



PORTFOLIO MANAGER Q2 2021 COMMENTARY

The Private Shares Fund (the "Fund"), as measured by the Fund's Institutional Class (PIIVX), returned 5.54% in the second quarter of 2021 and 18.57% for the first half of 2021. The Fund's strong results during the first half of 2021 were achieved with a significantly lower level of volatility than the broader market, as measured by the CBOE Volatility Index (VIX).

As previously reported, effective after the close on April 30, 2021, the name of the SharePost 100 Fund was changed to "The Private Shares Fund." As you may recall, as of December 9th, Liberty Street Advisors, Inc replaced SP Investments Management, LLC as the adviser to the Fund, therefore it no longer has an association with the SharesPost name. More importantly, the Fund's investment team, its strategy of investing in late-stage, venture backed private companies, the tickers (PIIVX, PRIVX, PRLVX), governance structure, board of trustees and service providers remain unchanged.

The National Venture Capital Association (NVCA) reported approximately 7,058 Venture Capital (VC) backed deals closed in the first half of 2021, representing total deal value of \$150.0 billion compared to \$164.3 billion for the full year for 2020.

Late-stage investments in the first half of 2021 was the largest contributor to the record deal value. An estimated 2,564 late-stage deals representing \$108.8 billion of deal value was deployed in the first half, representing 73% of the total deal value in VC backed companies and almost reaching the full-year 2020 total of \$109.8 billion. At this pace, 2021 will easily surpass 2020's annual record year of investment into the most mature venture-backed companies. Mega-deal (VC late-stage deals over \$100m+) value in the first half of 2021 set a new annual record with 385 mega-deals (198 in Q2 alone), representing \$85.5 billion compared to \$75.2 billion for the entirety of 2020.











As an aside, it is worth noting that early-stage VC activity picked up dramatically during the second quarter, bringing the first half 2021 deal value to \$34.4 billion, which is on track to shatter the previous record.

VC exit activity continued to remain strong during the second quarter with an estimated \$241.3 billion in exit deal value across 334 deals, marking the fourth straight quarter in which exit activity has exceeded \$100 billion. The first half of 2021 has already set an annual record for exit value, with 883 recorded VC exits representing \$372.2 billion. The previous annual record was set in 2020 with 1,131 VC exits representing \$287.5 billion, which implies that the average exit value has increased in 2021. Outsized IPO exits remain the largest contributor to the record exit deal value, with 26 of the 30 top exits (by deal size) in Q2 coming from public listings. Special Purpose Acquisition Companies (SPACs) also continue to contribute to record exit value, with these reverse mergers representing 34 of the public listings in the first half of 2021 as compared to 33 in all of 2020. Finally, Merger & Acquisitions (M&A) activity continued to be strong, with 435 transactions closing in the first half, lining up with the most active years in the last decade.

Following a spike in rising interest rates and inflation concerns during the first quarter

TOP 10 HOLDINGS

(as of 6/30/2021) and current holdings [here](#).

Represents 29.10% of Fund holdings as of June 30th, 2021. 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](#).

which created some spikes in volatility as the historical tug of war between value and growth investing led to some active rebalancing, we observed a resurgence back towards growth towards the end of the second quarter as rates retrenched and earnings expectations improved. While rising inflation, increased geopolitical concerns, and a resurgence of COVID-19 challenges may create some short-term market pain in this environment where certain valuations have been stretched, we believe high caliber technology and innovation-driven companies should continue to perform well both in the public and private arenas. As previously noted, our portfolio is not immune to any of these challenges, but we continue to be pleased by the overall performance of the companies we own thus far and continue to monitor both macro and portfolio-level developments.

With nearly all VC-related investment and exit metrics reaching record levels and with no apparent signs of slowing, it appears these exit trends will continue for the foreseeable future. Furthermore, the explosive activity involving non-traditional crossover investors like public equity managers, mutual funds, hedge funds, etc. has dramatically increased capital availability within the VC asset class, particularly late-stage. However, these nontraditional investors tend to be less valuation-sensitive compared to traditional venture investors, which has not only increased competition but also created froth in certain segments of the market. As a result, some experts believe VC activity may eventually slow due to legitimate concerns regarding valuation, investment returns, regulatory scrutiny, and asset selection. Furthermore, the market will likely need time to digest and deploy the massive amounts of capital raised over the last couple years which could subdue new capital raising, particularly for SPACs with over 400 hundred looking for an M&A partner.

While we believe that continued interest in venture-backed companies in which the Fund invests is a net positive for the overall health of the ecosystem, the most experienced and disciplined investors are typically best positioned to endure any pull back. As previously noted, the Fund's Net Asset Value (NAV) has historically been relatively stable during periods of public market stress like those in 2016, 2018 and 2020, during which we were able to invest in some very compelling names at attractive prices. We have continued investing through this cycle while also increasing our dry powder through both new inflows and portfolio-driven distributions, which positions the Fund well to capitalize on its robust pipeline of opportunities. We will continue investing while maintaining discipline, relying upon our comprehensive diligence process, and leveraging our relationships across the ecosystem.

NEW PORTFOLIO ADDITIONS (Q2 2021)

PAVILION DATA

Pavilion Data provides data processing solutions for modern AI/ML, HPC, Analytics, Enterprise Edge, and other data-driven applications. The Pavilion HyperParallel Data Platform, powered by Pavilion HyperOS, delivers high performance and density, ultra-low latency, unlimited scalability, and flexibility, providing customers choice and control.

BETA TECHNOLOGIES

BETA Technologies is a developer of electric vehicle takeoff and landing ("EVTOL") aircrafts and recharging pad systems. The company's aircrafts are designed around its proprietary propulsion technology and intended to service the cargo, passenger, and emergency response markets.

DOMINO DATA LABS

Domino Data Labs provides data science teams with an Open MLOps platform that allows enterprises to manage and scale data. The platform helps companies develop and deploy ideas faster thru collaborative, reusable, and reproducible analysis. More than 20% of Fortune 100 companies are clients of Domino Data Labs.

COLLECTIVE HEALTH

Collective Health is a cloud-based self-insurance platform intended to evolve the way in which health benefits work. The platform offers integrated administration of all health plans through a single portal, that gives clear guidance, live concierge aid and digital tools to find and manage care, enabling users to get connected with medical, pharmacy, dental and vision plans.

NEW PORTFOLIO ADDITIONS (Q2 2021)

TRADESHIFT

Tradecraft is a market leader in e-invoicing and accounts payable automation and an innovator in B2B marketplaces and providing access to supplier financing. Its cloud-based platform helps buyers and suppliers digitize invoice processing and automate accounts payable workflows. The company recently announced that its platform has proceeds more than \$1 trillion in cumulative transactions value.

KRAKEN

Kraken is a global digital asset exchange that allows trading on more than 50 digital assets and 7 different fiat currencies. Founded in 2011, Kraken provided one of the first digital asset exchanges to have its market data displayed on Bloomberg Terminal and one of the first exchanges to offer spot trading with margin, regulated derivatives and index services. The company is trusted by more than 5 million traders, institutions and authorities around the world.

PORTFOLIO COMPANY EXIT EVENTS (Q2 2021)

IPOS

DARKTRACE

On April 30, 2021, Darktrace (DARK) began trading on the London Stock Exchange. Darktrace's IPO price was 250 British pound sterling (GBP) per share, opened at 349 GBP per share and closed at 330 GBP per share (valuing the company at \$2.4 billion).

MARQETA

On June 9, 2021, Marqeta (MQ) began trading on the NASDAQ. Marqeta's IPO price was \$27.00 per share, opened at \$32.75 per share and closed at \$30.52 per share (valuing the company at \$16 billion).

COMPLETED SPACS

SOFI

On May 28, 2021, Social Finance (SOFI) began trading on the NASDAQ, following completion of its previously announced business combination with Social Capital Hedosophia Holdings V. The company closed at \$20.15 per share on May 28, 2021 (valuing the company at \$16.1 billion).

23ANDME

On June 17, 2021, 23andMe (ME) began trading on the NASDAQ, following completion of its previously announced business combination with VG Acquisition Corp. The company closed at \$13.32 per share on January 17, 2021 (valuing the company at \$5.4 billion).

PERFORMANCE AS OF 6/30/21

	Q2 2021	YTD	1 Year	3 Year	5 Year	Ann ITD*
PRIVX	5.49%	18.44%	40.68%	14.92%	11.34%	11.42%
PRIVX (w/Load)	-0.58%	11.62%	32.61%	12.68%	10.04%	10.52%
PIIVX	5.54%	18.57%	41.00%	15.20%	-	15.41%
PRLVX	5.41%	18.27%	40.30%	14.62%	-	14.62%

*Class A inception date 3/25/14, Class I inception date 11/17/17 Class L inception date 5/11/18.

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 1-800-834-8707.** Some of the Fund's fees were waived or expenses reimbursed; otherwise, returns would have been lower. The Fund's total expenses are 2.56%, 2.38%, and 2.75%, and for the Class A, I, and L shares respectively. The Fund's advisor has contractually agreed to waive fees and/or reimburse expenses such that total expenses do not exceed 2.50%, 2.25%, and 2.75% for the Class A, I, and L shares respectively. The agreement with the Advisor is in place through December 9, 2022. 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.

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. 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 1-800-834-8707. 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 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 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. It is not possible to invest in an index. **CBOE Volatility Index** measures the stock market's expectation of volatility based on S&P 500 index options. 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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