RESOURCE

REAL ESTATE DIVERSIFIED INCOME FUND

managed by a C-III Capital Partners company

Structure: Registered 1940 Act interval fund

www.ResourceAlts.com

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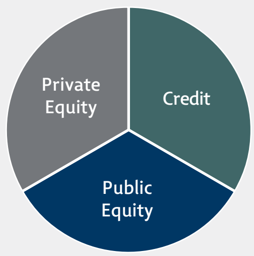
The Value of an Institutional Approach

The following hypothetical illustration is not intended to represent the Resource Real Estate Diversified Income Fund's past or future performance.

An institutional real estate allocation may lower volatility and increase returns

The addition of an institutional real estate allocation may make a significant impact on an investor's portfolio.

To demonstrate, "Diversified Real Estate Strategy"[1] replicates an institutional approach of blending various forms of real estate investments to potentially increase returns while reducing volatility.



This chart is provided for illustrative purposes only and should not be considered investment advice. Portfolio allocations may not be equal and are subject to change.

With equal weights of private equity, credit, and public equity, the hypothetical Diversified Real Estate Strategy would have produced:

Diversified Real Estate Strategy 2000–2018	
Annual Income	3.9%
Annual Capital Appreciation	3.7%
Annual Total Return, per annum	7.6%
Volatility	8.9%

Historical results: increased returns with lower risk[1]

Adding Diversified Real Estate Strategy, a portfolio mix that replicates an institutional real estate allocation, may reduce risk and increase overall returns and yield.

Historical Risk and Returns (12/29/00–12/31/18)*

	Traditional 60/40 Portfolio[2,3]	Add 10% Diversified Real Estate[1]	Add 20% Diversified Real Estate[1]
Annual Income	2.7%	2.9%	**3.0%**
Capital Appreciation	3.3%	3.3%	**3.3%**
Total Return, per annum	6.0%	6.2%	**6.3%**
Volatility	8.3%	7.4%	**6.7%**

[1] The hypothetical portfolio is a blend of equal segments of private equity, credit, and public equity. Internal Resource Real Estate data: NCREIF Property Index (Private Equity), Wells Fargo Preferred REIT Index (Credit), FTSE EPRA NAREIT Global Developed Index (Public Equity). 12/29/00-12/31/18.

[2] The underlying data for equity markets used in this analysis was based on the S&P 500 Total Return Index that produced a yield of 2.07%, total return of 5.70%, and a volatility of 16.10%; the data for publicly traded REIT markets used was based on the FTSE EPRA NAREIT Global Developed Index, which produced a yield of 4.30%, total return of 8.26%, and a volatility of 19.96%.

[3] The data for the bond markets used was based on the Bank of America Merrill Lynch U.S. Treasury Index, which produced a yield of 3.51%, total return of 5.01%, and a volatility of 7.29%.

* Past performance is no guarantee of future results. This chart is for illustrative purposes only and the hypothetical portfolio does not represent a specific investment, including the Resource Real Estate Diversified Income Fund. Performance of the Fund will differ from the hypothetical portfolio. The analysis assumes that the hypothetical Diversified Real Estate Strategy portfolio is rebalanced amongst the three sections of private real estate, real estate debt, and publicly traded REITs on a quarterly basis.

You cannot invest directly in an index.

An institutional approach: Resource Real Estate Diversified Income Fund

Resource Real Estate Diversified Income Fund (the "Fund") is a closed-end interval fund that provides an institutional real estate investment approach by blending a professionally managed portfolio of private equity, credit, and public equity. When added to a portfolio, the Fund may lower correlation to volatile equity markets, reducing risk and increasing overall returns.

Seeks to provide*

- **Income** – invests primarily in income-producing real estate equity and debt securities
- **Capital Appreciation** – growth potential through asset appreciation
- **Low Correlation** – low to moderate correlation to the broader equity market
- **Diversification** – multiple products, sectors, and investment types
- **Quarterly Liquidity** – liquidity through quarterly redemptions**

* The Fund's investment objectives are to produce income and achieve capital appreciation with low to moderate volatility and low to moderate correlation to the broader equity markets.

** Regardless of how the Fund performs, there is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer.

Definitions

An **Interval Fund** is a continuously offered, closed-end fund that periodically offers to repurchase its shares from shareholders. Through the interval structure, the Fund offers a Liquidity Feature of quarterly redemptions at NAV of no less than 5 percent of the shares outstanding made available, redeeming more frequently than other real estate and private equity investments. Regardless of how the Fund performs, there is no guarantee that shareholders will be able to sell all of the shares they desire in a quarterly repurchase offer.

The **NCREIF Property Index** is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

The **Wells Fargo Preferred REIT Index** is designed to track the performance of preferred securities issued in the US market by Real Estate Investment Trusts. The index is composed exclusively of preferred shares and depositary shares (collectively, the "Preferred Securities").

The **S&P 500 Total Return Index** is an index of 500 stocks chosen for market size, liquidity, and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index — each stock's weight is proportionate to its market value.

The **FTSE EPRA/NAREIT Global Real Estate Index** is a free-float adjusted, market capitalization-weighted index designed to track the performance of listed real estate companies in both developed and emerging countries worldwide.

Bank of America Merrill Lynch U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government in its domestic market.

Risk disclosures

There is no guarantee that the Fund will achieve its objectives, generate profits, or avoid losses. Diversification does not ensure profit or prevent losses.

An investor should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. To obtain a prospectus containing this and other information, please call (866) 773-4120 or download the file from www.ResourceAlts.com. Read the prospectus carefully before you invest.

The Fund is distributed by ALPS Distributors, Inc. (ALPS Distributors, Inc. 1290 Broadway, Suite 1100, Denver, CO 80203). Resource Real Estate, LLC (the Fund's adviser), its affiliates, and ALPS Distributors, Inc. are not affiliated.

Investing involves risk. Investment return and principal value of an investment will fluctuate, and an investor's shares, when redeemed, may be worth more or less than their original cost. Alternative investment funds, ETFs, interval funds, and closed-end funds are subject to management and other expenses, which will be indirectly paid by the Fund. Preferred securities are subject to credit risk and interest rate risk. Convertible securities are typically issued as bonds or preferred shares with the option to convert to equities. As a result, convertible securities are hybrids that have characteristics of both bonds and common stocks and are subject to risks associated with both debt securities and equity securities. Issuers of debt securities may not make scheduled interest and principal payments, resulting in losses to the Fund. Typically, a rise in interest rates causes a decline in the value of fixed income securities. The use of leverage, such as borrowing money to purchase securities, will cause the Fund to incur additional expenses and magnify the Fund's gains or losses.

There currently is no secondary market for the Fund's shares and the Fund expects that no secondary market will develop. Shares of the Fund will not be listed on any securities exchange, which makes them inherently illiquid. An investment in the Fund's shares is not suitable for investors who cannot tolerate risk of loss or who require liquidity, other than liquidity provided through the Fund's repurchase policy. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers, regardless of how the Fund performs. A portion of the Fund's distribution has been comprised of a return of capital because certain Fund investments have included preferred and common equity investments, which may include a return of capital. Any invested capital that is returned to the shareholder will be reduced by the Fund's fees and expenses, as well as the applicable sales load. Investments in lesser-known, small and medium capitalization companies may be more vulnerable than larger, more established organizations. The Fund will not invest in real estate directly, but because the Fund will concentrate its investments in securities of REITs, its portfolio will be significantly impacted by the performance of the real estate market. There are risks associated with REITs. Risks include declines from deteriorating economic conditions, changes in the value of the underlying property, and defaults by borrowers. The sales of securities to fund repurchases could reduce the market price of those securities, which in turn would reduce the Fund's NAV.

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