



PORTFOLIO MANAGER Q3 2021 COMMENTARY

The Private Shares Fund (the "Fund"), as measured by the Fund's Institutional Class (PIIVX), returned 2.65% in the third quarter of 2021 and 21.72% for the first nine months of 2021. The Fund's strong results during 2021 were achieved with a significantly lower level of volatility than the broader market, as measured by the CBOE Volatility Index (VIX).

Late-stage Venture Capital (VC) investment activity through the first nine months of 2021 easily surpassed previous full-year records and has continued to be the largest contributor to overall VC record deal value. An estimated 3,865 late-stage deals representing \$172.6 billion of deal value was deployed in the first nine months of 2021 (72% of all VC activity), compared to the prior full-year record in 2020 of 3,407 deals representing \$111.0 billion. Mega-deal value (VC late-stage deals over \$100 million) also set a record during this period with \$136.5 billion across 491 deals, nearly doubling the prior record of \$76.7 billion in 2020. These outsized mega-deals represented 57% of all VC deal activity year-to-date and benefited from increased participation of non-traditional investors such as mutual funds, hedge funds, sovereign wealth funds and crossover investors.

As an aside, it is worth noting that early-stage VC activity continued increasing during the third quarter, bringing the first nine months of 2021 deal value to \$54.7 billion across 3,996 deals, which exceeds all prior full-year record totals. This data supports a clear trend of larger investors entering companies at earlier stages in the traditional venture lifecycle, which has also resulted in larger median and average valuations. Related, several notable mid-to-late-stage groups raising sizable new funds focused exclusively on seed stage opportunities.

VC exit activity continued to remain strong during the third quarter with an estimated \$187.2 billion in exit value, marking the fifth straight quarter in which exit activity has exceeded \$100 billion. Through the first nine months of 2021, there has been \$582.5 billion in exit value across 1,385 deals compared to the previous annual record set in 2020 of \$289.0 billion across 1,129. This is the first time exit value has exceeded \$500 billion. Public listings remain the largest contributor to the record exit deal value representing 88.2%, or \$513.6 billion in exit proceeds year-to-date. Initial Public Offerings (IPOs) remained active with 93 listings during the third quarter, or 221 year-to-date. Special Purpose Acquisition Companies (SPACs) activity picked up as many begin reaching their maturity dates, with 413 vehicles having raised \$109.4 billion through the first nine months of 2021. That said, sentiment regarding SPACs has remained negative since earlier this year with underperformance and increasing questions on long-term viability. Finally, Merger & Acquisitions (M&A) activity continued to be strong, lining up with the most active years in the last decade.

While things like rising inflation, supply chain disruption, worker shortages, policy changes, increased geopolitical concerns, and a resurgence of COVID-19 variants 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, particularly for investors with a longer-term view. 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.

TOP 10 HOLDINGS

(as of 9/30/2021) and current holdings [here](#).

	
	
	
	
	

Represents 38.57% of Fund holdings as of September 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](#).

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 likely continue for the foreseeable future. Furthermore, the explosive activity involving non-traditional crossover investors like public equity managers, mutual funds, hedge funds, sovereign wealth 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 late-stage VC activity may eventually slow due to legitimate concerns regarding valuation, investment returns, regulatory scrutiny, and asset selection, which to some extent may explain the surge in early-stage investment activity. 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 facing increased scrutiny.

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 (Q3 2021)

LYST

Lyst is an online fashion platform that connects millions of shoppers globally and has over 11,000 designers and stores including Burberry, Valentino, Alexander McQueen, J.crew and many more. With over 3 million fashion products and access to 4.5million fashion data points every hour, Lyst is a new source of global fashion intelligence. Lyst was the first platform to launch a universal cart in the fashion space, which enables shoppers to check out from multiple retailers in a single, unified checkout.

MASTERCLASS

MasterClass is an education streaming platform where users can learn from the world's best instructors. The platform currently has access to over 100+ instructors and classes across several subjects, including: Arts & Entertainment, Business, Design & Style, Sports & Gaming, Writing and more. Each class features about 20 video lessons, at an average of 10 minutes per lesson, allowing users to learn on their own terms in smaller pieces or in a single binge. The platform currently can be viewed on mobile, tablet, desktop, AppleTV, AndroidTV, Amazon FireTV and Roku players and devices.

CYBEREASON

Cybereason is a developer of cloud-based endpoint detection and cyber-security software designed to protect companies from advanced cyber attacks. The company's platform is powered by a custom-built in-memory graph, an automated hunting engine that detects behavioral patterns across every endpoint and surfaces malicious operations in a user-friendly interface, enabling enterprises to identify the root cause and scope of cyber attacks with minimal manual effort and spot the attacker's behavior in real-time across various stages of the attack lifecycle.

RELATIVITY SPACE

Relativity Space is building a new approach to design, print, and fly rockets utilizing 3D-printed technology. The company's Terran 1 is the world's first entirely 3D-Printed rocket. Relativity Space is at the forefront of a shift toward software-defined rocket manufacturing. By utilizing 3D printing, artificial intelligence, and autonomous robotics, the company is pioneering the factory of the future. The company aims to disrupt a 60-year-old aerospace industry by building a rocket with 100x fewer parts in less than 60-days.

BLOCKFI

Developer of a wealth management platform designed to manage crypto assets and maximize earning potential. The company's platform provides wealth management products such as crypto, interest-earning accounts, trading and other similar products, enabling clients to ease out bitcoin trading and secure digital payments in the cloud while mitigating risks associated with financial lending.

AUTOMATION ANYWHERE

Automation Anywhere provides Robotic Process Automation (RPA) solutions, allowing customers to automate end-to-end business processes with intelligent software bots. The company leverages AI-powered digital workers that perform repetitive and manual tasks, resulting in productivity gains, optimized customer experience and more engaged employees. Automation Anywhere's Bot store is the world's first and largest marketplace with more than 1,200 pre-built, intelligent automation solutions. The company has deployed nearly 3 million bots to support some of the world's largest enterprises across all industries in more than 90 countries.

NEW PORTFOLIO ADDITIONS (Q3 2021)

ERUDITUS

Eruditus education provides a platform that offers professional education courses in collaboration with top-ranked universities: including MIT, Columbia, Harvard, Cambridge, INSEAD, Dartmouth, Wharton, UC Berkeley, INCAE Business School, Illinois Institute of Technology (IIT), Indian Institutes of Management (IIM), National University of Singapore (NUS) and Hong Kong University of Science and Technology (HKUST). Using technology and curriculum innovation, Eruditus enables working professionals who cannot enroll in full-time courses to access a top-tier, affordable education that will give them the skills needed to be the business leaders of tomorrow. The group's global team includes 650+ employees located in Singapore, Boston, San Francisco, Dubai, Mexico City, Mumbai and Shanghai.

OCROLUS

Ocrolus is a technology infrastructure company that transforms documents into actionable data with 99% accuracy. Powered by AI and a unique, human-in-the-loop validation process, Ocrolus plugs directly into customer workflows via Application Programming Interface (API), eliminating the need for manual data work. The solution

includes built-in fraud detection and analytics, enabling customers to make smarter and faster business decisions with unprecedented scalability and precision. Use cases include loan underwriting, account openings, invoice processing, and other document-intensive processes.

RADIAN AEROSPACE

Radian Aerospace is a developer of space systems designed to simplify interplanetary transportation. The company's space systems carry passengers to low Earth orbit and back easily, enabling commercial and government customers to have access to orbital space planes.

FARMERS BUSINESS NETWORK

Farmer's Business Network is an operator of a farmer-to-farmer agronomic information network designed to help farmers in the management of their data and gain insights from each other. The company's network predominantly collects data extracted from farm equipment, as well as from manually recorded data from farmers to offer insights in areas such as seed selection, compare productivity and benchmark field performance over time, enabling businesses to make informed decisions.

PORTFOLIO COMPANY EXIT EVENTS (Q3 2021)

BLEND LABS

On July 15, 2021, Blend Labs (BLND) began trading on the New York Stock Exchange. Blend Labs' IPO price was \$18.00 per share, opened at \$20.00 per share and closed at \$20.90 per share (valuing the company at \$4.4 billion).

CHARTBOOST

On August 5, 2021, Chartboost, a unified advertising platform that includes a Demand Side Platform (DSP) as well as a Supply Side Platform (SSP), was acquired by Zynga (ZNGA) for approximately \$250 million in cash. Chartboost is a programmatic advertising and monetization platform, which empowers developers to earn high CPMs while connecting marketers to highly engaged audiences through immersive ad experiences.

ROBINHOOD

On July 29, 2021, Robinhood (HOOD) began trading on the NASDAQ. Robinhood's IPO price was \$38.00 per share, opened at \$38.00 per share, and closed at \$34.82 per share (valuing the company at \$32 billion).

XANT

On August 2, 2021, XANT (FKA InsideSales.com), a guided sales engagement software, was acquired by Aurea Software for an undisclosed sum. XANT solution provides AI-powered sales engagement, optimizing sales representative contact rates by identifying who they should be reaching out to, via what channels and when they should be doing so.

PERFORMANCE AS OF 9/30/21

	Q3 2021	YTD	1 Year	3 Year	5 Year	Ann ITD*
PRIVX	2.56%	21.47%	40.36%	15.79%	10.82%	11.39%
PRIVX (w/Load)	-3.35%	14.47%	32.28%	13.52%	9.52%	10.52%
PIIVX	2.65%	21.72%	40.75%	16.09%	-	15.11%
PRLVX	2.51%	21.24%	39.99%	15.51%	-	14.29%
PRLVX (w/Load)	-1.84%	16.09%	34.05%	13.85%	-	12.83%
Russell 2000	-4.36%	12.41%	47.68%	10.54%	13.45%	10.16%

*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.

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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