# 2021 Versus Capital Funds
# Estimated Capital Gains Distributions

Preliminary Estimates and Subject to Change | As of October 31, 2021

Each year, continuously offered closed-end interval funds are required to distribute their net investment income, which includes net realized capital gains, to their shareholders to maintain certain beneficial tax treatment under applicable tax regulations. Capital gains distributions generally result from a fund selling securities that have appreciated in value.

The table below summarizes the estimated capital gains distributions to be made prior to December 31, 2021 by the Versus Capital Funds in addition to their regular quarterly distributions. Please note that these are initial estimates, and the actual final amounts are likely to change. The tax character of all calendar 2021 distributions will be reported to investors on Form 1099-DIV in early 2022.

| Fund Name | Est. Short-Term Capital Gains Distribution (Dollars per Share) | Est. Long-Term Capital Gains Distribution (Dollars per Share) | Total Est. Capital Gains Distributions (Dollars per Share) | Total Est. Capital Gains ( % of 10//31/21 NAV) |
|---|---|---|---|---|
| Multi-Manager Real Estate Income Fund (VCMIX) | $0.00 | $0.60 | $0.60 | 2.00% |
| Real Assets Fund (VCRRX) | $0.00 | $0.00 | $0.00 | 0.00% |

| Capital Gain Distribution Dates | Record | Ex-Dividend | Payable |
|---|---|---|---|
| | 12/27/2021 | 12/28/2021 | 12/29/2021 |

**Versus Capital does not provide tax advice. Shareholders should consult a financial or tax professional for further assistance. This FAQ is provided for informational purposes only.**

**Why do funds pay capital gains?**
When a fund sells securities in its portfolio, it realizes gains or losses. If the fund's cumulative realized gains exceed its realized losses, the fund is required to distribute net gains to all shareholders before the end of the calendar year to maintain its favorable tax status under applicable regulations. These distributions typically occur once per year.

**What is the difference between a capital gain distribution and an annual income distribution?**
A capital gain distribution is payment to fund shareholders from the net profits of the sale of securities in the fund's portfolio. Typically, capital gain distributions are paid annually. An income distribution is made up of dividends, interest, and other income (less operating expenses) from the fund's portfolio. These distributions can be paid to shareholders monthly, quarterly, or annually, depending on the fund's distribution schedule. Depending on an individual investor's tax circumstances, capital gains distributions may also be subject to a lower tax rate than income distributions.

**Are capital gains still distributed if the market declines and/or if the fund has negative performance?**
Regardless of whether a fund posted a positive or negative return for the year, the fund will distribute any net realized capital gains to meet the fund's distribution requirement imposed by the IRS. While losses from the sales of securities may be used to offset realized gains from sales of other securities, any net capital gain will be distributed to shareholders.

**When a capital gain is distributed, do shareholders lose money?**
No. On the date of the distribution, the net asset value of the fund will drop by the amount paid to shareholders. This payment is why a fund's price per share generally decreases when distributions are made. A shareholder may choose to receive their distribution in cash, in which case the shareholder's account value will be reduced by the amount they take as a distribution. The shareholder may also choose to reinvest the distribution, which will result in the purchase of additional shares.

*Funds involve risk including possible loss of principal.* ***You should consider the investment objectives, risks, charges and expenses of each Fund carefully before investing. The prospectuses contain this and other important information. Please read it carefully before investing. You may obtain a prospectus by going to versuscapital.com or by calling (877) 200-1878.***

*Securities offered through Foreside Funds Distributors LLC, the distributor of the Versus Capital Multi-Manager Real Estate Income Fund and the Versus Capital Real Assets Fund. Advisory services and products are offered through Versus Capital Advisors LLC, not affiliated with Foreside Funds Distributors LLC*

**What are Some of the Risks of the Funds?**

AN INVESTMENT IN A FUND IS SUBJECT TO A HIGH DEGREE OF RISK. THESE RISKS INCLUDE, BUT ARE NOT LIMITED TO, THOSE OUTLINED BELOW.

Real Estate and Real Assets entail special risks, including tenant default, environmental problems, and adverse changes in local economies. The capital value of a Fund's investments may be significantly diminished in the event of a downward turn in real estate market prices. Real Assets are also subject to the risk of regulations associated with infrastructure, timberland, and agriculture/farmland related companies.

Defaults among mortgage loans in which a Fund invests may result in the Fund being unable to repossess and sell the underlying properties in a timely manner. The resulting time delay could reduce the value of the investment in the defaulted mortgage loans.

The Funds are "non-diversified" under the Investment Company Act of 1940. Changes in the market value of a single holding may cause greater fluctuation in the Funds' net asset values than in a "diversified" fund. The Funds are not intended as a complete investment program but instead as a way to help investors diversify into real assets. Diversification does not ensure a profit or guarantee against a loss.

A multi-manager strategy involves certain risks. For example, it is possible that some private fund managers may take similar market positions, thereby interfering with a Fund's investment goals. The Funds may borrow as an investment strategy, up to one third of a Fund's gross asset value. Borrowing presents opportunities to increase the Funds' returns, but potentially increases the losses as well. Because the private funds may themselves borrow and incur a higher level of leverage than that which the Funds are permitted, the Funds could be effectively leveraged in an amount far greater than the limit imposed by the Investment Company Act of 1940.

The Funds' investments in private funds are priced based on estimates of fair value, which may prove to be inaccurate. Therefore, the value of a Fund's investments will be difficult to ascertain, and the valuations provided in respect of a Fund's private funds and other private securities, will likely vary from the amounts the Fund would receive upon withdrawal of its investments. Additionally, given the limited liquidity of the private funds, the Funds may not be able to alter their portfolio allocations in sufficient time to respond to any underlying material changes, resulting in substantial losses from risks of private funds.

The adviser, sub-advisers and private fund managers manage portfolios for themselves and other clients. A conflict of interest between the Funds and these other parties may arise which could disadvantage the Fund. For example, a suitable but limited investment opportunity might be allocated to another client rather than to the Fund.

The Funds do not intend to list their shares on any securities exchange during the offering period, and a secondary market in the shares is not expected to develop. There is no guarantee that shareholders will be able to sell all of their tendered shares during a quarterly repurchase offer. **An investment is not suitable for investors that require liquidity, other than through the Funds' repurchase policy.**

You should not expect to be able to sell your shares other than through a Fund's repurchase policy, regardless of how the Fund performs.

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.