



The Private Shares Fund





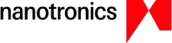





Quarterly Commentary Q4 2024

PIIVX - PRIVX - PRLVX



TOP 10 HOLDINGS

(as of 12/31/24) and current holdings [here](#).

Represents 37.85% of Fund holdings as of December 31, 2024. The Fund's website updates top holdings and total holdings frequently. Please visit the Fund's website for the most current information here: [top holdings](#); [total holdings](#).

PORTFOLIO MANAGER Q4 2024 COMMENTARY

The Private Shares Fund (the "Fund") can report that for the fourth quarter and full year 2024, the Fund generated a total return of 6.91% and 11.66%, respectively, as measured by the Fund's Institutional Class (PIIVX). It is worth noting that the fourth quarter return of 6.91% represents the third best quarter since PIIVX's inception.

The Portfolio Managers ("PMs") continue to believe there is significant upside potential to current NAV across what we view as a best-in-class portfolio of late-stage, growth-oriented private innovation companies. In addition to new rounds of financing at higher valuations including SpaceX, Databricks and xAI, four of the Fund's holdings have filed to go public. The PMs believe the Fund is well positioned to benefit from the prospect of improving macroeconomic conditions and less stringent regulations, which are likely to drive increased exit (e.g., M&A, IPO, etc.) and financing activity in 2025.

VC MARKET UPDATE

The National Venture Capital Association (NVCA) reported approximately 2,859 U.S. Venture Capital (VC)-backed deals closed in the fourth quarter of 2024 with an aggregate deal value of \$74.6 billion. This pace of deal activity marks the highest levels in 10 quarters and far exceeds all pre-Covid levels. Full year 2024 VC deal activity came in at aggregate deal value of \$209 billion, the third highest on record.

Although VC dry powder now sits at roughly \$300 billion, there continues to be a significant supply/demand ratio imbalance as investors exhibit greater discipline. As a result, this creates greater negotiating leverage for active investors willing to commit capital in both secondary transactions and new financing rounds. That said, high-performing companies demonstrating strong operating metrics should continue to be rewarded with more attractive valuations.

Late-stage deal activity closed in the fourth quarter hit \$33.4 billion, the highest level in 12 quarters. Full year 2024 late-stage deal activity hit \$86.7 billion, the third highest on record. While it is believed that many late-stage companies continue sitting on substantial cash balances following the surge in capital raising over the prior couple years while in parallel implementing business efficiency measures, we believe deal activity is likely to pick up as the valuation and exit environment improve.

As previously reported, during the fourth quarter of 2022, the NVCA created a new category called venture-growth stage deals, which they define as any financing that is Series E or later or any VC financing of a company that is at least seven years old and has raised at least six VC rounds. The purpose is to better distinguish the

The Private Shares Fund Q4 2024 Commentary

mitigated risk/reward profile of these more mature companies compared to all VC deals. Venture-growth deal activity in the fourth quarter of \$25.6 billion represents a new record, while full year 2024 activity of \$52.9 billion represents the second highest on record.

Similar to the aforementioned trends, early-stage VC activity for full year 2024 of \$54.7 billion is the second highest on record.

In terms of liquidity, VC exit activity for the fourth quarter of 2024 was higher in both exit count and deal value. Increases in corporate M&A activity and private equity-led buyouts are likely to continue in 2025 with improving macroeconomic conditions and expectations for a less stringent regulatory environment under the new Presidential administration. In parallel, we are looking at one of the largest and most compelling IPO backlogs in recent history, with many high-performing technology and innovation companies that are generating a healthy balance of strong growth rates and profitability. As recently reported, 18 of PSF's holdings were cited by CB Insights as being amongst the highest profile IPO candidates for the next exit cycle. Based on our continued conversations with the Fund's portfolio holdings, investment bankers and public market investors, we expect to see a pickup in public market offerings over the coming quarters.

As previously reported, we have been observing and discussing improving capital deployment and valuation trends for the past several quarters and continue to closely monitor this data across the venture capital and growth ecosystem. There continues to be a significant valuation disparity between late-stage private companies and public comparables, with the former trading at substantial relative discounts by most measures. While the Fed's decision to continue to cut rates in December is a positive development, further rate cuts in the near-term are uncertain. In parallel, many investors remain liquidity constrained due to a lack of distributions, which further extends the already fertile ground for investors with dry powder to negotiate more favorable terms. Although we anticipate and encourage investors to remain highly selective and disciplined, we expect these trends to continue improving over the coming quarters which should bode well for the Fund as recent headwinds could turn into beneficial tailwinds.

As always, we are grateful for your continued support and welcome the opportunity to share further insights around our optimism for the Fund heading into 2025.

PORTFOLIO ADD-ONS (Q4 2024)

- xAI
- Accel Leaders Fund IV

PERFORMANCE AS OF 12/31/2024

	Q4 2024	YTD	1 Year	3 Year	5 Year	10 Year	Ann ITD*
PRIVX	6.86%	11.40%	11.40%	0.83%	9.45%	6.72%	8.27%
PRIVX (w/Load)	0.72%	5.00%	5.00%	-1.14%	8.16%	6.09%	7.67%
PIIVX	6.91%	11.66%	11.66%	1.08%	9.71%	-	8.73%
PRLVX	6.77%	11.12%	11.12%	0.58%	9.17%	-	7.64%
PRLVX (w/Load)	2.24%	6.39%	6.39%	-0.86%	8.23%	-	6.94%
Russell 2000	0.33%	11.54%	11.54%	1.24%	7.40%	7.82%	7.57%

*Class A inception date 3/25/14, Class I inception date 11/17/17 Class L inception date 5/11/18. Russell 2000 ITD based on A Share inception of 3/25/14.

Returns vary per share class. **Performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance may be lower or higher than the performance data quoted. For performance as of the most recent month-end, please call 1-855-551-5510.** Some of the Fund's fees were waived or expenses paid by the Advisor; otherwise, returns would have been lower. Per the current prospectus, the Fund's total gross expenses are 2.54%, 2.49%, and 2.78% for the Class A, I, and L shares respectively. The Fund's total net expenses are 2.72%, 2.47%, and 2.97% for the Class A, I, and L Shares respectively. The Fund's advisor has contractually agreed to waive fees and/or pay operating expenses, excluding taxes, interest, brokerage commissions, acquired fund fees and expenses, and extraordinary expenses, such that total expenses do not exceed 2.65%, 2.40%, and 2.90% for the Class A, I, and L shares respectively. The higher net expense ratio appears to be the result of a recoupment of expenses. The agreement with the Advisor is in place through May 2, 2026. Net expenses are applicable to investors. Performance results with load reflect the deduction of the 5.75% maximum front end sales charge for Class A Shares and 4.25% for the Class L Shares.

DISCLOSURES

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus with this and other information about The Private Shares Fund (the "Fund"), please download [here](#), visit the Fund's website at PrivateSharesFund.com or call 1-855-551-5510. Read the prospectus carefully before investing.

Investment in the Fund involves substantial risk. The Fund is not suitable for investors who cannot bear the risk of loss of all or part of their investment. The Fund is appropriate only for investors who can tolerate a high degree of risk and do not require a liquid investment.

All investing involves risk including the possible loss of principal. Shares in the Fund are highly illiquid, and can be sold by shareholders only in the quarterly repurchase program of the Fund which allows for up to 5% of the Fund's outstanding shares at NAV to be redeemed each quarter. Due to transfer restrictions and the illiquid nature of the Fund's investments, you may not be able to sell your shares when, or in the amount that, you desire. The Fund intends to primarily invest in securities of private, late-stage, venture-backed growth companies. There are significant potential risks relating to investing in such securities. Because most of the securities in which the Fund invests are not publicly traded, the Fund's investments will be valued by Liberty Street Advisors, Inc. (the "Investment Adviser") pursuant to fair valuation procedures and methodologies adopted by the Board of Trustees, as set forth in the prospectus. As a consequence, the value of the securities, and therefore the Fund's Net Asset Value (NAV), may vary.

There are significant potential risks associated with investing in venture capital and private equity-backed companies with complex capital structures. The Fund focuses its investments in a limited number of securities, which could subject it to greater risk than that of a larger, more varied portfolio. There is a greater focus in technology securities that could adversely affect the Fund's performance. The Fund's quarterly repurchase policy may require the Fund to liquidate portfolio holdings earlier than the Investment Adviser would otherwise do so and may also result in an increase in the Fund's expense ratio. Portfolio holdings of private companies that become publicly traded likely will be subject to more volatile market fluctuations than when private, and the Fund may not be able to sell shares at favorable prices. Such companies frequently impose lock-ups that would prohibit the Fund from selling shares for a period of time after an initial public offering (IPO). Market prices of public securities held by the Fund may decline substantially before the Investment Adviser is able to sell the securities.

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The Fund may invest in private securities utilizing special purpose vehicles ("SPV"s), private investment funds ("Private Funds"), private investments in public equity ("PIPE") transactions where the issuer is a special purpose acquisition company ("SPAC"), and profit sharing agreements. The Fund will bear its pro rata portion of expenses on investments in SPVs, Private Funds, or similar investment structures and will have no direct claim against underlying portfolio companies. PIPE transactions involve price risk, market risk, expense risk, and the Fund may not be able to sell the securities due to lock-ups or restrictions. Profit sharing agreements may expose the Fund to certain risks, including that the agreements could reduce the gain the Fund otherwise would have achieved on its investment, may be difficult to value and may result in contractual disputes. Certain conflicts of interest involving the Fund and its affiliates could impact the Fund's investment returns and limit the flexibility of its investment policies. This is not a complete enumeration of the Fund's risks. Please read the Fund prospectus for other risk factors related to the Fund.

The Fund may not be suitable for all investors. We encourage you to consult with appropriate financial professionals before considering an investment in the Fund.

The Russell 2000 is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks. It is a market-cap weighted index. One cannot invest in an index. A Special Purpose Acquisition Company (**SPAC**) is a company that has no commercial operations and is formed strictly to raise capital through an initial public offering (**IPO**) for the purpose of acquiring or merging with an existing company. Mergers and Acquisitions (**M&A**).

The views expressed in this material reflect those of the Fund's Investment Advisor as of the date this is written and may not reflect its views on the date this material is first published or anytime thereafter. These views are intended to assist in understanding the Fund's investment methodology and do not constitute investment advice. This material may contain discussions about investments that may or may not be held by the Fund. All current and future holdings are subject to risk and to change.

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