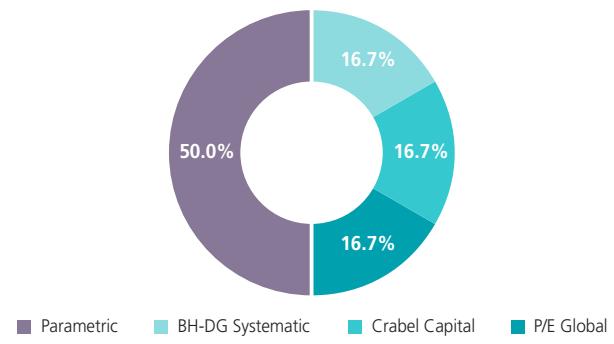
## Average Annual Total Returns

As of September 30, 2025

	3Q25	Since Inception <sup>1</sup>
Class A - LSAAX	6.18%	1.30%
Class A - LSAAX (Load)	0.10%	-4.52%
Class I - LSAIX	6.29%	1.40%
Barclay CTA Index	2.34%	-0.69%
ICE BofA 3M U.S. Treasury Note	1.07%	3.12%
Bloomberg U.S. Aggregate Bond Index	2.03%	6.60%
S&P 500 TR Index	8.12%	14.10%

## Target Manager Exposure

As of September 30, 2025 (Subject to Change)



<sup>1</sup>As of Fund Inception, January 8, 2025. The Fund's total annual fund operating expenses are 2.03% for Class A; and 1.78% 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.

**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.*

The Bloomberg Commodity Index rose in the quarter, up +3.65%, largely driven by gold reaching another all-time high as investors continued to flock to what may be viewed as the safe-haven asset. The precious metal was up +16.40% in the quarter, as measured by the Bloomberg Gold Subindex. Crude oil, as measured by the Bloomberg WTI Crude Oil Subindex, remained rangebound and choppy, but ultimately rose by +0.83% in third quarter. Agricultural commodities detracted as negative performance in grains offset gains in livestock.

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%.

In the third quarter, growth stocks continued their outperformance versus value stocks, as the Russell 1000 Growth Index climbed by +10.51%, while the Russell 1000 Value Index rose by +5.33%. Within the S&P 500 Index, 10 out of the 11 sectors ended in the black and one in the red. Technology, Communication Services, and Consumer Discretionary led the way, gaining +13.19%, +12.04%, and +9.54%, respectively. The only detractor to the Index was Consumer Staples, finishing down -2.36%.

## Performance Overview

The LoCorr Strategic Allocation Fund, Class I share (the "Fund") gained +6.29% in the quarter compared to an +8.12% and +3.39% gain for the S&P 500 Index and Morningstar US Fund Multistrategy category, respectively. Overall, the Fund's positive performance during the quarter was driven by both its long equity allocation, sub-advised by Parametric Portfolio Associates, which performed similarly to the S&P 500 Index and the trend following oriented managers within the futures strategy. Overall, the Fund's multi-manager futures strategy posted gains in equity indices and commodities, while fixed income and foreign currency detracted. With U.S. equity markets at all-time highs, the Fund is positioned to provide participation should the upward move continue. The Fund also includes an allocation to managed futures strategies, which historically, have provided a differentiated return stream during extended periods of traditional market stress. The current environment highlights this potential benefit of combining two low-correlated assets classes together into a single ticker solution.

During the period, the target allocation to each sub-adviser remained constant:

- Parametric Portfolio Associates: 50.00%
- BH-DG Systematic: 16.67%
- Crabel Capital Management: 16.67%
- P/E Global: 16.67%

## Futures Portfolio

Trading in equity indices was the largest contributor in the quarter. The largest gains came from Asian and U.S. equity positions, while South African, Australian, and Canadian indices were not a significant contributor to performance. The Fund maintained its long equity posture across the globe during the quarter, increasing exposure in the U.S. and Asia as the period progressed. At quarter end, the futures portfolio remained positioned long across all major regions: U.S., Europe, and Asia.

Commodity trading was the next largest contributor to performance in the quarter as gains in precious metals overwhelmingly drove returns. While grains and livestock trading were also profitable, the impact was modest. Base metals, softs, and energy slightly detracted from performance. Within precious metals, both gold and silver contributed in similar amounts as prices rallied to record levels, while platinum and palladium modestly detracted. While grains saw losses in soybean oil and soybeans, these losses were offset by strong performance in soybean meal and corn. Amongst the livestock sector, live cattle contributed to the entirety of the group's performance. In the remaining sectors, strong gains in copper and cotton were offset by losses in WTI crude and coffee. The Fund ended the period with short positions in grains and softs, while metals, livestock, and energy were long.

The U.S. Dollar had its first positive month of 2025 in July, rising +3.2%, and finished the quarter modestly higher. All this despite one of the most difficult starts to the year, being negatively impacted by weakening U.S. jobs reports, expectations for further rate cuts, and uncertainty from tariffs. The largest FX gains came from Mexican Peso and Brazilian Real exposure while the sub-advisers found the trading environment in the Australian Dollar and British Pound more difficult. The Fund ended the period with a short foreign currency exposure against the greenback, with a bearish focus on the Euro and Japanese Yen.

Commentary continued.

The relatively rangebound U.S. Treasury market provided limited trading opportunities for the Fund's sub-advisers as the U.S. 10-Year Treasury opened the quarter at a yield of 4.26% and closed the period at 4.16%. The largest losses came from Europe, as the Bund and the Italian Euro-BTP proved difficult to trade. Positions in the French OAT and German BUXL were helpful in partially offsetting these losses. The Japanese 10-year Bond was the largest contributor to performance. The Fund ended the period with a modest short fixed income position, concentrated in European and Asian bonds, while U.S., Canadian, and Australian fixed income remained slightly long.

## Equity Portfolio

The Fund maintained its strategic 50% weighting to Parametric during the quarter. Parametric was successful in delivering the beta exposure desired by the Fund with a low tracking error to the S&P 500 return. This strategic equity market beta gives the Fund the potential to provide equity market participation combined with the complementary exposure of managed futures, which has the potential to outperform in various market conditions, including extended periods of equity market weakness.

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.

**Tracking Error**, also known as the standard deviation of excess returns (both positive and negative), is a statistical measure of volatility and indicates 'risk' relative to a stated benchmark. A high Tracking Error indicates greater risk (but not necessarily greater return) relative to the stated benchmark. **MSCI EAFE Index** was designed to measure the equity market performance of developed markets outside of the U.S. & Canada. **Consumer Price Index (CPI)** measures inflation by tracking the changes in prices paid by consumers for a basket of goods and services over time. **Barclay 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. **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 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. **SG Trend Index** is a subset of the SG CTA Index, and follows traders of trend following methodologies. The SG CTA Index is equal weighted, calculates the daily rate of return for a pool of CTAs selected from the larger managers that are open to new investment. **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. It 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. **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. **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. **Beta** measures the sensitivity of a stock's return relative to the return of a selected market index. When beta is greater than one, it means a stock will rise or fall more than the market.

*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 888.628.2887 or by visiting [www.LoCorrFunds.com](http://www.LoCorrFunds.com). Read carefully before investing.*

Mutual fund investing involves risk. Principal loss is possible. 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. 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.

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

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LoCorr Fund Management | 687 Excelsior Boulevard | Excelsior, MN 55331  
Phone: 888.628.2887 | To Invest: 1.855.LCFUNDS | [www.LoCorrFunds.com](http://www.LoCorrFunds.com)

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