USQ Core Real Estate Fund

Quarterly market review
1Q 2022

The 1st quarter of 2022 was dominated by headlines of the horrific situation that has transpired in Ukraine and caused markets to sell-off. The S&P 500 posted a negative return of -4.60% for the quarter, although the declines were much more exaggerated intra-quarter. Fixed income returns were also negative posting a return of -5.93% (Bloomberg Barclays U.S. Agg. Bond Index TR). Publicly traded REITs (as measured by the MSCI US Real Estate Index NR) moved in line with the broad markets, as they typically do in periods of volatility, posting a negative -4.28% return. Core private real estate (as measured by the NFI-ODCE NR) had another strong quarter with a positive 7.17% return. It is worth highlighting that fixed income offered almost no protection for investors as rates rapidly increased through the quarter. Diversifying into other asset classes, especially private markets, should be considered as the public equity and fixed income markets are likely to see continued volatility with geo-political risks and a Federal Reserve that is caught in a position where it must increase interest rates.

Speaking of interest rates, we experienced increases across the yield curve during the quarter. The Federal Open Market Committee voted to increase the federal funds rate target by 0.25% in March, while the 10-year U.S. Treasury yields experienced an 0.80% increase. The move up in rates was largely expected given the high inflation numbers we experienced recently (7.9% for year ended February 2022). The Federal Reserve is now in a place where it must raise short-term interest rates to bring inflation back down to its target of 2% which will likely create more volatility in the global markets. That said, while inflation has been more persistent than most expected, we still believe inflation will ease as the supply chain disruptions ease and think the Federal Reserve will largely be able to catch up and moderate inflation by the end of the year.

As it relates to commercial real estate, we continue to believe the asset class is well-positioned in the current environment. The inflationary period has led to an increase in rents with some of those increases not yet recognized. Furthermore, we also believe the 10-yr. U.S. Treasury still has room to rise before we see any significant pressure on cap rates. Overall, rent growth within the industrial and multi-family property types have largely contributed to recent performance, but we are seeing office and retail properties starting to have a positive contribution as well. High quality commercial real estate, which is the hallmark of NFI-ODCE index in which the Fund invests, remains in high demand. **Below is a brief summary by property type:**

INDUSTRIAL properties once again drove returns for the quarter. Cap rates continue to compress however, rent growth has supported higher valuations. Additionally, the demand in the best markets across the U.S. continues to exceed supply.

MULTI-FAMILY also saw strong appreciation, and we believe rising mortgage rates and the recent run up in home prices will continue to benefit the sector. For example, as of early April, the average 30-yr fixed rate mortgage for residential homes is above 5%, the highest levels we have seen since 2011 making homes unaffordable for many potential buyers.

OFFICE properties continued to show signs of strengthening, especially in markets where workers have been returning to office for the last few months. We expect this trend to continue as companies put return to work plans in place for the coming months. As an example of large companies implementing these plans, Jamie Dimon, CEO of JPMorgan, announced that he expects just 10% of employees to work from home on a full-time basis.

RETAIL properties are starting to experience meaningful increases in net operating income (NOI). Grocery anchored and necessity based continue to perform well, but we are also seeing Class-A retail benefit from the full re-opening of the U.S. economy.

SPECIALTY continues to see strong demand from institutional investors for more specialty type property sectors such as self-storage and single-family residential. While these sectors represent a small portion of the NFI-ODCE, the returns have been very strong and added to the strong overall performance.

Definitions: **Cap rate** represents the rate of return on based on the income that the property is expected to generate.

READY TO RETURN TO THE OFFICE?

While the mainstream media loves to highlight the potentially negative outlook for office, some are much more optimistic. Consider, for example, in March 2022 one of the world's largest owners of commercial real estate purchased a 49% stake in One Manhattan West, valuing the office tower at $2.8b. This highlights that high quality office properties will continue to see strong tenant demand.

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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.*

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 136 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.

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.

By investing in the Fund, a shareholder will not be deemed to be an investor in any underlying fund in which the Fund invests and will not have the ability to exercise any rights attributable to an investor in any such underlying fund.

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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