



A CLOSED-END INTERVAL FUND PRIMER

WHAT THEY ARE | HOW TO BUY AND SELL | COMPARISONS VS OPEN-END AND PRIVATE EQUITY FUNDS

The closed-end interval fund framework enables investors to access and own potentially highly profitable non-public and illiquid businesses previously only available to institutional investors. Closed-end funds continuously offer new shares for sale but may buy back existing shares only during specific periods.

Closed-end interval funds are a structure—not a strategy. This primer contrasts closed-end interval funds and their key differences with open-end and private equity funds.



THE GROWTH OF CLOSED-END INTERVAL FUNDS

The Securities and Exchange Commission (SEC) authorized the creation of interval funds in 1992, mainly as a way of allowing closed-end funds to continuously issue shares that could be purchased and redeemed at net asset value (NAV). For the five years ended 2021, closed-end interval fund assets grew 342%, and the number of funds from 41 to 67. The much larger and older open-end and private equity fund platforms have grown recently as well, but at a slower pace.

Total Assets Under Management, 5-years Ended December 31, 2021



1. Interval Fund Tracker.
2. Investment Company Institute, 2021 Investment Company Fact Book, pages 17-21, U.S. funds.
3. PitchBook 2021 Annual Report, page 4.

HOW TO BUY AND SELL SHARES

Closed-end interval funds, open-end and private equity funds differ in the way shares are purchased and redeemed. While investors in open-end funds can redeem shares at any time, interval funds limit the repurchase of shares to once quarterly, and in some cases once per month. Other differences:

Closed-End Interval Funds Vs Open-End and Private Equity Funds

	Closed-end Interval Funds	Open-end Funds	Private Equity Funds
Access to illiquid private investments	High	Low	High
When investors can purchase shares	Daily	Daily	Upon closing or fund raising schedule
When investors can sell/redeem shares	Limited, usually quarterly	Daily	Typically no built-in mechanism
Where purchased and sold/redeemed	Directly from investment firm	On national exchanges	Directly from investment firm
Investment minimums	As low as \$2,500	Typically \$1,000 or less	Typically \$250,000 or more

PERFORMANCE FEES

Investors who own open-end and closed-end interval funds usually do not pay a performance-based fee. However, investors in private equity funds may pay the portfolio manager a management fee of up to 2% of total assets plus a 20% fee from total returns.



LEGAL AND TAX DOCUMENTS

Both open-end and closed-end funds require investors to carefully review the fund's prospectus before investing. People who buy traditional private equity funds, however, need to sign much more paperwork—a Private Placement Memorandum (PPM), subscription agreement, term sheet, and possibly more. Required tax filings and holdings disclosure differ as well.

Closed-End Interval Funds Vs Open-End and Private Equity Funds

	Closed-end Interval Funds	Open-end Funds	Private Equity Funds
Required legal documents	Prospectus	Prospectus	PPMs and more
Required tax documents	Form 1099	Form 1099	K-1
Transparency	Must disclose holdings quarterly	Must disclose holdings monthly	Not required to disclose holdings

THE PRIVATE SHARES FUND

About

The Private Shares Fund, advised by Liberty Street Advisors, is a differentiated closed-end interval fund that provides investors an efficient way to invest in late-stage innovation-driven private equity companies that have the potential for substantial long-term growth.

Access

The Fund provides democratized access for all investors to alternative growth investments that were typically and previously reserved for institutions, endowments, high net worth investors, and family offices. The Fund has a daily NAV, a quarterly redemption program, no performance fees*, and simple 1099 tax reporting.

Target Market

The Fund is designed for risk-tolerant individual investors, family offices, and institutions with a long-term time horizon.

Portfolio Focus

The Fund invests in innovative businesses with the potential to grow significantly in valuation in two to four years. Sectors may include but are not limited to:

- Private space economy
- Cloud computing
- Cybersecurity
- Digital health
- Enterprise software
- Financial technology
- Education technology
- Supply chain technology
- Agricultural and food technology

Experienced Management Team

The portfolio management team collectively has decades of experience investing in private equities.

Why Now

High-growth companies have been staying private longer than ever, and a significant portion of their value appreciation has typically occurred before they get acquired or go public. Investors who do not have access to private companies are potentially missing out on substantial growth.

ABOUT LIBERTY STREET

The Liberty Street Funds offer investors and financial advisors mutual funds sub-advised by independent boutique managers who possess expertise in their asset class. Because Liberty Street focuses on boutique managers, financial advisors can provide value-added strategies in actively managed and less-correlated portfolios to their clients. Through its selective multi-manager family of funds, Liberty Street provides access to timely investment strategies. The Liberty Street Funds are based in New York City, NY and advised by Liberty Street Advisors, Inc.

For financial professionals who would like more information about how the Liberty Street family of funds may assist in building timely, value-added and differentiated portfolios for your clients, please contact HRC Fund Associates, LLC (member FINRA and SIPC) at libertystreetfunds@hrcfinancialgroup.com or 212-240-9726.

IMPORTANT DISCLOSURE

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. The Fund's investment thesis has not changed.

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 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 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 is a non-diversified investment company, and as such, the Fund may invest a greater percentage of its assets in the securities of a smaller number of issuers than a diversified fund. 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 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.

*Other fees and expenses may be involved with investing in the fund, please refer to the prospectus for more information.

CONTACT

Financial Professionals

To contact your wholesaler, financial professional should call HRC Fund Associates, LLC. HRC Fund Associates, LLC, Member FINRA/SIPC, is an affiliate of Liberty Street Advisors, Inc. **212-240-9726**.

Individual Investors

Individual investors and shareholders should contact their financial advisor, or the Fund at: **Fund at: 855-551-5510**.

The Funds advised by Liberty Street Advisors are distributed by **Foreside Fund Services, LLC**.

