



The Private Shares Fund: Our Observations on Tariffs and the Private Innovation Economy

Many investors have legitimate concerns regarding potential impacts of both recent tariff announcements made by the US and anticipated responses from other countries. While we cannot be certain of the ultimate outcomes, we wanted to provide our initial perspectives as it relates to the private innovation economy, and more specifically The Private Shares Fund's ("TPSF" or the "Fund") holdings.

As a reminder, the Fund's strategy is to invest in late-stage, high-growth private technology companies that drive innovation and disruption across the economy in sectors such as aerospace/space economy, cybersecurity, artificial intelligence/machine learning, big-data, advanced manufacturing, digital health, ecommerce, and agricultural technology. Since inception and at present, the overwhelming majority of the Fund's holdings involve US-domiciled companies where the underlying technology, operations and revenue primarily (if not exclusively) reside in the US. While several of the Fund's holdings have asset-heavy business models including those in aerospace/space economy, most of Fund's holdings involve asset-lite business models with very little (if any) debt on their balance sheets. By default, the Fund's companies are typically not engaged in the traditional importing and exporting of hard assets.

Although we believe the capital structures and business models of the Fund's holdings provide a layer of protection from the newly proposed tariffs, there will likely be some degree of both direct and indirect impacts at a macro and micro level. For example, an extended period of increased volatility and uncertainty may hit growth rates as customers pull back on consumption and spend. Furthermore, companies with less flexible supply chains may face cost increases that cannot be fully passed on to their customers, which would hurt margins. In addition, we would expect disruptions to capital formation and exit activity which would both force companies to manage their balance sheets and expenditures more efficiently while further delaying realizations for shareholders and investors. Related, US companies may see less demand from foreign investors as the demand for dollar-denominated assets could decline.

While recent tariff announcements are certainly raising new questions, challenges and concerns for the broader economy and both public and private market investors alike, we think it is important to be reminded that these are often attractive periods for capital deployment as investors gain negotiating leverage due to various macro and micro dislocations. As long-term investors focused on private innovation companies that improve efficiency, productivity and ultimately profitability for end customers across many sectors of the economy, we continue to believe the Fund's underlying portfolio is well positioned to benefit as capital formation, valuation and exit activity improve.

As always, we are grateful for your continued support and welcome the opportunity to address and questions you may have.

Important 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.

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 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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