What is

Systematic Trend?

Why LoCorr

LoCorr was founded in 2003 on the belief that non-traditional investments with low correlation to equities and fixed income can help improve diversification, reduce risk, and enhance portfolio returns. We believe in a different approach to asset allocation by incorporating strategies that sophisticated institutions (sovereign wealth funds, endowments, foundations, and family offices) have used for decades. Our deep research background allows us to analyze the immense number of alternative investment strategies and the thousands of alternative investment managers to help us bring carefully crafted, low-correlating products to market.

Our firm's conviction in telling the low-correlating investment story is a powerful driving force. Even our name, LoCorr, reflects our focus and belief in the importance of these strategies for a healthy portfolio.

Specialists in Combining Low-Correlating Strategies

LoCorr has expertise in combining low-correlating strategies to target specific investing outcomes, and improve a portfolio's risk/return profile. We believe combining two or more low-correlating strategies within a portfolio, referred to as a "sleeve", is an effective method for achieving diversification, as well as potentially enhancing performance and reducing risk.

An ideal methodology for building an alternative sleeve is to combine two or three strategies that do not correlate highly to equities and fixed income or to each other. By blending low-correlating strategies, these sleeves seek to deliver a more consistent return stream and provide a smoother ride across multiple market environments.

LoCorr® FUNDS

What is Systematic Trend?

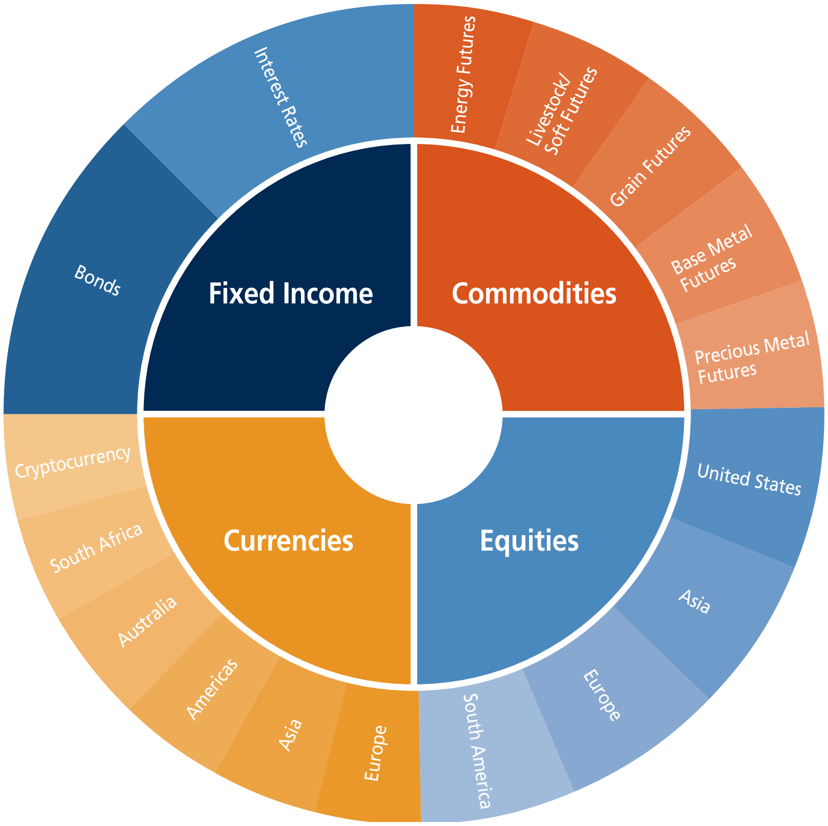
Systematic trend is an investment strategy that takes long or short positions in futures contracts of equities, fixed income, currencies, and commodities.

These strategies can take long positions when signals indicate prices will rise and short positions when signals indicate prices will fall.

Historically, systematic-trend strategies have had low correlation to traditional assets, like equities and fixed income, making them a good source of diversification. Since these strategies are not long all of the time, the ride could be potentially smoother than with traditional long-only strategies.

Systematic-trend strategies can benefit from not being 100% long all the time.

Systematic-trend strategies offer exposure to global markets across a wide range of markets and asset classes helping to create a truly well-diversified portfolio.



What are the Potential Benefits of Systematic Trend?

Systematic-trend strategies can play a very meaningful role in a portfolio. When added to a traditional portfolio of stocks and bonds, they may provide:

- **Increased Diversification:** Systematic-trend strategies provide a very different sequence of returns with their ability to be long or short equities, fixed income, currencies, or commodities.
- **Green on a Red Day:** Systematic-trend strategies have the potential to provide positive returns when traditional assets are struggling.
- **Increased Returns and Reduced Portfolio Volatility:** When added to a traditional portfolio, systematic-trend strategies have historically increased returns and lowered volatility of the overall portfolio.

Incorporating systematic-trend strategies can potentially improve portfolio diversification.

Correlation Matters

Understanding a fund's correlation should be central to an investor's decision-making process. Correlations range on a scale from 1 (perfectly correlated) to -1 (perfectly *inversely* correlated). If your primary objective is diversification, an optimal correlation might range between roughly -0.5 to 0.5.

Anything below -0.5 has high inverse correlation, which could create a semi-constant drag on performance. On the other hand, for diversification purposes, anything above 0.5 could move too closely in tandem with the other portfolio asset classes.

Systematic Trend May Offer Increased Diversification

A characteristic of systematic trend is its ability to offer a differentiated return stream. These strategies have historically exhibited a ***lower or non-existent correlation*** with traditional asset classes, like stocks and bonds, but also to other alternatives, including REITs, energy, private equity, and private credit.

	Systematic Trend	Stocks	Bonds	REITs	Energy	Private Equity	Private Credit
Systematic Trend	1.00						
Stocks	0.09	1.00					
Bonds	-0.23	0.47	1.00				
REITs	-0.11	0.59	0.82	1.00			
Energy	0.28	0.32	-0.19	0.10	1.00		
Private Equity	0.08	0.90	0.52	0.72	0.30	1.00	
Private Credit	0.08	0.76	0.25	0.60	0.52	0.85	1.00

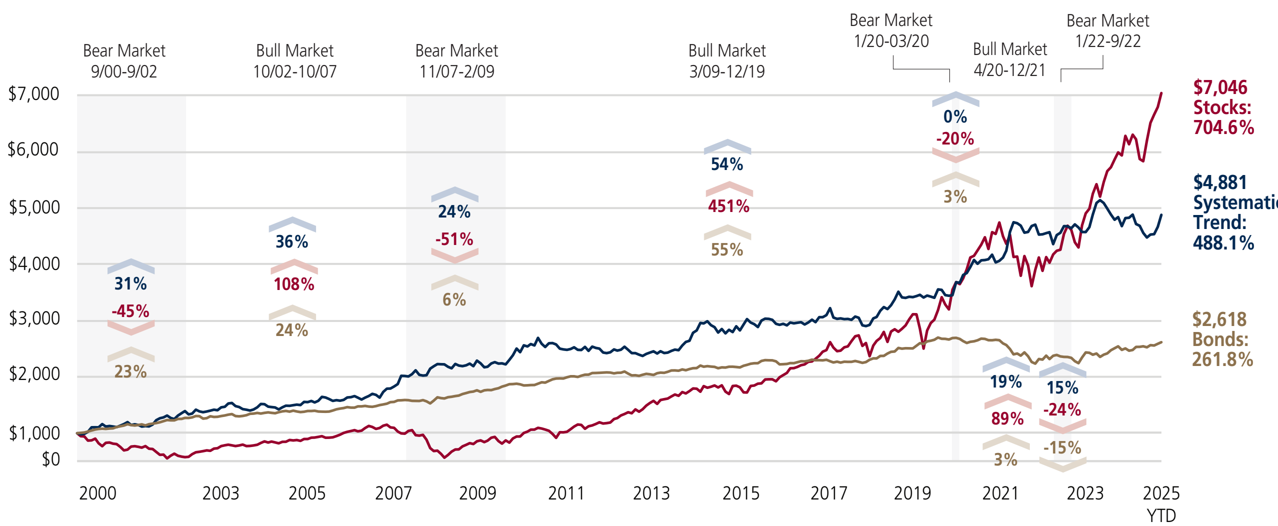
Time period 2/1/19-9/30/25. Systematic Trend is represented by CISDM CTA Index, Stocks represented by S&P 500 Index, Bonds represented by Bloomberg U.S. Aggregate Bond Index, REITs by the ICE BofA U.S. Real Estate Index, Energy by the Bloomberg Energy Subindex, Private Equity by the Red Rocks Global Listed Private Equity Index, and Private Credit by Indxx Private Credit Index, using monthly data. Source: LoCorr Fund Management.

Why Systematic Trend as a Diversifier to Stocks and Bonds?

Systematic trend has historically produced positive returns in both bull and bear markets. Since these strategies can invest both long and short, therefore moving differently than stocks and bonds, this has allowed them to produce positive returns in both market environments. In addition, systematic trend has outperformed bonds in five of the last seven of these market environments.

Performance of Systematic Trend, Stocks, and Bonds

Growth of a hypothetical $1,000 investment – September 1, 2000 through September 30, 2025



Past performance is not a guarantee of future results. Stocks are represented by S&P 500 TR Index, Systematic Trend is represented by CISDM CTA Index, and Bonds are represented by Bloomberg U.S. Aggregate Bond Index, using monthly data. Source: LoCorr Fund Management.

Retirement Strategies

Two fictional couples, the Larsons and the Millers, invested for their retirement. See how their different investing choices impacted their retirement years.

The Larsons

Investing Choice – The Traditional Route

The Larsons had their retirement savings invested in a traditional 60% stock / 40% bond portfolio. They were confident the 60/40 portfolio would provide them with both the diversification and growth required to sustain their retirement years. They planned to withdraw 5% annually to provide for living expenses.

Retired in 1995	Investment Strategy	
$1,000,000 Original Investment	**60% Stocks** / **40% Bonds**	**$7,341,807** **Investment Value** as of September 30, 2025

$1M investment with 5% Annual Withdrawal[1] – As of September 30, 2025

60% S&P 500 Index / 40% Bloomberg U.S. Aggregate Bond Index (rebalanced monthly)

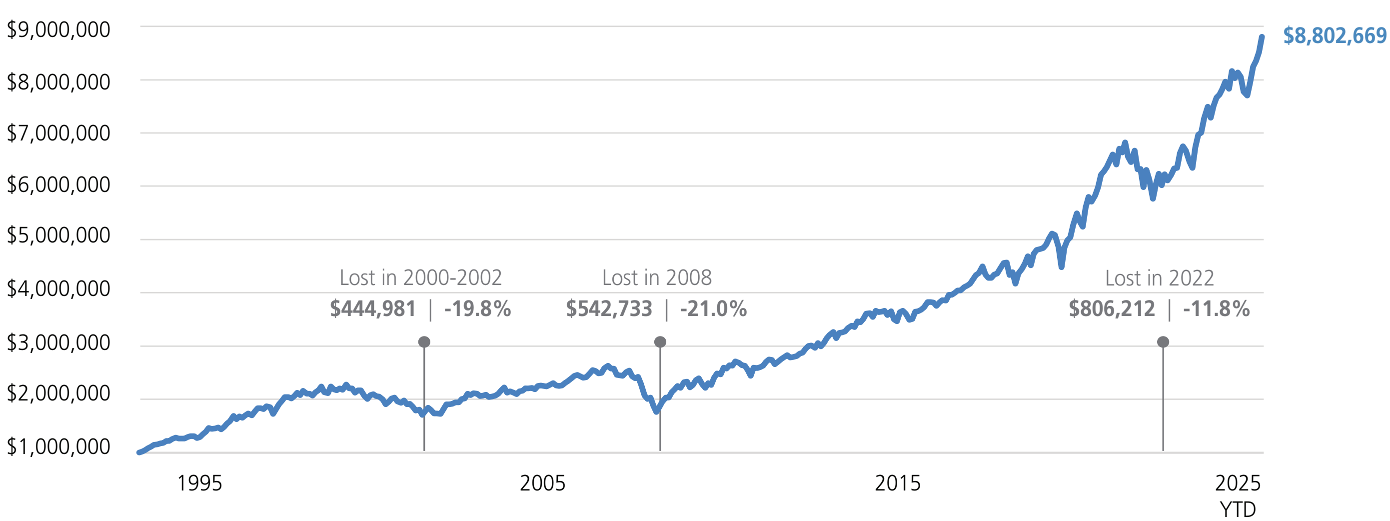
The Millers

Investing Choice – The Diversified Route

The Millers invested differently than the Larsons. They chose to take a more modern approach to the portfolio construction process and invested their retirement savings in a 60% stock / 20% bond / 20% low-correlating strategies portfolio. The Millers wanted to ensure their retirement savings lasted as long as they needed, so they included a 20% allocation to low-correlating strategies to help buoy their portfolio through unexpected market volatility. They also planned to withdraw 5% annually for living expenses.

Retired in 1995	Investment Strategy			$8,802,669
$1,000,000 Original Investment	**60%** Stocks	**20%** Bonds	**20%** Low-Correlating Strategies	**Investment Value** as of September 30, 2025

$1M investment with 5% Annual Withdrawal[1] – As of September 30, 2025



60% S&P 500 Index / 20% Bloomberg U.S. Aggregate Bond Index / 20% CISDM CTA Index (rebalanced monthly)

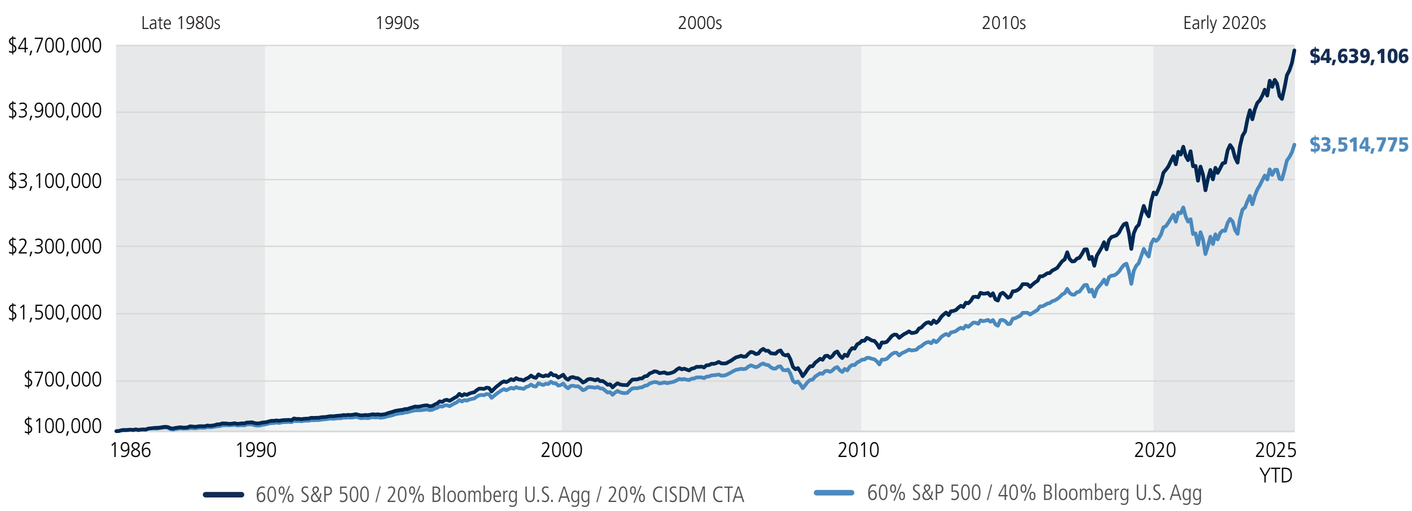
[1]The 5% annual withdrawal in the examples is $50,000 at the beginning of each year, starting in year 2.

Is a 40% Allocation to Bonds Still Justified?

As we saw with the story of the Larsons and the Millers, taking 20% from your fixed income allocation and investing that in a low-correlating sleeve has the potential to provide higher returns and a stable return stream while enhancing diversification.

In the story, we compared a 60% stock / 40% bond portfolio to a 60% stock / 20% bond / 20% low-correlating sleeve portfolio since 1995. If you look at a longer time period, like the last four decades, incorporating a low-correlating allocation to create a 60/20/20 portfolio has provided a stable return stream, enhanced diversification, and lowered volatility.

Growth of a Hypothetical $100,000 Investment[2] – January 1986[3] - September 2025



Late 1980s	Return	Beta
60 S&P 500 / 40 Bbg Agg	**15.25%**	**0.62**
60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	**18.29%**	**0.61**

1990s	Return	Beta
60 S&P 500 / 40 Bbg Agg	**14.11%**	**0.65**
60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	**14.64%**	**0.61**

2000s	Return	Beta
60 S&P 500 / 40 Bbg Agg	**2.25%**	**0.60**
60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	**2.74%**	**0.58**

2010s	Return	Beta
60 S&P 500 / 40 Bbg Agg	**9.77%**	**0.58**
60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	**9.89%**	**0.62**

Jan. 2020-Sept. 2025	Return	Beta
60 S&P 500 / 40 Bbg Agg	**9.54%**	**0.67**
60 S&P 500 / 20 Bbg Agg / 20 CISDM CTA	**10.84%**	**0.64**

Source: Morningstar Direct. [2]Assumes reinvestment of dividends and capital gains. The CISDM CTA Index represents a low-correlating sleeve. Data calculated using monthly returns. [3]As of Bloomberg U.S. Aggregate Bond Index inception January 1986. **Past performance is not a guarantee of future results.**

Systematic-Trend Strategies in a Portfolio

Systematic-trend strategies are commonly thought of as risk mitigators in a portfolio due to their low correlation to nearly all asset classes. While this is a key feature, they also seek to participate in upward trending markets making them indispensable in the creation of an all-weather portfolio. Over the last 25 years, systematic trend has made a compelling case for why your portfolio should include an allocation to this strategy.

Asset Classes at a Glance | September 2000 – September 2025

Returns				
Systematic-trend strategies have outperformed bonds and nearly kept up with stocks this century.	REITs **9.00%**	Stocks **8.09%**	Systematic Trend **6.52%**	Bonds **3.91%**

Volatility[4]				
With nearly half the volatility of equities, systematic trend has helped cushion a portfolio during periods of market stress.	Bonds **4.21**	Systematic Trend **8.32**	Stocks **15.20**	REITs **19.77**

Sharpe Ratio				
These strategies have historically provided higher risk-adjusted returns than bonds, REITs, or stocks.	Systematic Trend **0.58**	Bonds **0.49**	REITs **0.45**	Stocks **0.47**

Max Drawdowns				
Systematic-trend strategies have significantly reduced drawdowns.	Systematic Trend **-12.92%**	Bonds **-17.18%**	Stocks **-50.95%**	REITs **-67.89%**

Average Performance During Equity Drawdowns of 10% or Greater				
When equities have experienced a significant drawdown, systematic trend has historically returned positive performance.	Systematic Trend **8.72%**	Bonds **3.85%**	REITs **-17.16%**	Stocks **-25.96%**

[4]Volatility is represented by Standard Deviation.

Despite these attributes, the systematic-trend strategy remains one of the most under owned of the Morningstar categories.

Morningstar Category - Total Net Assets as of September 2025

Large Blend (Equities)	Intermediate Core Bond (Fixed Income)	Real Estate (REITs)	Systematic Trend
$5.47T	**$1.23T**	**$103.90B**	**$13.85B**

Expectations of Systematic-Trend Strategies

When making an allocation to any strategy, it is essential to understand when the strategies in your portfolio should perform and when they might struggle. Below are some expectations to remember when allocating to systematic-trend strategies.

Systematic-trend strategies may offer many benefits to a portfolio, including:

- Reducing portfolio risk by providing non-correlated returns over time to traditional investments
- During periods of persistent price movement where prices do not quickly reverse
- Amidst persistent periods of market stress and dislocation due to the strategy's low correlations and its ability to invest long and short in global markets
- Potentially providing positive returns in periods when markets are not declining, unlike pure tail hedges like buying puts

Systematic-trend strategies are likely to struggle during periods characterized by:

- Quick and violent reversals from prevailing market trends
- In periods of range-bound markets where prices trade in a narrow band with no persistent directional price movement (either up or down)

How do systematic-trend strategy drawdowns compare to traditional strategies?

The worst drawdowns in managed futures compare favorably to equities and are similar to fixed income. Since March 2007, the worst drawdown of managed futures vs. other asset classes is:

- S&P GSCI Index -88.5%
- S&P 500 Index -55.25%
- Morningstar Systematic Trend Category -23.68%
- Bloomberg U.S. Aggregate Bond Index -18.41%

Allocating to systematic trend over the long term, or combining with your equity allocation, has historically been additive to your portfolio's performance, while also reducing portfolio volatility, decreasing drawdowns, and improving risk-adjusted returns.

Traditional Assets and Systematic Trend - February 1986 - September 2025

	Return	Standard Deviation	Max Drawdown	Sharpe Ratio
Equities	11.48%	15.25	-50.95%	0.58
Fixed Income	5.55%	4.30	-17.18%	0.54
Systematic Trend	8.72%	11.07	-15.40%	0.52
50% Equities / 50% Fixed Income	8.79%	8.33	-27.11%	0.67
50% Equities / 50% Systematic Trend	10.59%	9.38	-22.70%	**0.78**

Source: LoCorr Fund Management. Equities are represented by S&P 500 TR Index, Systematic Trend is represented by CISDM CTA Index, and Fixed Income is represented by Bloomberg U.S. Aggregate Bond Index, calculated using monthly data. **Past performance is not a guarantee of future results.**

Why Allocate to Systematic Trend?

Systematic-trend strategies can play a meaningful role in a portfolio. In addition to potentially providing strong diversification and performance when traditional assets are struggling, systematic-trend strategies have historically increased returns and lowered volatility of the overall portfolio. Their ability to invest both long and short in equities, fixed income, currencies, and commodities provides a good source of diversification and helps to create an all-weather portfolio.

	Stocks	Bonds	Systematic Trend
Long History	✔	✔	✔
Performed Well During Periods of Economic Growth	✔	May or may not	✔
Performed Well During Recessions	✖	May or may not	✔
Helped Provide Diversification	✔	✔	✔
Historically Thrived During Volatility	✖	May or may not	✔

We believe systematic trend checks all the boxes for why you would want an allocation in your portfolio.

Contact your financial advisor to learn more.

LoCorr Funds | 888-628-2887 | info@locorrfunds.com

Stocks, bonds, and futures are not guaranteed. Investments in equity securities involve risks such as volatility and the potential for loss of principal. Bonds traditionally experience less volatility than stocks and typically decrease in value when interest rates rise. Futures are derivatives which can be volatile and involve various types and degrees of risk, and depending upon the characteristics of a particular derivative, suddenly become illiquid. The use of futures involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. These risks include (i) leverage risk (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the futures contract may not correlate perfectly with the underlying asset. Investments in futures involve leverage, which means a small percentage of assets invested in futures can have a disproportionately large impact on an investment (or fund).

The performance of various indices is shown for comparison purposes only. The performance of those indices was obtained from published sources believed to be reliable but which are not warranted as to accuracy or completeness. Unless noted otherwise, index returns do not reflect fees or transaction costs and reflect reinvestment of net dividends. One cannot invest directly in an index. Index performance as of 9/30/25 for S&P 500 Index 17.60% 1-year, 16.47% 5-year, 15.30% 10-year; CISDM CTA Index 0.82% 1-year, 7.16% 5-year, 5.57% 10-year; Bloomberg U.S. Aggregate Bond Index 2.88% 1-year, -0.45% 5-year, 1.84% 10-year.

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. **CISDM CTA Index** is designed to broadly represent the performance of all CTA programs in the Morningstar database that meet the inclusion requirements. Only CTAs that have reported net returns for the particular month are included in the index calculation. **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. **ICE BofA U.S. Real Estate Index** tracks the performance of fixed-rate, U.S. dollar-denominated preferred securities issued in the U.S. domestic market, including those from real estate investment trusts (REITs). **Bloomberg Energy Subindex** is a subindex of the Bloomberg commodity index. It is composed of futures contracts on crude oil, heating oil, unleaded gasoline, and natural gas. **Red Rocks Global Listed Private Equity Index** measures the performance of private equity firms which are publicly traded on any nationally recognized exchange worldwide. It is comprised of 40 to 75 public companies and provides diversified exposure to private companies that are owned and managed by private equity firms. Index constituents are modified market capitalization weighted. **The Indxx Private Credit Index** tracks the performance of the Business Development Corporations (BDCs) and Closed-End Funds (CEFs), trading in the US, with significant exposure to private credit, as defined by Indxx. **S&P GSCI Commodity Index** is a total return index currently comprised of 24 basic commodities. **Morningstar Systematic Trend Category** - is an average monthly return of all funds in the Morningstar Systematic Trend Category. These funds typically take long and short positions in futures options, swaps, and foreign exchange contracts, both listed and over-the-counter, based on market trends or momentum. A majority of these funds follow trend-following, price-momentum strategies. The performance statistics presented for the index do not reflect any trading or administrative costs of investing in the index. Source: Barclay Trading Group One cannot invest directly in an index.

Drawdown refers to a peak-to-trough decline for a specific recorded period. **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. **Standard Deviation** is the statistical measurement of dispersion about an average, which depicts how widely a portfolio's returns varied over a certain period of time. When a portfolio has a high standard deviation, the predicted range of performance is wide, implying greater volatility. A **put option** is an option contract giving the owner the right, but not the obligation, to sell a specified amount of an underlying security at a specified price within a specified time frame. **Pure tail hedge** refers to strategies designed to protect a portfolio against extreme market downturns (left tail risk) by holding instruments that pay off when a "tail event" occurs, such as a market crash. These are a form of insurance against "black swan" events and are often implemented by buying options like out-of-the-money puts on an equity index, using volatility-based products like VIX calls, or employing managed futures strategies.

Diversification does not assure a profit nor protect against loss in a declining 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 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 non-rated 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.

LoCorr® FUNDS

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LC 7344 (11/25)