



#### Investment Strategy

- **Access**

The Fund seeks to provide both current income and capital appreciation through access to private real estate funds that are members of the NFI-ODCE NR Index.

- **Moderate Volatility**

The underlying private real estate funds invest in commercial properties with limited leverage and high occupancy rates, and are generally leased to tenants with high credit ratings.

- **Low Correlation**

Diversification benefits may be obtained when private real estate is added to a traditional equity/bond portfolio.

#### Market Overview

The third quarter of 2020 was a continuation of the rebound that started in the 2nd quarter, although returns were at a more moderate level. Fueled by hopes of another round of stimulus and optimism of a rapid economic expansion once there is a significant reduction in the health threat of Covid-19, many asset classes delivered positive returns. The S&P 500 posted an 8.93% increase while fixed income returns were also positive with the BBgBarc Aggregate Bond Index returning a positive 0.62%. Publicly traded REITs (as measured by the MSCI US Real Estate Index NR) also continued to recover returning 1.34% for the quarter. Core private real estate (as measured by the NFI-ODCE NR) moved back into positive territory posting a return of 0.27% after declining a very modest -1.74% in 2Q.

Although returns were strong across most asset classes, the third quarter was not without volatility. The uncertainty around the reopening of the economy coupled with political posturing led to increased volatility over the quarter. The Covid-19 pandemic has changed the way Americans live, which we believe will likely continue until the middle of next year. Looking forward, the good news is that the fourth quarter will answer many of the unknown questions that still exist around vaccination, treatments, additional lockdowns, and of course who the next President will be in the U.S. We remain cautiously optimistic and although we are facing a fall surge of Covid-19 cases, we have seen positive developments with anti-viral medications, vaccine development, and a general understanding of how the virus spreads.

As it relates to commercial real estate, the effects of this pandemic are still unclear, however clarity continues to emerge as we progress through the quarters. Rent collections continued to strengthen throughout the quarter, a trend that started in the 2nd quarter when the economy began to reopen. Industrial and multi-family property types continued to lead the way with strong income returns and some properties showing appreciation. Within office and retail, we continued to see valuation declines however we believe the majority of the write-downs may be behind us. Despite the headwinds, the NFI-ODCE funds has demonstrated the ability to adapt and repurpose unoccupied space to its highest and best use in the face of shifting structural trends.

Transaction volume remained low across commercial real estate in general, but we did see transactions in industrial, multi-family and office property types, albeit at a very low volume-level, especially within office. That said, we have seen transaction prices support valuations with many properties closing at or just slightly below pre-Covid levels. There was almost no transaction volume within retail properties, and the property type again saw the largest declines as appraisers continued to price in declining rents and falling demand. However, most of the valuation declines have likely stabilized within well located, grocery and necessity based retail centers (which is the majority of the exposure in the Fund).

As we stated in the previous quarters, real estate fundamentals heading into this downturn were very strong (unlike other downturns in the past few decades). Most property types were not over-supplied and leverage was modest, especially within the NFI-ODCE funds, which had an average leverage ratio of 22%. Furthermore, the occupancy rate in the NFI-ODCE was close to a record high at approximately 93%. As we wrote previously, we believed the NFI-ODCE's focus on "core" commercial real estate with strict risk requirements would be beneficial in an environment such as this which has in fact been demonstrated over this year. The conservative and diversified approach of the NFI-ODCE managers has led to a stabilization of returns, with the index posting a positive return for the quarter after a very modest decline in the 2nd quarter.



# USQ Core Real Estate Fund

Quarterly review  
3Q 2020 (continued)

It is also worth highlighting the Fund has recently achieved its three-year track record. While the market has certainly provided its share of twists and turns over this period, the Fund has been able to achieve its objective. The Fund provided strong correlation benefits over the recent downturn and proven it acts as a ballast for a well-diversified portfolio. Moving forward, we believe the abundance of capital available in the market, low interest rates, demand for core product, and the income stability within the NFI-ODCE all position the Fund well for continued success.

We thank you for your investment in the Fund and wish you, your families, friends, and colleagues all the best during this pandemic. Please stay safe.

## Quarterly Fund Highlights

The Fund achieved its three-year track delivering on its objective of delivering a non-correlated return stream with a stable income.

The Fund had a positive return of 0.40% and maintained a 1.00% quarterly distribution.

This year has highlighted the importance of maintaining our risk-adjusted approach of allocating investments across property types, geographies, and utilizing leverage prudently. The Fund seeks this diversification by investing its private real estate allocation exclusively in private funds comprising the NFI-ODCE, which has served the Fund's shareholders well so far through this downturn and we believe will offer an improved chance of resilience and recovery going forward.

## Returns for periods ended 6/30/2019

	Annualized Total Return					
	QTD	YTD	1 Yr	3 Yr	5 Yr	Since Inception 9/27/2017
Class I Shares: USQIX	0.40%	-0.45%	0.37%	3.84%	N/A	3.83%
S&P 500 TR	8.93%	5.57%	15.15%	12.28%	14.15%	12.43%
Bloomberg Barclays U.S. Agg. Bond Index TR	0.62%	6.79%	6.98%	5.24%	4.18%	5.25%
MSCI U.S. REIT NR Index	1.34%	-17.86%	-18.77%	-0.95%	2.66%	-0.70%
NFI-ODCE NR	0.27%	-0.75%	0.52%	4.25%	5.69%	4.25%

**The performance quoted represents past performance. Past performance does not guarantee future results. The current performance may be lower or higher than the performance data quoted. The investment return and principal value of the Fund will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month end may be obtained by calling 1-833-877-3863.**

Fund returns reflect actual fee waivers and reimbursement of expenses for the time periods represented. Had fees and expenses not been waived and reimbursed, returns would have been lower. See the prospectus for more information on current fees and expenses. All investing involves risk, including the possible loss of principal. Performance for periods less than one year is not annualized. Since Inception performance of the NFI-ODCE NR is as of 10/2/2017, due to quarterly calculation of the index. NFI-ODCE NR performance is preliminary and subject to change. Final performance is typically not available from NCREIF until up to 45 days after quarter-end; to distribute the Quarterly Review sooner, preliminary performance for NFI-ODCE NR has been shown.

## Fund Facts

	Ticker	CUSIP	Inception Date	Investment Minimum*	12b-1 Fee	Net Expense Ratio
Class I Shares	USQIX	90351Y101	9/27/2017	\$25,000	None	0.96%

Class I gross expenses are 2.43% and net expenses are 0.96%. Net fees are based on a contractual fee waiver and reimbursement agreement that will continue indefinitely until terminated by mutual agreement of the Adviser and the Fund, including consent of the Fund's Board.

\*Investment minimums are waived for certain investors. See the Prospectus for additional details.

(continued on next page)



## Definitions

**Correlation** is a statistic that measures the extent to which two asset classes (or securities) move in relation to each other. Two asset classes that have a high correlation move in the same direction as markets rise and fall. Two asset classes with negative or inverse correlation move in opposite directions as markets rise and fall. The closer the correlation statistic between two asset classes is to zero, the more independently the asset classes move with respect to each other.

## Indexes

**BBgBarc U.S. Agg Bond Index** The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged market value-weighted index for U.S. dollar denominated investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

**The MSCI US REIT Index** is a free float-adjusted market capitalization index that is comprised of equity REITs. With 152 constituents, it represents about 99% of the US REIT universe and securities are classified in the Equity REITs Industry (under the Real Estate sector) according to the Global Industry Classification Standard (GICS®). It however excludes Mortgage REIT and selected Specialized REITs.

**NFI-ODCE** The NCREIF Fund Index — Open-end Diversified Core Equity (NFI-ODCE) consists of private real estate equity funds that meet certain criteria with respect to such things as leverage (less than 40%), operations (at least 80% leased or available to be leased), sector and geographic diversification, and investment in core real estate (at least 80% in office, industrial, apartment and retail properties).

**S&P 500 Index** S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

Fund holdings and sector and geographic allocations are subject to change and are not recommendations to buy or sell securities. One cannot invest directly in an index.

## Risk Disclosures

**Investing in the Fund's shares involves substantial risks, including the risks set forth in the "Risk Factors" section of this prospectus, which include, but are not limited to the following: Investing in real estate entails special risks, including (i) changes in general economic and market conditions; (ii) changes in the value of real estate properties; (iii) risks related to local economic conditions, overbuilding and increased competition; (iv) increases in property taxes and operating expenses; (v) changes in zoning laws; (vi) casualty and condemnation losses; (vii) variations in rental income, neighborhood values or the appeal of property to tenants; (viii) the availability of financing and (ix) changes in interest rates and leverage. There are also special risks associated with particular real estate sectors, or real estate operations generally. The Fund is not intended to be a complete investment program, but instead as a way to help investors diversify into real estate. Diversification does not ensure a profit or guarantee against a loss. There currently is no secondary market for the Fund's shares and the Adviser does not expect that a secondary market will develop. Limited liquidity is provided to shareholders only through the Fund's quarterly Repurchase Offers for no less than 5% of the Fund's shares outstanding at net asset value. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly Repurchase Offer.**

*Before investing in the Fund, you should carefully consider the Fund's investment objectives, risks, fees and expenses. For a copy of a prospectus which contains this and other information, please visit our website at [www.usqfunds.com](http://www.usqfunds.com) or call 1-833-USQ-FUND [1-833-877-3863]. Please read the Fund's prospectus carefully before investing.*

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