

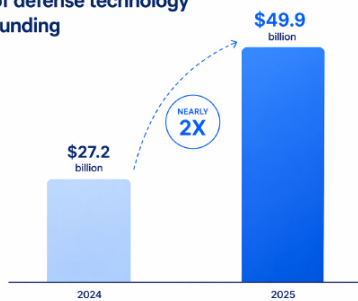


Defense Technology: From Prototype to Production

Over the last few years, there has been a significant increase in the amount of private capital flowing to defense technology and dual-use companies. As global defense needs evolve, investors and governments around the world are increasingly recognizing the importance of bringing commercial innovations into defense and national security capabilities and are responding with greater urgency.

PRIVATE SECTOR DRIVING DEFENSE INNOVATION

Growth of defense technology venture funding



Private companies are a critical part of that response, often bringing a level of focus, speed, and technological specialization that differs from the traditional defense prime model. The scale of this response is evident in the funding trends: according to data from Pitchbook, defense technology venture funding reached \$49.9 billion across 966 deals in 2025, nearly double the \$27.2 billion deployed in 2024.¹ Given that many of the technologies now driving

innovation in defense originated in the private sector, we expect private capital to continue playing an important role and for this trend in fundraising to continue.

BY THE NUMBERS

~2x
growth of defense technology venture funding from 2024 to 2025¹

87%
of funding in the sector went to venture growth and late-stage deals¹

\$1.5T
National defense budget for 2027, a 44% increase from 2026^{4,5}

innovation in defense originated and for this trend in fundraising to continue.

PROCUREMENT PATHWAYS AND PRODUCTION SCALING

As a fund focused on late-stage growth and innovation companies, we have been monitoring the sector over the last 24 months and have witnessed an inflection: Of the \$49.9 billion raised last year, roughly 87% went to venture growth and late-stage deals.¹ The category is no longer an early-stage bet on emerging technologies. Instead, capital is flowing to companies that can integrate their technology into real systems at scale and deliver capabilities on the rapid timelines demanded by the Department of Defense.

DEFENSE TECHNOLOGY IS TRANSITIONING FROM PROTOTYPES TO PRODUCTION

ANDURIL	\$20 billion	U.S. ARMY
SARONIC	\$392 million	U.S. NAVY

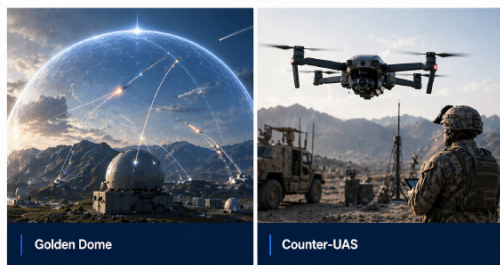
In addition, we have seen the Department of Defense continue to streamline procurement pathways, shortening the time between prototype and full-rate production. Anduril’s recently announced \$20 billion contract with the U.S.² Army and Saronic’s \$392 million award from the U.S. Navy demonstrate the government’s increased willingness to move rapidly into procurement following successful testing.³ Taken together, these trends provide a clear indication of a maturing category that is becoming increasingly investable for late-stage private investors.*

2027 FEDERAL BUDGET PRIORITIES

Recent U.S. federal budget proposals also make clear where government attention and funding are heading. The Administration’s fiscal 2027 budget calls for \$1.5 trillion for national defense, a 44% increase from 2026, and

*As of 3/31/2026, Saronic is a Fund holding; Anduril is not.

Example FY2027 Defense Priorities



reinforces priorities around Golden Dome, missile and air defense, counter unmanned systems, industrial capacity, and broader military modernization.^{4,5,6} More broadly, it suggests the government is not only signaling durable demand, but increasingly putting real budget weight behind the capabilities and production capacity needed to move from technology development to scaled deployment.

THE PRIVATE DEFENSE TECHNOLOGY ECOSYSTEM

As we take an inventory of the defense innovation landscape, it is clear to us that many of these next-generation systems will be developed by private companies. Companies like SpaceX, along with a broader group of scaled private defense technology businesses, have helped train the next wave of defense-focused entrepreneurs, shaping founders who understand both how to translate engineering concepts into practical business solutions and how to navigate the Department of Defense's procurement system.

We see these companies working as a complement to the legacy primes, combining technological focus and rapid development cycles with the primes' experience in government contracting and program execution.

These dynamics also help explain why access to private markets is especially important in defense technology. Many of the companies shaping these areas are still private, and a Capital flowing into the sector is increasingly concentrated in late-stage financings, allowing more established private defense companies to stay private longer while continuing to scale their operations.

**ACCESS TO PRIVATE
MARKETS IS ESPECIALLY
IMPORTANT IN DEFENSE
TECHNOLOGY**

CONCLUSION

In summary, defense technology has evolved into an established and investable part of the late-stage private market opportunity set. There is real demand from governments around the world and an influx of capital to support businesses moving from proofs of concept into scaled production. As these trends continue, we believe much of the category's growth and development will continue to take place in private markets, where the Private Shares Fund is positioned to offer access to that opportunity.

1. Pitchbook

2. www.bloomberg.com/news/articles/2026-03-14/us-army-awards-anduril-contract-worth-as-much-as-20-billion

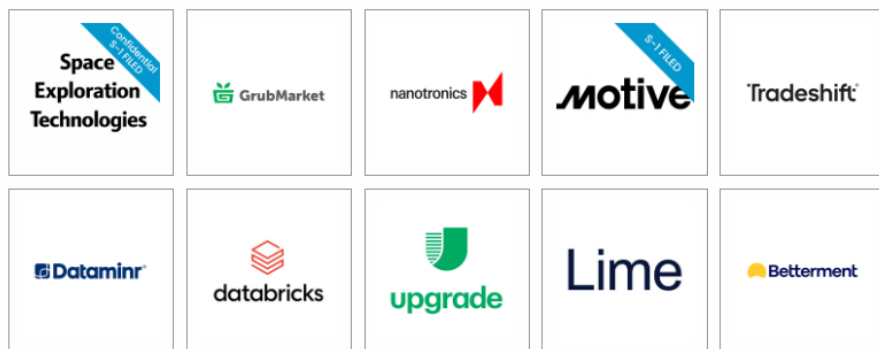
3. www.tectonicdefense.com/saronic-scores-392m-navy-contract-for-corsair-asvs/

4. finance.yahoo.com/economy/policy/articles/trumps-1-5t-military-budget-194500477.html

5. www.tectonicdefense.com/the-1-5t-defense-budget/?oly_enc_id=468018242356F5Y

6. www.whitehouse.gov/wp-content/uploads/2026/04/budget_fy2027.pdf

TOP HOLDINGS AS OF 3/31/26*



*Represents 50.71% of Fund holdings as of March 31, 2026. Holdings are subject to change. Not a recommendation to buy, sell, or hold any particular security. Current and future holdings are subject to risk. To view the Fund's complete holdings, visit privatesharesfund.com/portfolio. Fund holdings are updated frequently on the website. For the most current portfolio information, visit www.privatesharesfund.com.

RISKS AND 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.

The Fund is a closed-end interval fund registered under the Investment Company Act of 1940. 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. The Fund has no history of public trading and investors should not expect to sell shares other than through the Fund's repurchase policy regardless of how the Fund performs. The Fund does not intend to list its shares on any exchange and does not expect a secondary market to develop.

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. While the Fund and the Investment Adviser will use good faith efforts to determine the fair value of the Fund's securities, value will be based on the parameters set forth by 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 capitol 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.

The Fund may invest in private securities utilizing special purpose vehicles ("SPV"s), 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 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.

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