



PORTFOLIO MANAGER Q4 2021 COMMENTARY

The Private Shares Fund (the "Fund") is pleased to report that for calendar year 2021, the Fund generated a total return of 24.13% as measured by the Fund's Institutional Class (PIIVX), and was able to achieve those returns with a significantly lower level of volatility than the broader market. The strong results were generated during another unusual year in the financial markets.

The National Venture Capital Association (NVCA) reported approximately 17,054 U.S. Venture Capital (VC)-backed deals closed in 2021, representing total deal value of \$329.6 billion, nearly double the previous record of \$166.6 billion in 2020. While the number of deals also increased meaningfully compared to 2020, the average deal size continued to trend higher. Despite ongoing headwinds from the COVID-19 pandemic, the U.S. VC Industry remained resilient, posting records for both investments into high-growth private companies and proceeds generated by exits for 2021.

While late-stage investment activity has been rising over the last decade as many companies have continued to stay private for longer, we believe the impacts of COVID-19 made this segment of the market even more attractive. There has been less perceived risk compared to earlier stage companies and investors are looking to allocate more capital to their perceived winners. In parallel, the trend of significant capital inflows from nontraditional investor groups, including sovereign wealth funds, mutual funds, hedge funds and crossover investors has continued through the pandemic. To be more specific, nontraditional investors participated in an estimated 6,483 deals representing \$253.5 billion in deal value during 2021.

Late-stage Venture Capital investment in 2021 easily surpassed previous full-year records and has been the largest contributor to overall VC deal value. An estimated 5,055 late-stage deals representing \$228.3 billion of deal value was deployed in 2021 (representing 69% of total US VC-backed deal value), compared to the prior full-year record in 2020 of \$112.6 billion across 3,444 deals. Mega-deal value (VC late-stage deals over \$100 million) also recorded a new high with \$190.6 billion deployed across 819 deals, more than doubling the prior record in 2020 of \$76.5 billion across 335 deals. These outsized mega-deals represented 83% of all Late-Stage VC deal activity for 2021 and benefited from increased participation of non-traditional investors.

As an aside, it is worth noting that early-stage VC activity in 2021 also set a new annual record, with total value of \$84.3 billion across 5,351 deals, which exceeds all prior full-year record totals and eclipsing \$80 billion for the first time ever. This is nearly double the prior record when early-stage VC deal value hovered just above \$40 billion for the last three consecutive years. 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.

In terms of liquidity, VC exit activity for 2021 also set a new annual record with total exit value of \$774 billion realized across 1,875 deals, representing a 238% increase from the previous record set in 2020. This also marks the first-year exit deal value surpassed \$500 billion. Initial Public Offerings (IPOs) represented most of the exit value with \$681.5 billion realized through 296 VC-backed public listings, representing a 114.5% YoY Growth. Special Acquisition Companies (SPACs) activity set a new annual record with 556 new

TOP 10 HOLDINGS

(as of 12/31/2021) and current holdings [here](#).

	Space Exploration Technologies
	Relativity
	Lime
	Fundbox
	trax

Represents 26.44% of Fund holdings as of December 31st, 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](#).

vehicles and roughly \$134.9 billion in capital raised for 2021. That said, sentiment regarding SPACs began to trend negative earlier this year with underperformance and increasing questions on long-term viability. Lastly, Mergers & Acquisitions (M&As) activity remained robust with \$79 billion in total exit value realized across 1,007 exits, representing a 15% increase in exit value and a 33% increase in number of exits from the prior annual record set in 2020.

In the ending months of 2021, the CBOE Volatility Index (VIX) began to increase but remained well below peak levels as compared to March 2020. Recent increases in volatility and pressure on major public market indices has been largely driven by a combination of rising inflation, anticipated Fed rate hikes and balance sheet tightening, labor market challenges, ongoing Covid-19 variants, and general concerns around the impacts these measures may have on both the sustainability of corporate growth rates and earnings. We are likely to see increased pressure heading into 2022 while these factors persist.

While our portfolio of late-stage VC and growth companies is not immune to what may happen if these challenges persist over a longer time period, we have been pleased by the overall performance and resiliency thus far and will continue to monitor developments. In our view, we believe the bigger implication will be that companies planning to raise capital may face greater pressure on valuation and terms, and it may take companies longer to exit.

As long-term investors in private market technology innovation and disruption, we believe the Fund could potentially continue to benefit from value creation across sectors including fintech, artificial intelligence, cyber-security, cloud, data storage and analytics, online education, supply chain optimization, e-commerce, digital health, and the space economy. During 2021, the Fund invested approximately \$300 million across 33 new positions and 15 add-ons to existing positions. The Fund also benefitted by generating roughly \$95.2 million in liquidity proceeds as several portfolio companies went public or were acquired. We believe that many of our companies have differentiated business models, are operated by seasoned management teams, backed by strong VCs, and have healthy balance sheets to help manage through market cycles.

Historically, the Fund's Net Asset Value (NAV) has been relatively stable during periods of public market stress like those in 2016 and 2018, during which we were able to invest in some very strong names at attractive prices. Similarly, the Fund's NAV has remained relatively stable in this COVID-19 environment, and we have continued investing throughout this cycle. It is the experience of the PMs that periods of increased volatility and uncertainty in the public equity markets and overall macro environment are often good catalysts for increasing the supply of opportunities in the private markets. In other words, these catalysts may improve supply and demand imbalances in favor of buyers and investors as owners of illiquid assets tend to become more risk averse and prefer liquidity. These types of environments often result in more attractive risk adjusted entry points. As a result, vintages involving periods of increased public market activity and macro uncertainty typically also generate outperformance. So, while this may appear a bit counter intuitive, these environments could create great buying and investing opportunities in the private markets while simultaneously maintaining discipline, relying upon our comprehensive diligence process and leveraging our relationships across the private market ecosystem.

NEW PORTFOLIO ADDITIONS (2021)

As mentioned previously, the Fund added 33 new positions during 2021. Below is a brief summary of those companies:

BETTERMENT (Q1)

Provider of an independent online financial adviser designed to help customers manage their financial assets.

INVAIO SCIENCES (Q1)

Operator of multi-platform technology company intended to solve pressing agriculture, nutrition, and environmental challenges.

CROSSOVER HEALTH (Q1)

Operator of a platform intended to identify and provide personalized employee care experiences for a healthy and motivated workforce.

BETA TECHNOLOGIES (Q2)

Developer of aerospace technologies designed to be used in electric vertical takeoff and landing (eVTOL) aircraft and recharging pad systems.

PAVILION DATA (Q2)

Provider of data processing solutions for data-driven applications.

DOMINO DATA LABS (Q2)

Provides data science teams with a platform that allows enterprises to manage and scale data.

COLLECTIVE HEALTH (Q2)

Provides an integrated solution that allows self-funded employers to administer plans, control costs, and offer better options for their people.

TRADESHIFT (Q2)

Developer of a financial platform software intended to help facilitate supply chain innovations for the digitally connected economy.

NEW PORTFOLIO ADDITIONS (2021)

KRAKEN (Q2)

Financial platform for cryptocurrency.

LYST (Q3)

Operator of an online fashion retail platform designed to connect shoppers globally with fashion designers and fashion stores.

MASTERCLASS (Q3)

Operator of an online education platform designed to offer video-based online vocational courses taught by celebrities, athletes and business executives.

CYBEREASON (Q3)

Operator of cloud-based endpoint detection and cybersecurity platform intended to protect companies from advanced cyber attacks.

RELATIVITY SPACE (Q3)

Operator of an aerospace company intended to build an autonomous rocket factory and launch services for satellites.

BLOCKFI (Q3)

Developer of a wealth management platform designed to seamlessly manage crypto and other digital assets.

AUTOMATION ANYWHERE (Q3)

Provider of robotic process automation designed to work side by side with humans to handle repetitive routines and tasks found within many industries.

ERUDITUS LEARNING (Q3)

Provider of executive education programs intended for mid-career professionals.

CIBO (Q3)

Operator of a land information platform intended to facilitate agriculture scaling with unbiased information and direct connections.

OCROLUS (Q3)

Developer of a human-in-the-loop fintech infrastructure platform intended to automate back-office tasks with precision.

GOAT (Q3)

Provider of an online footwear marketplace intended to buy and sell sneakers online.

RADIAN AEROSPACE (Q3)

Developer of space systems designed to simplify interplanetary transportation.

FARMER'S BUSINESS NETWORK (Q3)

Farmers Business Network is a provider of a farmer-to-farmer agronomic information network designed to help farmers in the management of their data and gain insights from each other.

EQUIPMENTSHARE (Q4)

Developer of a fleet management platform intended to serve contractors and original equipment manufacturers.

IMPOSSIBLE FOODS (Q4)

Producer of plant-based meat substitutes intended to combine natural ingredients into food products.

VERBIT (Q4)

Developer of interactive transcription and captioning platform intended to generate detailed speech-to-text files.

CAASTLE (Q4)

Operator of a subscription rental platform designed to permit retailers to offer Clothing as a Service (CaaS) to their consumers.

MYND (Q4)

Operator of a property management platform intended to ease property rental management services.

FATHOM DIGITAL MANUFACTURING CORPORATION (Q4)

Fathom is a leading on-demand digital manufacturing platform in North America, providing comprehensive product development and on-demand manufacturing services to many of the largest and most innovative companies in the world.

OMADA HEALTH (Q4)

Operator a digital care platform intended to empower people to achieve their health goals through sustainable lifestyle change.

ARCTIC WOLF (Q4)

Arctic Wolf helps companies end cyber risk by providing security operations as a concierge service.

TMGCORE (Q4)

TMGcore is an award-winning U.S. based provider of High-Performance Computing solutions.

PORTFOLIO COMPANY LIQUIDITY ACTIVITY (2021)

HIMS (Q1)

On January 21, 2021, Hims & Hers Health (HIMS) began trading on the NYSE via a de-SPAC with Oaktree Acquisition Corp. HIMS started trading at \$17.08 and closed at \$15.06. The Fund fully exited its position in HIMS in Q4 2021.

CHARGEPOINT (Q1)

On March 1, 2021, ChargePoint (CHPT) began trading on the NYSE via a de-SPAC with Switchback Energy Acquisition Corp. CHPT started trading at \$32.30 and closed at \$30.11. The Fund fully exited its position in CHPT in Q2 2021.

DIGITALOCEAN (Q1)

On March 24, 2021, DigitalOcean (DOCN) began trading on the NYSE. DOCN initially priced its shares at \$47.00, started trading at \$41.50, and closed at \$42.50 (valuing the company at roughly \$4.5 billion). The Fund fully exited its position in DOCN in Q4 2021.

SPRINKLR (Q2)

On April 4, 2021, the fund completed a secondary sale of its stake in Sprinklr.

DARKTRACE (Q2)

On April 30, 2021, Darktrace (DARK) began trading on the London Stock Exchange. DARK initially priced its shares at £250, started trading at £350, and closed at £330 (valuing the company at roughly £3 billion). The Fund fully exited its position in DARK in Q3 2021.

SOFI (Q2)

On June 1, 2021, SoFi (SOFI) began trading on the Nasdaq via a de-SPAC with Social Capital Hedosophia Corp V. SOFI started trading at \$21.97 and closed at \$22.65. The Fund fully exited its position in SOFI in Q3 2021.

MARQETA (Q2)

On June 9, 2021, Marqeta (MQ) began trading on the Nasdaq. MQ initially priced its shares at \$27.00, started trading at \$32.50, and closed at \$30.52 (valuing the company at roughly \$16 billion).

23ANDME (Q2)

On June 17, 2021, 23andMe (ME) began trading on the Nasdaq via a de-SPAC with VG Acquisition Corp. ME started trading at \$11.13 and closed at \$13.32.

BLEND LABS (Q3)

On July 16, 2021, Blend Labs (BLND) began trading on the NYSE. BLND initially priced its shares at \$18.00, started trading at \$20.00, and closed at \$20.90 (valuing the company at roughly \$4 billion).

ROBINHOOD (Q3)

On July 29, 2021, Robinhood (HOOD) began trading on the Nasdaq. HOOD initially priced its shares at \$38.00, started trading at \$38.00, and closed at \$34.82 (valuing the company at roughly \$29 billion).

XANT (Q3)

On August 2, 2021, Aurea Software announced that it had acquired XANT, Inc. The Fund fully wrote off its position in Q3 2021.

CHARTBOOST (Q3)

On August 4, 2021, Zynga announced that it had acquire Chartboost for approximately \$250 million. The Fund fully exited its position in Q3 2021.

UDEMY (Q4)

On October 29, 2021, Udemy (UDMY) began trading on the Nasdaq. UDMY initially priced its shares at \$29.00, started trading at \$27.00, and closed at \$27.50 (valuing the company at roughly \$3.7 billion).

NEXTDOOR (Q4)

On November 8, 2021, Nextdoor (KIND) began trading on the NYSE via a de-SPAC with Khosla Ventures Acquisition Co. II. KIND started trading at \$11.74 and closed at \$13.01.

PLANET LABS (Q4)

On December 8, 2021, Planet Labs (PL) began trading on the NYSE via a de-SPAC with dMY Technology Group IV. PL started trading at \$11.25 and closed at \$11.35.

FATHOM (Q4)

On December 23, 2021, Fathom (FATH) began trading on the NYSE via a de-SPAC with Altimar Acquisition Corp. II. FATH started trading at \$9.50 and closed at \$10.53.

PERFORMANCE AS OF 12/31/21

	Q4 2021	YTD	1 Year	3 Year	5 Year	Ann ITD*
PRIVX	1.96%	23.85%	23.85%	17.30%	11.33%	11.28%
PRIVX (w/Load)	-3.90%	16.71%	16.71%	15.00%	10.02%	10.44%
PIIVX	1.98%	24.13%	24.13%	17.58%	-	14.67%
PRLVX	1.88%	23.52%	23.52%	16.99%	-	13.82%
PRLVX (w/Load)	-2.45%	18.27%	18.27%	15.30%	-	12.47%
Russell 2000	2.14%	14.82%	14.82%	20.02%	12.02%	10.11%

*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 1-855-551-5510.** 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 1-855-551-5510. 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 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.

A **SPAC** is a publicly traded company with no commercial operations that raises investment capital via an initial public offering (IPO) for the purpose of identifying and acquiring one or more operating businesses or assets.

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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