PORTFOLIO MANAGER Q4 2022 COMMENTARY

The Private Shares Fund (the "Fund") can report that through the fourth quarter of 2022, the Fund generated a one-year total return of 1.62% 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. While the returns are disappointing on an absolute basis, the Fund's relative returns demonstrate resilience during a challenging year in the financial markets.

The National Venture Capital Association (NVCA) reported approximately 2,935 U.S. Venture Capital (VC)-backed deals closed in the fourth quarter of 2022, while total deal value fell to $36.2 billion, a twelve-quarter low. Despite the slowdown, full year 2022 VC deal activity has exceeded all prior years except for 2021 with an estimated $238 billion in total deal value across nearly 16,000 deals. Late-stage investment activity continued to moderate in the fourth quarter of 2022 with 936 deals closed representing $13.5 billion in total value, the lowest quarterly deal value for late-stage VC since the second quarter of 2018. However, full year 2022 late-stage investment activity far exceeded all prior 2021 levels with $93.7 billion in total deal value across 4,285 deals. While mega-deals (late-stage VC deals over $100 million) experienced a slowdown with 30 deals closed during the fourth quarter, this figure still far exceeds pre-2021 levels.

During the fourth quarter, 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 of this new category is to better distinguish the mitigated risk/reward profile of these more mature companies compared to other VC deals. For the full year 2022, venture-growth investment activity also slowed, but still far exceeded all prior 2021 levels with approximately $55 billion in total deal value across 845 deals.

Early-stage VC activity was mixed during the fourth quarter of 2022, with 1,330 deals closed representing $10.7 billion. Notably, aggregate investment of $68.4 billion through the fourth quarter of 2022 exceeded all pre-2021 full-year figures and total deal count of nearly 5,600 set a new record. This data continues to support a recent trend of larger investors entering companies at earlier stages in the traditional venture lifecycle, which has also resulted in larger median and average valuations. However, given that early-stage companies typically require less capital and have longer holding periods, current market conditions may be less problematic for this segment of the VC market.

2022 was easily the second most active year for all VC-related activity on record despite sustained macroeconomic and geopolitical headwinds, which may continue to have a meaningful impact over the coming quarters. Groups like nontraditional investors (e.g., crossover funds, sovereign wealth firms, family offices, etc.) that have been heavily involved in late-stage VC activity further reduced their participation in deals during Q4, a trend that may continue. That said, the significant levels of VC fundraising in recent years should serve as a backstop for the entire ecosystem. Along those lines, US VC fundraising set a new annual record in 2022 with $162.6 billion raised, taking the last 24-month total to roughly $316 billion.

TOP 10 HOLDINGS

(as of 12/31/2022) and current holdings here.

GrubMarket

Space Exploration Technologies

Tradeshift

Contrast Security

nanotronics

Motive Formerly KeepTruckin

Lookout

NextRoll

Discord

Betterment

Represents 27.7% of Fund holdings as of December 31, 2022. 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.

In terms of liquidity, VC exit activity for the fourth quarter of 2022 continued to moderate with respect to both count and value. NVCA estimates 281 exits occurred in Q4 2022 representing $5.2 billion in estimated exit value, notably lower than the $14.0 billion estimated for Q3. In aggregate, $71.4 billion in total exit value was generated in 2022, down roughly 90% compared to the $753.2 billion generated in 2021 and falling below $100 billion for the first time since 2016. Roughly half of the exits generated year-to-date involved acquisitions as the IPO market remains relatively frozen. Related, SPAC (special purpose acquisition company) activity is also at a near standstill, as many of the remaining SPACs have hit their two-year maturity and will likely lead to a large percentage deciding to shut down and return capital to investors. However, it is important to note that these exit trends are common during periods of increased market volatility and macroeconomic uncertainty.

While it is 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 rising rates may create more obstacles.

Overall, 2022 was a challenging year for the markets and economy. This was largely driven by a combination of rising inflation, aggressive Fed rate hikes and balance sheet tightening, ongoing labor market and supply chain challenges, increased geopolitical risks stemming from the Russia-Ukraine conflict, ongoing Covid-19 variants, and general concerns around a recession and the impacts these measures may have on corporate growth rates and earnings. During the fourth quarter of 2022, the CBOE Volatility Index (VIX) increased in October but fell to more moderate levels in November and December. While it remains unclear whether there will be a soft or hard landing for the economy, we anticipate these challenges to persist into 2023, but with challenges comes opportunity.

As previously noted, 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 it's 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. We prefer to see our companies remain disciplined, strengthen their balance sheets, right-size their cost structures and continue executing on their strategies in the private market rather than forcing exits and instead pursue liquidity options at a more optimal time.

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. It is important to acknowledge the record high levels of dry-powder available to support the VC ecosystem and increased maturity of market participants relative to prior cyclical rotations. Furthermore, we are encouraged to see companies reducing their headcount and burn levels and believe this will lead to better efficiency and profitability as they learn to do more with less. To that end, the Fund continued deploying capital during the fourth quarter of 2022 across existing holdings and new positions in a market environment where dislocations are creating more attractive entry points. We continue to focus on companies that 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 over the last 12-18 months despite negative impacts by various macro developments, multiple contraction, etc., 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. 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 (Q4 2022)

EPIC GAMES

Epic Games is a leading developer of gaming software and applications designed for gamers and game developers to publish and play immersive games. The company specializes in game engine developing technology and operates a game store that empowers others to make quality games and 3D content, providing game developers the ability to build high-fidelity, interactive experiences for PC, console, mobile, and virtual reality devices.

NORTHGATE GROWTH FUND III

Northgate Growth Fund III is a special-purpose vehicle that holds an underlying private fund investment.

PERFORMANCE AS OF 12/31/22

	Q4 2022	YTD	1 Year	3 Year	5 Year	Ann ITD*
PRIVX	0.65%	1.35%	1.35%	15.79%	11.62%	10.10%
PRIVX (w/Load)	-5.15%	-4.48%	-4.48%	13.53%	10.30%	9.36%
PIIVX	0.71%	1.62%	1.62%	16.07%	11.89%	11.99%
PRLVX	0.58%	1.09%	1.09%	15.49%	-	10.95%
PRLVX (w/Load)	-3.68%	-3.19%	-3.19%	13.84%	-	9.92%
Russell 2000	6.23%	-20.44%	-20.44%	3.10%	4.13%	6.11%

*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 paid by the Advisor; otherwise, returns would have been lower. The Fund's total gross expenses are 2.37%, 2.32%, and 2.60%, for the Class A, I, and L shares respectively. The Fund's total net expenses are 2.53%, 2.28%, and 2.78% 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 2.50%, 2.25%, and 2.75% for the Class A, I, and L shares respectively. The agreement with the Advisor is in place through May 2, 2023. 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'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. **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 Special Purpose Acquisition Company (**SPAC**) is a company that has no commercial operations and is formed strictly to raise capital through an initial public offering (**IPO**) for the purpose of acquiring or merging with an existing company.

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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