



Investment Strategy

The USQ Core Real Estate Fund is a closed-end interval fund.

- **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 second quarter of 2021 continued to show signs of optimism and most investors were rewarded accordingly. With the steep decline in Covid-19 cases across the U.S., the economy continued to re-open and many consumers resumed the once normal activities of shopping at stores and going on vacation. The re-opening of the economy led to strong earnings across most industries which led to the S&P 500 posting an 8.55% return and again reaching record highs. Fixed income returns were positive as rates declined and the BBgBarc Aggregate Bond Index posted a 1.83% return. Publicly traded REITs (as measured by the MSCI US Real Estate Index NR) had another strong quarter posting a return of 11.74% for the quarter. Core private real estate (as measured by the NFI-ODCE NR) started to pick up steam posting a 3.68% return for the quarter.

As the Covid-19 vaccinations picked up in the first half of the year, the lower rates of infection clearly indicate that the vaccines are working. As a result, consumers returned to normal activities and spending increased which pushed Gross Domestic Product (GDP) up to an annualized rate of 6.5%. While we expect that to moderate in the coming quarters, it is nice to see the economy recover and we believe there is still plenty of room for the economy to expand, barring a surge in new Covid-19 cases. However, while the economy and jobs continue on the path to recovery, it has sparked fears of inflation as Consumer Price Index (CPI) and wage growth have increased to levels not seen in decades. It is important to remember the supply-chain disruptions that occurred as a result of Covid-19 have certainly not worked through the system yet. Therefore, prices have increased as supply has not been able to keep up with demand. The Federal Reserve has stated they believe that the higher rates of inflation are transitory, and inflation should retreat as the supply increases. We tend to agree but note it will likely take a few quarters for production to catch up to consumer demand. As it relates to wage growth, we expect that to moderate as well once the stimulus expires in September and more employees return to the workforce.

As it relates to commercial real estate, the second quarter also provided optimism for investors. Many of the negative assumptions that were put into valuation models last year such as increased rental losses and vacancy rates were reversed as rent collections returned to pre-covid levels and leasing activity was strong. Industrial properties continued to be the strongest performer, while multi-family properties appreciated as home prices increased substantially across the country. Also, office properties showed signs of optimism as leasing activity picked up with many companies planning to bring employees back to the office in the 3rd and 4th quarter of this year. Finally, retail properties seemed to show signs of bottoming as some of the retail properties across the portfolio saw slight increases in valuation.

As we mentioned in previous quarters, we believe the prudent and diversified approach of the NFI-ODCE managers has rewarded investors throughout the downturn and while aiming to reward investors throughout the recovery. 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 should bode well for the type of core commercial real estate in which the fund invests. Furthermore, while the most recent stimulus has been good for markets overall, it has introduced worries of inflation as we stated above. Given that commercial real estate has traditionally been a good hedge against inflation we believe commercial real estate should be a consideration for any well-diversified portfolio, especially in an environment such as this.

We appreciate your investment in the Fund and wish you all the best as we continue to on the path to normalcy.

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Quarterly Fund Highlights

The Fund continued delivering on its objective of providing a non-correlated return stream with stable income.

The Fund had a positive return of 3.58%, its strongest quarter since inception, and maintained our quarterly distribution since inception.

The Fund continues to grow as a result of the strong performance and low correlation to most asset classes.

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 6/30/2021

	Annualized Total Return					
	QTD	YTD	1 Yr	3 Yr	5 Yr	Since Inception 9/27/2017
Class I Shares: USQIX	3.58%	5.09%	6.19%	4.09%	N/A	4.61%
S&P 500 TR	8.55%	15.25%	40.79%	18.67%	17.65%	17.61%
Bloomberg Barclays U.S. Agg. Bond Index TR	1.83%	-1.60%	-0.33%	5.34%	3.03%	3.92%
MSCI U.S. REIT NR Index	11.74%	21.24%	36.57%	8.83%	5.02%	7.66%
NFI-ODCE NR	3.68%	5.64%	7.09%	4.60%	5.62%	5.21%

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.

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 1.86% 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.

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.

Consumer Price Index (CPI) – A common measure of inflation, Headline CPI tracks a broad basket of goods and services relatable to most consumers. Core CPI excludes Food and Energy due to the volatile nature of those categories and the distortive effect it can have on the broader inflation measure.

Gross Domestic Product (GDP) – GDP is a basic measure of U.S. economic output. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S.



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 139 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 35%), operations (at least 75% invested in properties that are 75% or more leased), sector and geographic diversification, and investment in core real estate (at least 75% 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 or call 1-833-USQ-FUND [1-833-877-3863]. Please read the Fund's prospectus carefully before investing.

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