



Versus Capital Advisors LLC

Registered Investment Adviser Brochure

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This brochure provides information about the qualifications and business practices of Versus Capital Advisors LLC (“Versus Capital” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 877-200-1878 or info@versuscapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. A “registered” investment adviser does not imply a certain level of skill or training. Additional information about Versus Capital also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This brochure replaces the Versus Capital brochure dated November 13, 2018. Please note that a revision to this brochure has been made to reflect that Kudu Investment Management LLC (“Kudu”) acquired a minority stake in Versus Capital in March 2019. In addition, since the last annual brochure update on March 31, 2018, there have been significant clarifying and updating edits made throughout this brochure to help investors better understand our firm, the investment advisory services we offer, and who our clients are. Many of these edits were made in the November 13, 2018 brochure amendment.

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ITEM 4: ADVISORY BUSINESS

Versus Capital, a Delaware limited liability company, was originally established in March of 2007 as Welton Street Advisors to provide investment management services in the form of fund of funds management for clients and, in particular, certain private charitable trusts established as pooled income funds (“PIFs”) under Section 642(c)(5) of the Internal Revenue Code of 1986, as amended. Welton Street Advisors was initially registered as an investment adviser within the state of Colorado. In 2011, the Company updated its registration after an ownership reorganization and name change to Versus Capital. That year, Versus Capital registered with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”) and sponsored the Versus Capital Multi-Manager Real Estate Income Fund LLC (“VCMIX”).

VCMIX is a Delaware limited liability company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), as a non-diversified, closed-end investment management company that is operated as an interval fund. VCMIX has registered up to \$4,000,000,000 of shares and will be continuously offered under the Securities Act of 1933, as amended (the “Securities Act”). In 2017, Versus Capital launched the Versus Capital Real Assets Fund LLC (“VCRRX”). VCRRX is also a Delaware limited liability company registered under the Investment Company Act as a non-diversified, closed-end investment management company that is operated as an interval fund. VCRRX has registered up to \$2,000,000,000 of shares and will be continuously offered under the Securities Act. VCMIX and VCRRX may collectively be referred to herein as “Registered Funds”. The Registered Funds and four PIFs, managed for the benefit of a single non-profit entity (the “Non-Profit”), constitute the entirety of Versus Capital’s client base and are collectively and herein referred to as “Clients”.

Versus Capital serves as the investment adviser and has full discretionary authority over investment decisions made for each of its Clients. Versus Capital typically allocates a portion of the assets of each Registered Fund to other investment advisers (“Sub-Advisers”) to manage a sleeve of publicly traded equity and debt securities while investing the majority of the Registered Funds’ assets in various private investment funds (“Investment Funds”). To a lesser degree, VCRRX may also invest directly in secured and unsecured real asset-related debt, and the fund’s wholly-owned and controlled subsidiaries (the “Sub-REITs”) that will make direct co-investments into timberland and agriculture/farmland assets. Versus Capital manages four PIFs for the Non-Profit with cumulative assets totaling approximately \$1,550,000. The PIFs employ several different investment strategies; however, each is managed by Versus Capital employing a fund of funds approach. The fund of funds approach for the PIFs targets open-end investment companies with investment managers that have substantive historical track records within the investment strategy such PIF employs. As of March 21, 2019, Versus Capital had \$4,095,975,494 in discretionary assets under management on behalf of Clients, nearly all of which is held in the Registered Funds. Versus Capital does not manage any Client assets on a non-discretionary basis.

Versus Capital’s advice to a Client is tailored according to the investment objectives, guidelines and requirements set forth in the relevant documents pertaining to Versus Capital’s arrangements with that Client. In the case of the Registered Funds, such investment objectives, guidelines and requirements are described in the Registered Funds’ prospectuses and statements of additional information (“SAIs”) (each, as amended and/or supplemented from time to time, collectively, a “Prospectus”) and the investment management agreement between Versus Capital and each Registered Fund. In the case of the four PIFs managed for the benefit of the Non-Profit, such investment objectives, guidelines and requirements are described in the investment management agreement between Versus Capital and the Non-Profit. The Prospectuses and investment management agreements between Versus Capital and each Client are collectively and herein referred to as the “Relevant Documents”.

The investment strategies employed by Versus Capital for its Clients typically are focused on income-oriented investment objectives with a secondary focus on capital preservation and appreciation. Versus Capital has the authority to determine, without consultation with its Client on a transaction-by-transaction basis, the investments to be bought or sold, and the amount of investments to be bought or sold, subject to and in accordance with the Relevant Documents of each Client.

Versus Capital Group, LLC owns a majority interest in Versus Capital. and the co-founders of Versus Capital - Mark D. Quam, William R. Fuhs and Casey R. Frazier - indirectly own a controlling interest in Versus Capital Group, LLC. A third-party investor, Kudu, which is registered with the SEC as an investment adviser, also owns a non-controlling minority stake in Versus Capital.

ITEM 5: FEES AND COMPENSATION

Versus Capital does not currently receive any compensation for serving as the investment adviser to the four PIFs managed for the benefit of the Non-Profit. Each PIF does, however, bear the custodial and trustee fees associated with the ongoing management of each fund. Also, because each PIF invests primarily in unaffiliated mutual funds, they will share in the underlying management, trading and administrative expenses of each mutual fund they are invested in.

Versus Capital receives compensation for serving as the investment adviser to the Registered Funds. The fees for such services are charged at an annual rate as a percentage of the assets of each Registered Fund. Currently, the annual rate applied ranges between 0.95% and 1.15%, as disclosed in the Prospectus for each Registered Fund. The fees accrue daily on the average daily net asset value of each Registered Fund and are paid quarterly in arrears out of the assets of each Registered Fund.

Investors in the Registered Funds will bear certain expenses related to the operations of each fund. These expenses include, but are not limited to, administrative, organizational, research and investment related expenses, such as brokerage commissions, indirect fees and expenses of the underlying Investment Funds, legal fees, fees for maintaining a line of credit, director's fees, accounting fees, audit fees and other professional fees and expenses. These expenses are typically accrued daily and incorporated in the Registered Fund's share price. For additional detail on these fees and expenses, please refer to the Prospectus of each Registered Fund. For additional information on the Company's brokerage practices, please refer to *Item 12: Brokerage Practices* in this brochure.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Versus Capital and its supervised persons do not currently receive any performance-based fees as compensation for investment advisory services provided to Clients.

ITEM 7: TYPES OF CLIENTS

As discussed above, Versus Capital provides investment advice to the Registered Funds and to four PIFs for the benefit of the Non-Profit. The PIFs are no longer accepting new investors. The Registered Funds are sold to institutional investors, including registered investment advisers ("RIAs"), banks, trust companies or similar financial institutions investing for their own account or for accounts they act as a fiduciary and have authority to make investment decisions. The minimum initial investment per institutional investor in each Registered Fund is \$10 million. Please refer to the relevant Prospectus for detailed information on the requirements to invest in each Registered Fund.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

As noted previously, Versus Capital provides discretionary investment management on a continuous basis to four PIFs. The four PIFs are structured to each have a different investment focus: growth, real estate, high income and core income. For each PIF, Versus Capital utilizes a fund of funds strategy, investing only in shares of no load open-end mutual funds to meet the stated investment objective. The success of these strategies depends on the Company's ability to identify and manage the mix of mutual funds each PIF is invested in. Versus Capital utilizes quantitative and qualitative methods of analysis to select mutual funds for the PIFs. Using data sources such as Morningstar Direct and mutual fund prospectus information, Versus Capital analyzes historical performance, fees, and investment strategy to arrive at the appropriate mix of funds for each PIF.

Versus Capital also serves as the investment adviser to the Registered Funds, with VCMIX focused on both public and private real estate investments and VCRRX focused on both public and private investments in real assets, such as farmland, timberland and infrastructure. Unlike many closed-end investment companies, the Registered Funds' shares are not listed on any securities exchange and are not publicly-traded. There is currently no secondary market for the shares and the Registered Funds expect that no secondary market will develop. Shares are subject to substantial restrictions on transferability and may only be transferred or resold in accordance with each Registered Fund's share repurchase policy. Limited liquidity is provided to shareholders through each Registered Fund's quarterly repurchase offers for no less than 5%, and no more than 25%, of the shares outstanding. There is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer. The investment strategies, methods of analysis and material risks applicable to each Registered Fund are described in detail in each relevant Prospectus, which is available at www.versuscapital.com.

Versus Capital employs a team of qualified professionals which attempts to construct portfolios that meet the objectives of each Client as described in the Relevant Documents. Versus Capital utilizes information obtained from a wide variety of sources, and multiple professional staff members actively participate in the Company's research effort. All investment decisions are made by the Company's Investment Committee, which is led by the Chief Investment Officer ("CIO") of Versus Capital.

Versus Capital follows certain general guidelines when reviewing and selecting investments for a Registered Fund. Although the Company will attempt to apply the guidelines consistently, the guidelines involve the application of subjective and qualitative criteria and the selection of investments is a fundamentally subjective process. The use of the selection guidelines may be modified or eliminated at the discretion of the Company. There can be no assurance that the Company will be able to access investments that can enable a Registered Fund to meet its objective. The current guidelines, developed by Versus Capital, are as follows:

- *Investment Review.* The Company's process for evaluating investments emphasizes the performance and consistency of the management team for an Investment Fund, the investment manager's investment approaches and processes, the mechanics and structure for entering and exiting the investment, the overall cost of the investment, the fundamentals of a real asset or real estate portfolio and the market pricing for an investment or asset. Similarly, when evaluating a Sub-Adviser, the Company evaluates the management team, the investment team's approach to top down research and analysis, as well as their bottom up investment review, and the adherence and consistency of the investment strategy across the investment team and the firm.
- *Selection Process for a Registered Fund's Investments, the Investment Funds and the Sub-Advisers.* The Company seeks to conduct a multi-step process for review and evaluation of each potential

Investment Fund and Sub-Adviser. This process is tailored to each investment strategy and typically includes: (i) a review of the historical track record of the investment manager and the potential Investment Fund or of the potential Sub-Adviser and its investment strategies; and (ii) an interview with the management team, with respect to the potential Sub-Adviser, purchasing the assets or, with respect to the investment manager, operating the potential Investment Fund. The goal of the due diligence process is to evaluate: (i) the background of the manager's firm and its respective team; (ii) the infrastructure of the manager's research, evaluation and investment procedures; (iii) the manager's strategy and method of execution; (iv) the structure and tax treatment of the investment or investment vehicle; and (v) the manager's risk control and portfolio management processes. By combining historical quantitative analysis with a sound knowledge of certain key qualitative manager attributes, the Company will attempt to evaluate the real asset or real estate strategies and the potential of the Investment Funds or public security investment strategies of the Sub-Advisers to generate sustainable, positive, risk-adjusted real returns under a wide variety of market conditions.

- *Monitoring a Registered Fund's Investments, the Investment Funds and the Sub-Advisers.* Once an investment or an investment vehicle or Sub-Adviser is selected, the Registered Fund and the Company will continue to review the performance of the Registered Fund's investments. The Company, with oversight from the Board of Directors of the Registered Fund, will engage in the necessary due diligence to ensure that the Registered Fund's assets are invested in investments that provide reports that will enable them to monitor their overall performance, sources of income, asset valuations and liabilities. The Registered Fund and the Company expect to monitor the investments, the Investment Funds and the Sub-Advisers through a combination of periodic performance updates, portfolio reports and phone calls and visits from time to time, as applicable. The Company will evaluate regularly each investment manager and its Investment Fund to determine whether its investment program is and remains consistent with the Registered Fund's investment objective and whether the investment's performance is satisfactory.

Versus Capital may engage third-party consulting, research and data gathering services in support of its efforts to review, select and monitor the Sub-Advisers, the Investment Funds and the managers supporting those funds.

Versus Capital's quantitative and qualitative methods of analysis may include manager interviews, historical performance analysis through data received via requests for information, peer reviews and investor reviews. There can be no assurance that any of the objectives of the investment strategies employed by the Company will be met. Investing in any of these strategies involves the risk of loss that each Client must be prepared to bear.

ITEM 9: DISCIPLINARY INFORMATION

There are no material disclosures, regarding legal or disciplinary events, for Versus Capital or its personnel that would be material to any existing or prospective client's evaluation of Versus Capital or the integrity of Versus Capital's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other than serving as the investment adviser to the Registered Funds, Versus Capital, its principals and its management persons have no other financial industry activities or affiliations which are material to its advisory business. The Company does not believe serving as investment adviser to the Registered Funds

creates a material conflict of interest with the PIFs. Also, as noted previously, Kudu, an investment adviser registered with the SEC, owns a minority stake in Versus Capital. Kudu's investment is passive and non-controlling, and the Company does not believe it presents a material conflict of interest with any Client.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Versus Capital intends to maintain a reputation for conducting its business activities in the highest ethical and professional manner. Such a reputation for integrity is considered an important asset and instrumental in the long-term success of its business. Each employee, officer and director - whatever his or her position - is responsible for upholding high ethical and professional standards. This includes a commitment to conducting business in accordance with applicable laws, rules and regulations and to full and accurate financial disclosure in compliance with applicable laws and Company policies. As such, Versus Capital and its supervised persons must not act or behave in any manner or engage in any activity that creates even the suspicion or appearance of the misuse of material non-public information or gives rise to, or appears to give rise to, any breach of fiduciary duty owed to any Client.

Because of the potential conflicts of interest inherent in the Company's business, supervised persons are expected to behave in a manner that seeks to avoid even the appearance of a conflict of interest with any Clients whenever possible. Supervised persons are expected to disclose all material conflicts of interest between themselves and our Clients to the Company's CCO and to avoid personal investment and trading activity which creates actual or potential conflicts of interest with our Clients.

Requirements of the Versus Capital Code of Ethics:

- *Duty to Comply with Applicable Laws.* All supervised persons are required to adhere to the Federal Securities Laws, including Rules 204A-1 under the Advisers Act, and Rule 17j-1 under the Investment Company Act, the fiduciary duty owed to Clients, and the Company's Code of Ethics.
- *Duty to Report Violations.* Each supervised person is required by law to promptly notify the CCO in the event such supervised person knows or has reason to believe that such supervised person or any other supervised person has violated any provision of the Code of Ethics. (If a supervised person knows or has reason to believe that the CCO has violated any provision of the Code of Ethics, such supervised person must promptly notify the Company's President and is not required to notify the CCO).

Versus Capital is committed to fostering a culture of compliance and therefore urges its supervised persons to contact the CCO if he or she believes that he or she has any reason to do so. Supervised persons will not be penalized and his or her status at Versus Capital will not be jeopardized by communicating with the CCO. Reports of violations or suspected violations also may be submitted anonymously to the CCO. Any retaliatory action taken against any person who reports a violation, or a suspected violation, of the Code of Ethics is itself a violation of the Code of Ethics and cause for appropriate corrective action, including dismissal.

- *Duty to Provide a Copy of the Code of Ethics and Related Certification.* Versus Capital shall provide all supervised persons with a copy of the Code of Ethics and all subsequent amendments hereto. By law, all supervised persons must in turn provide written acknowledgement to the CCO of

their initial receipt and review of the Code of Ethics, their annual review of the Code of Ethics and their receipt and review of any subsequent amendments to the Code of Ethics.

For more information or a copy of Versus Capital's Code of Ethics, please call 877-200-1878 or visit our website at www.versuscapital.com.

Client Transactions

Neither Versus Capital nor any supervised or related persons shall participate in any principal or agency cross transactions with a Client.

Personal Trading

No supervised person shall engage in a transaction in a security that is also the subject of a transaction by a Client if such transaction would disadvantage or appear to disadvantage the Client or if such person would profit from or appear to profit from such transaction, whether or not at the expense of the Client. In addition, no supervised person shall, directly or indirectly, in connection with the purchase or sale of securities or other investments held or to be acquired by a Client:

- employ any device, scheme or artifice to defraud a Client;
- make to a Client any untrue statement of a material fact or omit to state to a Client a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon a Client; or
- engage in any manipulative practice with respect to a Client.

Pre-clearance and verification procedures are in place and shall govern all investments and trading by the Company's supervised persons. Pre-clearance is required for the following:

- participation in an Initial Public Offering ("IPO");
- participation in a "limited offering" (which includes, but is not limited to, proposed transactions in an Investment Fund);
- the redemption or sale of an interest in an Investment Fund;
- all purchases or sales of real estate or real asset securities;
- purchase and sales of the Registered Funds;
- such other classes of transactions or specific transactions as may be specified from time to time by the CCO based upon a determination that the transactions may violate Rule 204A-1 under the Advisers Act or Rule 17j-1 of the Investment Company Act.

The minimum holding period for any investment requiring pre-clearance is 30 days, whereas Registered Funds have a minimum holding period of 90 days. If a Client trades a security within seven calendar days of a supervised person's trades in the same direction (buy/cover or sell/short) and receives a less favorable price than the supervised person, the supervised person will be asked to disgorge their profits. All supervised persons shall provide the CCO with quarterly account statements showing all securities holdings, transactions and accounts. Such account statements shall be reviewed for verification of compliance with the personal trading policies of the Company.

ITEM 12: BROKERAGE PRACTICES

Versus Capital has the authority to place all orders for the purchase or sale of securities on behalf of the Registered Funds with selected broker-dealers, subject to the duty to seek to obtain “best execution”. Notwithstanding the foregoing, Versus Capital typically is not engaged in selecting or recommending broker-dealers for the Registered Funds because the Company has engaged, and intends to continue to engage, one or more Sub-Advisers to purchase and sell publicly traded securities for each of the Registered Funds. The Registered Funds’ investments and redemptions in the Investment Funds are generally conducted at each Investment Fund’s net asset value in accordance with the offering documents that govern each Investment Fund.

When trading the underlying mutual funds in each PIF, Versus Capital is required to submit transactions to the custodian/trustee of the PIFs, who will then submit the orders to their designated mutual fund trading vendor for execution. There are no commissions charged by the mutual fund trading vendor for the PIFs’ transactions in mutual funds and orders are not aggregated. The price paid or received for the PIFs’ mutual fund transactions are always the end of day net asset value for each mutual fund transacted.

Direct Investments for the Registered Funds. The Company typically will source direct investments for the Registered Funds with the support of various experts who may work on behalf of the Registered Funds at the direction of, and with oversight from, the Company. For direct farmland investments in VCRRX, the Company has engaged two real asset property managers to help identify and provide services around the oversight of potential direct investments for the fund. In conjunction with direct infrastructure debt investments for VCRRX, the Company often utilizes approved institutional managers that manage Investment Funds that the fund already invests in, as well as an agency relationship with a broker-dealer with expertise in real asset related debt, to identify investment opportunities and potentially provide services and oversight thereof. Typically, for any direct investment for a Registered Fund, the Company will make investments as part of a syndicated loan origination. If transactions in the secondary market are deemed appropriate, the Company will work with the lead underwriter of past deals and/or a broker-dealer with specialized knowledge of the investment and/or asset class to identify potential buyers and sellers and arrive at appropriate pricing. Based on the different investment objectives of the Registered Funds, the Company does not anticipate a situation will arise where an investment opportunity would be appropriate for both Registered Funds. However, a trade allocation policy is in place to clarify the Company’s responsibilities and the proper protocol to be followed in the event an opportunity arises that is appropriate for more than one Registered Fund. In general, the policy requires an investment to be allocated pro rata across participating funds.

Investments by Sub-Advisers for the Registered Funds. Each Sub-Adviser is directly responsible for the execution of its portfolio investment transactions and the allocation of brokerage. Transactions on U.S. stock exchanges and on some foreign stock exchanges involve the payment of negotiated brokerage commissions. On the great majority of foreign stock exchanges, commissions are fixed. No stated commission is generally applicable to securities traded in over-the-counter markets, but the prices of those securities include undisclosed commissions or mark-ups. A Sub-Adviser may not pay the lowest available commissions or mark-ups or mark-downs on securities transactions.

In executing transactions, each Sub-Adviser will seek to obtain the best execution for the transactions, taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm, and in the case of transactions effected by the Sub-Adviser with unaffiliated brokers, the firm’s risk in positioning a block of securities. Although each Sub-Adviser generally will seek reasonably competitive commission rates, a Sub-Adviser will not necessarily pay the lowest commission available on

each transaction. The Sub-Advisers will have no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

Following the principle of seeking best execution, a Sub-Adviser may place brokerage business on behalf of a Registered Fund with brokers that provide the Sub-Adviser and its affiliates with supplemental research, market and statistical information, including advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, and furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. The expenses of the Sub-Adviser are not necessarily reduced as a result of the receipt of this supplemental information, which may be useful to the Sub-Adviser or its affiliates in providing services to clients other than the Registered Fund. In addition, not all of the supplemental information is used by the Sub-Adviser in connection with the Registered Fund. Conversely, the information provided to the Sub-Adviser by brokers and dealers through which other clients of the Sub-Adviser and its affiliates effect securities transactions may be useful to the Sub-Adviser in providing services to the Registered Fund. Each Sub-Adviser may execute portfolio brokerage transactions through its affiliates, in each case subject to compliance with the Investment Company Act.

Although investment decisions are made independently for each Sub-Adviser's clients, orders for each respective client may be grouped by the respective Sub-Adviser to obtain the efficiencies and lower commission available on larger transactions. Brokers are usually selected on a transaction basis rather than client by client. Some simultaneous transactions are inevitable when several clients receive investment advice from the same Sub-Adviser. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are generally allocated by the applicable Sub-Adviser among clients in a manner believed by the Sub-Adviser to be equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as a particular client is concerned. However, it is believed that the ability of clients to participate in volume transactions will produce better executions for the clients, including the Registered Funds.

ITEM 13: REVIEW OF ACCOUNTS

Versus Capital's Investment Committee is responsible for all investment strategy and portfolio decisions. The Investment Committee is comprised of senior executives of Versus Capital and is led by the Company's CIO. The Investment Committee meets monthly, or more often if needed, to discuss investment strategy, the outlook of each Client portfolio, individual investment issues for investments held in a Client portfolio, and to review portfolio models and holdings to ensure compliance with product policies and strategies. Additionally, the independent Board members of the Registered Funds may review the strategies and portfolio performance of each Registered Fund quarterly, and more often if required. The CIO, or his designee, reviews all Clients' investments on an on-going basis as a matter of practice rather than pursuant to any triggering event. The nature and frequency of reports to Clients or, as applicable, their underlying investors or beneficiaries, are determined by the particular needs of the Clients, investors or beneficiaries and may vary between monthly and quarterly. Clients or, as applicable, their underlying investors or beneficiaries, typically receive monthly or quarterly reports including valuations, statements from their custodians detailing all account activity and, in some instances, performance reports. These reports are typically provided by third-party service providers (e.g., Client custodians and administrators). Investors in the Registered Funds also receive semi-annual and annual shareholder reports.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Currently, there are no existing client referral or other compensation arrangements between Versus Capital and any related or unrelated parties.

ITEM 15: CUSTODY

Versus Capital does not hold, directly or indirectly, Client funds or securities, or have the authority to obtain possession of them. Whether or not Versus Capital is deemed to have custody over Client assets, the Company encourages all Clients to carefully review statements received from custodians or other third-parties and compare their statements to those provided by Versus Capital, if any.

ITEM 16: INVESTMENT DISCRETION

Versus Capital provides discretionary management on a continuous basis. Subject to a grant of discretionary authority, the Company invests the securities, cash or other property held in each Client's account in accordance with the Client's stated investment objectives, as described in the Relevant Documents. In each instance, Versus Capital is engaged by its Client via an investment management agreement and, in the case of the Registered Funds, such agreement is reviewed and approved by an independent Board of Directors with oversight responsibility for each fund. The investment strategies employed by Versus Capital for its Clients typically are focused on income-oriented investment objectives with a secondary focus on capital preservation and appreciation. Portfolio management services will not be rendered prior to the Client entering into a written agreement for services, which shall be maintained in the requisite Client file.

ITEM 17: VOTING CLIENT SECURITIES

Versus Capital may be delegated the authority to vote proxies on behalf of its Clients. For the PIFs, the Non-Profit votes all proxies of the underlying mutual funds. For the Registered Funds, Versus Capital is delegated the authority to vote proxies and in turn delegates its authority to vote proxies of publicly traded securities managed by Sub-Advisers to each respective Sub-Adviser, subject to Board approval and ongoing oversight of the proxy voting policies and procedures of each Sub-Adviser. If an issuer of a direct investment or an Investment Fund held by a Registered Fund submits a matter for a vote, the Company will vote on the matter in a way that it believes is in the best interest of the Registered Fund and in accordance with the following proxy voting guidelines (the "Voting Guidelines"):

- In voting proxies, Versus Capital is guided by general fiduciary principles. Versus Capital's goal is to act prudently, solely in the best interest of its Clients.
- Versus Capital attempts to consider all factors of its vote that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder value.

Versus Capital, absent a particular reason to the contrary, generally will vote with management's recommendations on routine matters. Other matters will be voted on a case-by-case basis.

Versus Capital applies its Voting Guidelines in a manner designed to identify and address material conflicts that may arise between Versus Capital's interests and those of its clients before voting proxies on behalf of such clients. Versus Capital relies on the following to seek to identify conflicts of interest with respect to proxy voting and assess their materiality:

- Versus Capital's employees are under an obligation (i) to be aware of the potential for conflicts of interest on the part of Versus Capital with respect to voting proxies on behalf of Clients, both as a result of an employee's personal relationships and due to special circumstances that may arise during the conduct of the Versus Capital's business, and (ii) to bring conflicts of interest of which they become aware to the attention of certain designated persons.
- Such designated persons work with appropriate personnel of Versus Capital to determine whether an identified conflict of interest is material. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence Versus Capital's decision-making in voting the proxy. All materiality determinations will be based on an assessment of the particular facts and circumstances. Versus Capital shall maintain a written record of all materiality determinations.
- If it is determined that a conflict of interest is not material, Versus Capital may vote proxies notwithstanding the existence of the conflict.
- If it is determined that a conflict of interest is material, Versus Capital may seek legal assistance from appropriate counsel for Versus Capital to determine a method to resolve such conflict of interest before voting proxies affected by the conflict of interest. Such methods may include:
 - disclosing the conflict to a Client's Board and obtaining the consent from a Client's Board before voting;
 - engaging another party on behalf of a Client to vote the proxy on its behalf;
 - engaging a third-party to recommend a vote with respect to the proxy based on application of the policies set forth herein; or
 - such other method as is deemed appropriate under the circumstances given the nature of the conflict.

Versus Capital shall maintain a written record of the method used to resolve a material conflict of interest. Information regarding how Versus voted Client's proxies related to portfolio holdings of the Registered Funds during the most recent 12-month period ended June 30th, as well as a copy of the Company's Proxy Voting Policy, are available without charge, upon request, by calling 877-200-1878.

ITEM 18: FINANCIAL INFORMATION

The Company does not take custody, directly or indirectly, of Client funds or securities, and does not require prepayments, therefore a balance sheet is not required.