The Private Shares Fund

Quarterly Commentary Q4 2023

PIIVX - PRIVX - PRLVX

TOP 10 HOLDINGS

(as of 12/31/2023) and current holdings here.

GrubMarket	nanotronics
Tradeshift	Space Exploration Technologies
AXIOM SPACE	Contrast Security
Motive Formerly KeepTruckin	ARCTIC WOLF
Betterment	NextRoll

Represents 31.80% of Fund holdings as of December 31, 2023. 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 2023 COMMENTARY

The Private Shares Fund (the "Fund") can report that for the fourth quarter of 2023, the Fund generated a total return of -3.92% as measured by the Fund's Institutional Class (PIIVX) and exhibited a significantly lower level of volatility than the broader market. While the underlying portfolio continues to be resilient in the face of various macroeconomic and geopolitical headwinds, the Fund's NAV has been pressured year-to-date largely due to compressed valuation multiples of public market comparables and heavily discounted pricing in the secondary market.

As a reference point, the Fund's portfolio has completed 39 new financing rounds over the past couple of years in a challenging environment of which 18 were valued higher than the last round, 18 were flat with the last round (includes companies that have grown several hundred percent since their last round), and only 3 were below the last round. In other words, high quality companies with strong financial metrics continue raising capital at reasonable terms while lesser quality or capital constrained companies face headwinds. However, the remaining ~50 positions have not priced new rounds in approximately two years. The Fund's rigorous valuation methodology essentially interprets those prior round valuations as stale, and thus less relevant. Although ~30 of the Fund's portfolio companies are now profitable (a 50% increase year-over-over) and thus will not likely require new financings, this means that a large portion of the Fund's valuation is being heavily impacted by public comparables and secondary trading activity. Considering that public comparables for the Fund's portfolio (i.e., listed technology companies with similar market caps akin to the Russell 2000, as opposed to larger market cap companies in the S&P 500 or Nasdaq) continue trading below their pre-Covid and 5-year averages, it becomes clearer how this can pressure valuation.

Furthermore, while the Portfolio Managers (the "PMs") have been taking advantage of the dislocated market to invest in high performing private innovation companies at favorable terms (Fund completed 20 secondary transactions in 2023 at an average and median discount of 40% and 36%, respectively) which may generate outperformance in the coming years, the inherent discounts in the secondary markets can have a negative valuation impact in the short term.

Not surprisingly, as of December 31, 2023, 63% of the Fund's holdings (54) are priced below their last round due to this valuation methodology, which represents approximately 52% of the Fund's invested Assets Under Management (AUM). Of these investments, the average discount to last round is 17-25%, thereby having an 8-12% impact on the Fund's NAV. In our opinion, this represents significant embedded value.

As long-term investors, the PMs make investment decisions based on multi-year holding periods without becoming jaded by interim valuation fluctuation. We believe this is a view that should be shared by the Fund's underlying investors to benefit from potential future capital appreciation and exit value creation. To that end, the PMs believe there is significant upside potential to current NAV and multiple signals now pointing to a positive shift in sentiment that should bode well for the Fund in this next cycle.

While we never advocate trying to time markets, particularly strategies like ours which require a longer-term perspective to benefit, we believe all signals point to this being an unprecedented investment opportunity to access what we view as a best-in-class portfolio of late-stage, growth-oriented private innovation companies at a very attractive entry point and with a path to significant potential upside.

VC MARKET UPDATE

The National Venture Capital Association (NVCA) reported approximately 3,934 U.S. Venture Capital (VC)-backed deals closed in the fourth quarter of 2023 which remained above any quarter pre-2021 except Q1 2020. In total, 2023 generated 15,766 VC-backed deals representing $170.6 billion in deal value. Perhaps more importantly, Q4 activity was higher than Q3 across all stages, a potential sign of strength. That said, deal value remains well below peak levels as investors slow their pace of investment and exhibit greater discipline, despite sitting on a significant amount of dry powder. As we have said repeatedly, the market remains bifurcated, so while we encourage investors to be highly selective, there continue to be a number of high-performing assets across the VC ecosystem.

Late-stage investment activity exhibited similar trends in the fourth quarter of 2023, with 1,019 deals closed corresponding to $16.4 billion in deal value. This brings the annual total to $80.4 billion across 4,305 deals, compared to $94.0 billion and 4,687 deals in 2022. While the median deal size of late-stage VC deals fell to a six-year low (and thus less mega-deals, or VC deals over $100 million), the median valuation of these deals is the third highest in the past decade, again signaling that high-performing companies continue to be rewarded. It is also believed that many late-stage VC and venture-growth 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. Combined with a more challenging valuation environment provides rationale for less overall deal activity and smaller deals. Said differently, we believe it is normal for these companies to protect existing shareholders and position themselves more favorably for either future financings or exit opportunities as market conditions improve.

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 mitigated risk/reward profile of these more mature companies compared to all VC deals. While venture-growth deal value fell in 2023 to pre-2020 levels, deal activity remains elevated coming in as the third highest in the past decade. So again, while deal activity remains quite strong, deal sizes have contracted for reasons mentioned above. That said, in the fourth quarter of 2023 deal value increased nearly 50% to $9.7 billion vs $6.6 billion in Q3, driven by three deals that exceeded $1.0 billion.

Similarly, early-stage VC activity remained elevated in 2023 with 5,421 deals (third highest in the past decade), but deal value fell to $39.5 billion, commensurate with pre-2021 levels. The fourth quarter of 2023 was the most active of the year by deal count Although early-stage companies typically require less capital and have longer holding periods, shielding them somewhat from the full impact of current market conditions, this data illustrates that investors are becoming increasingly selective with the ideas they choose to fund. We believe this dynamic may present significant challenges for early-stage companies which typically exhibit higher burn rates and lower cash balances, particularly those unable to demonstrate strong performance and differentiation.

As previously reported, 2022 was easily the second most active year for all VC-related activity on record despite sustained macroeconomic and geopolitical headwinds, but this activity has since slowed. Nontraditional VC investors like crossover firms that were heavily involved in late-stage VC activity over the prior few years further reduced their participation in deals during 2023 (lowest deployment level in six years). Several reportedly became more active in secondary opportunities due to significant price dislocations across the market. That said, the significant levels of VC fundraising in recent years should serve as a healthy backstop for the entire ecosystem, and we are now seeing signs of an overall pick-up in financing activity.

In terms of liquidity, VC exit activity and deal value essentially hit a decade low in 2023. NVCA estimates 1,129 exits occurred in 2023 representing $61.5 billion in estimated exit value, with more than 40% of the exit value generated by acquisitions as the IPO market remained subdued. While it's possible to see an increase in M&A activity as strategic and private equity buyers look to take advantage of dislocations without much competition from public offerings, increased regulatory scrutiny and elevated rates (which increases the cost of acquisition financing) may create more obstacles. That said, we are looking at one of the largest and most compelling IPO backlogs in recent history, 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 2024. Based on our conversations with the Fund's portfolio holdings, investment bankers and public market investors, we expect to see a pickup in public market offerings in 2024.

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 2024.

PORTFOLIO ADD-ONS (Q4 2023)

- Cubefabs
- Devoted Health
- Northgate Growth Fund III

NEW FINANCINGS (Q4 2023)

- Devoted Health
- Relativity Space

PERFORMANCE AS OF 12/31/23

	Q4 2023	YTD	1 Year	3 Year	5 Year	Ann ITD*
PRIVX	-3.98%	-8.39%	-8.39%	4.46%	8.23%	7.95%
PRIVX (w/Load)	-9.50%	-13.64%	-13.64%	2.41%	6.95%	7.30%
PIIVX	-3.92%	-8.15%	-8.15%	4.71%	8.50%	8.26%
PRLVX	-4.04%	-8.60%	-8.60%	4.19%	7.95%	7.03%
PRLVX (w/Load)	-8.12%	-12.48%	-12.48%	2.70%	7.02%	6.21%
Russell 2000	14.03%	16.93%	16.93%	2.22%	9.97%	7.17%

*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. The Fund's total gross expenses are 2.49%, 2.44%, and 2.72%, and for the Class A, I, and L shares respectively. The Fund's total net expenses are 2.68%, 2.43%, and 2.93% 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 agreement with the Advisor is in place through May 2, 2024. 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

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 proce- dures 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 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.

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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