



Sector Focus: Artificial Intelligence Leaders and Adopters

Subsequent to publishing our Sector Focus: Generative Artificial Intelligence piece last year which first looked at the evolving artificial intelligence (“AI”) landscape, progress in the field and impacts across the global economy have continued at a rapid pace.

The Private Shares Fund (“PSF” or the “Fund”) remains home to some of the leading companies driving innovation in AI, as well as early adopters implementing the transformational technology to enhance existing products and services, create entirely new lines of business, and improve the efficiency of their internal operations. As of March 31, 2024, the Fund’s look-through exposure to AI was approximately 37% of net assets.

To provide further context, we have selected and profiled several of the Fund’s portfolio companies below.

The Leaders

Cerebras Systems is leading the charge on the design and development of purpose-built AI hardware. Over the last few months, the company has released the newest version of its Wafer-Scale Engine and announced multiple new world-class partners. This January, the company announced a partnership with the Mayo Clinic to develop large language models (LLMs) trained on Mayo Clinic’s extensive medical database. These new tools will drive major improvements in patient outcomes and diagnoses, allowing Mayo Clinic to provide an even greater level of care and service.¹

Recently, in March, the company unveiled its new CS-3 high-performance compute server along with the next generation Wafer Scale Engine-3 AI processing chip. The CS-3 will be the workhorse powering Condor Galaxy 3, a cutting-edge supercomputer developed in partnership with Abu Dhabi-based technology holding company G42. “With Condor Galaxy 3, we continue to achieve our joint vision of transforming the worldwide inventory of AI compute through the development of the world’s largest and fastest AI supercomputers,” said Kiril Evtimov, Group CTO of G42.²

	Cerebras WSE-3	Nvidia H100	Cerebras Advantage
Chip size	46,225 mm ²	814 mm ²	57x
Cores	900,000	16,896 FP32 + 528 Tensor	52x
On-chip memory	44 Gigabytes	0.05 Gigabytes	880x
Memory bandwidth	21 Petabytes/sec	0.003 Petabytes/sec	7,000X
Fabric bandwidth	214 Petabits/sec	0.0576 Petabits/sec	3,715X

Databricks is another holding that is pushing the frontier on data management for AI. The company’s platform was built specifically to handle the complicated task of building applications atop massive datasets and has been a major beneficiary of the growth in AI development. As referenced by Forbes, Databricks is one of the largest private AI companies in the world by several metrics, including through its army of 6,000 employees and its \$43 billion valuation.³

1 <https://www.cerebras.net/press-release/cerebras-collaborates-with-mayo-clinic-to-advance-ai-in-healthcare>

2 <https://www.cerebras.net/press-release/cerebras-g42-announce-condor-galaxy-3>

3 <https://www.forbes.com/companies/databricks/?sh=12d12af32ae0>

In March of this year alone, the company had two major announcements that demonstrated its focus on building out a truly world-class AI platform. First, they acquired Lilac, a tool for data scientists to search and manipulate any kind of text data with a focus on generative AI. Integrating Lilac's technology will help Databricks' customers utilize generative AI capabilities directly within their enterprise data.⁴ The following week, the company announced the open sourcing of DBRX, a general purpose LLM that customers can train and tailor to their specific needs. According to the company, DBRX outperforms all established open-source models on standard benchmarks and is pushing the boundary on open-source models.

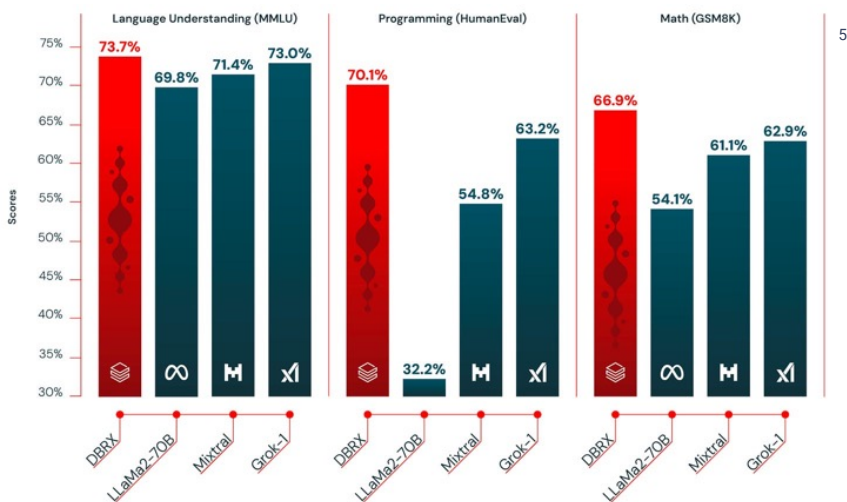
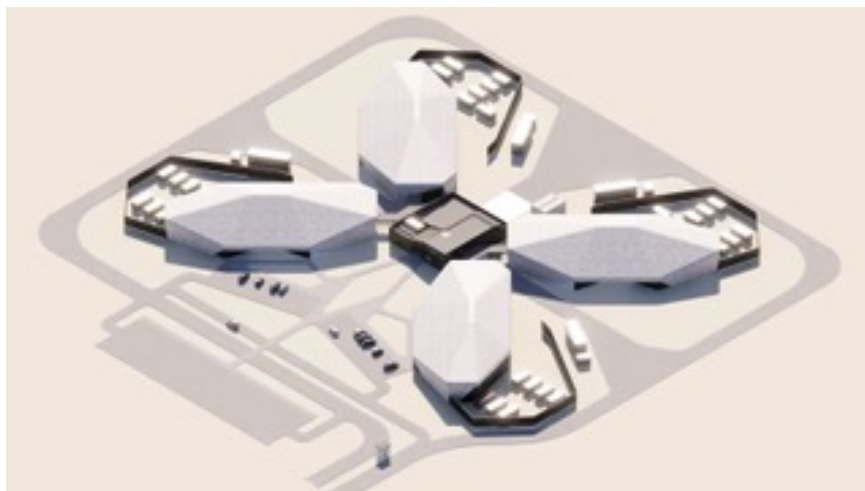


Figure 1: DBRX outperforms established open source models on language understanding (MMLU), Programming (HumanEval), and Math (GSM8K).

The third portfolio company driving innovation forward in AI is **Nanotronics**, currently the Fund's second largest position. Nanotronics is a New-York based deep-technology company that uses AI and machine learning to help customers solve for the unique inspection and process control challenges in precision manufacturing. nSpec is the world's first automated industrial microscope that uses AI to detect and classify defects, reduce waste and improve efficiency. nControl is a generative AI platform that transforms complex data from factories and infrastructure to anticipate potential problems that can arise within each customer's manufacturing process. In October 2023, Nanotronics announced CubeFabs, an AI-enabled, modular chip factory that can be assembled and expanded with prefabricated pieces that are smart, configurable, efficient and cost effective. CubeFabs reflects the final realization of an intelligent factory with a focus on fully redundant and vertically integrated manufacturing facilities.

As semiconductor demand continues increasing, global manufacturing capacity will be forced to grow and adapt. Nanotronics has over 250 global customers across 15 countries in multiple industries and use cases across the public, private, and nonprofit sectors.



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4 <https://www.databricks.com/blog/lilac-joins-databricks-simplify-unstructured-data-evaluation-generative-ai>

5 <https://www.databricks.com/blog/introducing-dbrx-new-state-art-open-llm>

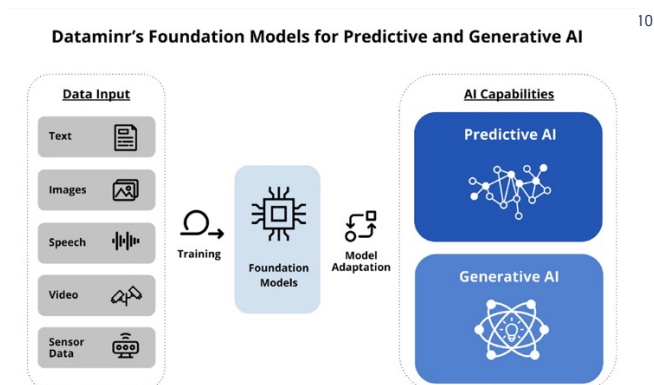
6 <https://www.tomshardware.com/tech-industry/manufacturing/nanotronics-promises-modular-shippable-chip-fab-facilities-powered-by-nvidia-gpus-and-ai>

The Adopters

GrubMarket, currently the largest holding in the Fund, has been integrating AI technology into its suite of products. GrubMarket is an AI-powered e-commerce company that is fundamentally transforming the American food supply chain industry by leveraging technology to enhance efficiency, reduce costs, minimize food waste, and streamline operations. Operating in a massive and growing ~\$1 trillion market, the company is revolutionizing a historically stagnant ecosystem. The company recently released GrubAssist, the first enterprise AI software solution built specifically for the food supply chain. GrubAssist's suite of virtual assistants provide real-time insights and analysis via a familiar conversational interface, helping customers to better assess the market for various crops. "GrubAssist represents a significant milestone in our ongoing efforts to revolutionize the food supply chain industry through transformative technologies. By harnessing the power of AI, we can empower food supply chain businesses with essential new tools that will help them thrive in an increasingly complex and dynamic market environment," said GrubMarket CEO Mike Xu.⁷



Dataminr, a longtime holding in the Fund, has been developing and implementing AI technology long before the onset of the current wave. The company's real-time AI platform detects the earliest signals of high-impact events and emerging risks from within publicly available data, allowing organizations to respond quickly and manage crises effectively. Dataminr's newest product, called ReGenAI, works on top of existing predictive and generative AI models to help users understand what is important about an event at any given moment. "It's a combination of classic predictive AI taken to the next level in the age of foundation models and LLMs together with generative AI," said CEO Ted Bailey.⁸ The company also announced a recent expansion of their partnership with NATO, providing the organization with alerts of breaking events to enable better protection of troops and infrastructure. "Now more than ever, defense organizations need to integrate advanced AI in order to protect their global forces and infrastructure. The indications and warnings created by Dataminr's AI platform are the gold standard for fast and accurate real-time information on breaking events," said Leon Panetta, former U.S. Secretary of Defense.⁹



⁷ <https://m.andnowuknow.com/behind-greens/grubmarket-launches-new-ai-product-food-supply-chain-mike-xu-comments/chandler-james/87802>

⁸ <https://venturebeat.com/ai/dataminr-debuts-regenai-pairing-predictive-with-generative-ai-for-real-time-information/>

⁹ <https://www.dataminr.com/press/dataminr-expands-partnership-with-nato-to-provide-ai-powered-real-time-alerts-for-global-force-and-infrastructure-protection/>

¹⁰ <https://www.dataminr.com/resources/blog/our-ai-strategy-for-creating-dataminr-unique-high-performance-llms-and-foundation-models/>

Motive Technologies is demonstrating the power of AI for use cases beyond traditional software applications. The company launched over 100 new products in 2023, most notably their AI Omnicam, the industry's first AI-enabled camera built for side, rear, passenger, and cargo monitoring. In addition, Motive introduced new AI dashcam capabilities designed to detect stop sign violations, driver distractions, unsafe lane changes, camera obstruction, and more. These innovations were a major driver of the company's growth in 2023, which saw annual recurring revenue (ARR) grow by over 60%. Motive was also named to the 2023 Forbes Cloud 100 list and Deloitte's Fast 500.¹¹

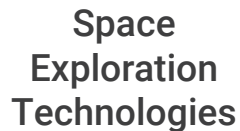


The Private Shares Fund is proud to be a partner to groundbreaking companies like the ones above and others across our portfolio during this transformative period, while providing our investors with access to the innovation and disruption that continues taking place in the private markets.

¹¹ <https://gomotive.com/company/news/press-release/motive-closes-record-fiscal-year-fueled-by-ai-innovation-and-accuracy/>

The Private Shares Fund - Top Ten Holdings* as of 3/31/24

The Private Shares Fund, a closed-end interval fund, provides investors with access to the private growth asset class. [READ MORE >](#)



*Represents 33.16% of Fund holdings as of March 31, 2024. Holdings are subject to change. Not a recommendation to buy, sell, or hold any particular security. To view the Fund's complete holdings, visit privatesharesfund.com/portfolio.

RISKS AND DISCLOSURES

As of December 9, 2020, Liberty Street Advisors, Inc. became the adviser to the Fund. The Fund's portfolio managers did not change. Effective April 30, 2021, the Fund changed its name from the "SharesPost 100 Fund" to "The Private Shares Fund." Effective July 7, 2021, the Fund made changes to its investment strategy. In addition to directly investing in private companies, the Fund may also invest in private investments in public equity ("PIPEs") where the issuer is a special purpose acquisition company ("SPAC"), and profit sharing agreements.

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.

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. Investors are encouraged to consult with appropriate financial professionals before considering an investment in the Fund.

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The Private Shares Fund