Proskauer

Private Market Talks:

Why Private Markets Are Going Mainstream with VanEck's Christian Munafo

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What happens when private companies stay private longer?

In this episode of *Private Market Talks*, Christian Munafo, Portfolio Manager of Growth Equity at VanEck, joins Howard Beber to discuss the evolution of the non-traditional secondaries market, the rise of late-stage private investing, and the growing convergence of public and private markets.

Drawing on more than 20 years of experience in venture and growth equity secondaries, Christian explains how the market has expanded beyond traditional LP-led transactions to include GP-led deals, structured solutions, and direct investments in private companies. He also shares how his team identifies category-leading businesses, approaches liquidity in an increasingly crowded market, and uses creative transaction structures to address complex investor needs.

The conversation explores the democratization of private markets, including the growth of evergreen and registered fund structures that are making alternative investments more accessible to a broader range of investors. Christian concludes by sharing his outlook for the future of private markets and explains why he believes they will become even more mainstream in the years ahead.

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Howard Beber: Welcome back to Private Market Talks, a Proskauer podcast where we explore the world of private markets and speak with the people shaping the future of alternative investments.

I'm your host, Howard Beber. Today, I'm joined by Christian Munafo, Portfolio Manager of Growth Equity at VanEck Associates. Christian recently joined VanEck in April as a Portfolio Manager and key contributor to VanEck's private markets capabilities. He's a veteran in the secondaries industry with particular expertise in the venture and growth equity segment of the market.

Prior to joining VanEck, Christian served as Chief Investment Officer at Liberty Street Advisors and its affiliates, where he was both a portfolio manager and member of the investment committee, overseeing multiple products focused on late-stage private equity growth companies.

Prior to that, he served as the co-head of Global Secondaries at HQ Capital, a German-based asset manager with a global presence and more than $10 billion in assets under management. Previously, Christian held senior roles at Stifel and its predecessor, Thomas Weisel Partners, including head of secondaries.

VanEck is a global investment manager offering active and passive investment strategies across ETFs, mutual funds, institutional strategies, model portfolios, and private funds.

As of March 31st, VanEck has approximately $199.1 billion in assets under management with a global presence. Its strategies are thematic, focused and include U.S. and international equity, gold and precious metals, natural resources; and commodities, technology, digital assets, and more. In recent years, the firm has been expanding into private markets, reflecting a broader industry trend toward integrating public and private investment capabilities under one platform.

As with all our episodes, you can find a full transcript and additional resources at privatemarkettalks.com, and if you enjoy the episode, we'd love to hear from you.

And now, my conversation with Christian Munafo. Christian, welcome to Private Market Talks. It's great to have you on the show.

Christian Munafo: Thanks, Howard. Great to be here.

Howard Beber: So, let's start like I always do with some background. You've spent a significant amount of your time and your career in secondaries, and you've been around for a while, not to call you old. What initially drew you into the private markets and specifically into secondaries at a time that was way different than it is now (not everybody was hopping into the secondary world back then)?

Christian Munafo: It's a great question. So, I took pretty interesting paths. I actually always planned on being a doctor. So, growing up, I always kind of got injured playing sports and spent way too much time at the orthopedist, and I always kind of had this vision of being an orthopedic surgeon, and kind of went down that path from an educational perspective. And I went to university in the 90s. And so, I lived through this whole dot-com phase. And my father actually was by, I guess education, a chemical engineer by trade. He got in the computer industry in the, kind of the 80's and 90's. And so, I had the opportunity to kind of see what he was doing in the computer industry.

Did some like summer jobs, working in the computer service center, like manually upgrading motherboards with memory chips and running diagnostics on computers. And I guess I had some exposure to technology and, you know, like I had like an internship at Merrill Lynch in their kind of wealth management, and so I was kind of like around all this. At one point, one of my dad's, one of his companies, was like venture backed, and I just started learning more about venture capital, and I ultimately, prior to entering the workforce, just had this desire to get into the venture capital industry. The only path to do that was to pretty much start down like a traditional investment banking path to get that traditional training. So that's kind of what I did. But the moment I had an opportunity to get into venture; I jumped on it. And it happened to be to your point, it was in early 2000s, it was an opportunity to get involved in a venture-oriented secondaries role. And so, it was kind of like a bit of a weird way to end up here.

And then once I started learning about secondaries, it was like, wow, this just makes total sense. But you have these structurally illiquid assets that are staying private longer. That dynamic, even back then, which as you and I both know, that's become more and more proliferation of that staying private for longer trend in the past couple of decades. But even back then, you could see it playing out, and it was just creating all these problems, right, for general partners, for limited partners in the companies. And there's no ubiquitous exchange like we have with public market companies and ETFs, and things like that to just press a button and achieve your desired liquidity, And I'm just like, wow, this makes a whole lot of sense, that you have this secondary market that's essentially standing itself up to service this structural liquidity mismatch. And so, I was hooked and then the rest is history in terms of kind of where I focus my time. But that's kind of a long answer to a simple question, how I got involved in secondaries.

Howard Beber: I think you may be the first guest I've ever had that said they actually wanted to be a doctor, and somehow found themselves in the private markets' world. So, when you first started, did you ever think the secondary market was going to turn into what it is now?

Christian Munafo: It's hard to say. I don't know that I thought back then about multi-hundred billion dollars of annual deal volume. But again, it just, it seemed obvious to me that there was just this structural mismatch. And back then, you know, as you recall, Howard, when we actually first crossed paths with Proskauer, again, right around this time, and you guys had a bit of an evolution, as you will recall, with the whole Testa Hurwitz situation. So, we were both going through interesting things back then, but I've had a lot of exposure to Proskauer and continue to be a proud client for more than 20 years. You guys are fantastic. But for me, it was like, okay, we have all these LP interest stakes, essentially the musical chairs of LPs needing or desiring liquidity, and that's where I think 99 percent of the transaction volume back in the early 2000s was.

But there was a lot more than that I don't think was being solved for. And so now, we have these elaborate categories of GP-led and all this stuff. We didn't have those back then. It was just about solving problems. And so, I really was just kind of set out on trying to solve problems for the different participants in the room, basically serving as the Advil, right? Whether you're a GP, an LP, or the underlying company, because you're all having liquidity challenges with this staying private for longer trend. And so, for me, it was like, okay, we have these LP interests, but in the venture world, if you're looking at a fund that's, let's say, seven, eight years in or more, you can start identifying which ones have legs and which ones probably are the dogs.

And so, just for me intellectually, it was like, why do I want to just buy the entire interest in this fund? It's much more interesting for me to focus on what the perceived value drivers were and then try to figure out ways to build more concentrated exposure for my clients to those value drivers. And so, that resulted in what became, as we now know, this is a much larger secondaries industry where you're doing fund restructurings and recaps and manufactured strip deals and preferred loan deals, continuation funds. So, playing within the capital structure of the funds and then kind of doing the same thing, frankly, all the way down to the asset level, right? Kind of working with management teams and boards on bespoke tender programs, helping employees execute stock options for tax planning. Employees get laid off. They have a limited amount of time to execute their stock options; you can help them.

So, for me, it was always a lot more than the buying and selling of LP interests. And we now see that obviously the industry has agreed with that. But yeah, did I ever think it was going to be hundreds of billions? I mean, honestly, never really thought that.

Howard Beber: Although looking back now, given the size of the private equity in the venture industry, it now probably seems obvious that there is a whole lot of runway.

Christian Munafo: Sure, yeah, it sure does. Yeah, I mean, I don't, when we talk about these numbers, I mean, that's only what's reported, right? The majority of my deals I've done across my career, hundreds of deals, billions of dollars, like these, aren't widely reported, right? The majority of my deals are not intermediated where you have the brokers that are reporting them. So, my guess is the actual annual volume of secondary activities is quite larger than the reported figures. But if we're not in the trillion-dollar neighborhood over the coming years of reported volume, I'd be surprised.

Howard Beber: No, I agree with you. We've had folks on the pod before that are what I'll say in the more traditional secondary world; doing portfolio deals or GP-led deals. I don't know what the percentage is, but significantly large percentage of these markets in the buyout world. Now we're seeing the credit space growing, not so much in the venture space. It's obviously growing because everything's growing, but we don't talk a lot about it. You mentioned a little bit about your strategy, but it'd probably be a good idea to go into it a little more in depth in terms of your strategy; what you're looking for, where your deal flow is coming from, how you're structuring your deals. Because for the large deals, I mean, obviously deal flow is, it's easy to figure out where the deal flow comes from. It's not so easy to actually get the deals when there's a lot of people chasing the deals. But your strategy is a little bit different, so I think it'd be good to share with our listeners your philosophy and how you actually get your deal flow.

Christian Munafo: Sure. Yeah, happy to do that. I've done, man, I'm sure there's deals that have been executed types that I haven't been exposed to, but I've had the good fortune of playing a role in many different types of different secondary transactions, again, ranging from what are now called LP-led to GP-led and then down at the asset level.

The last, I would say, eight years or so, ten years, more of my focus has been deliberately on buying into the direct companies that myself and my investment team believe are the category leaders in the innovation ecosystem. And so that may involve maybe a concentrated LP stake in a long-dated fund that maybe only has one or two assets left. But in more cases, it's basically just trying to help establish a position directly in the company itself by either buying existing securities from an existing investor who may have never imagined it would take 10, 15, 20 years to get liquid, and they're sitting on a big, unrealized gain and their LPs are telling them, show me the money, right? Or they have life needs or whatever the reason is, and they want to manufacture realization to trim the position.

So, we could buy part of an existing investor's shares in one of these desired companies. We can also, you know, as I said earlier, work with management on helping founders and employees achieve partial liquidity in advance of an organic liquidity event, given how everything, again, is taking longer to achieve organic realization events. And then we also will just invest in late-stage financing rounds, right? So, as these companies are staying private longer, they're growing into much larger businesses outside of listed markets than ever before. So, that also means that they're probably going to need more money because they don't have the ability, in many cases, to generate substantial levels of profitability given they're focused on growth, innovation, and disruption. And they haven't yet gone down the path of an IPO.

And so, the way we kind of invest is basically first and foremost: what are the key themes that we think are playing out across the innovation economy? What then are the companies that we think have been de-risked in terms of validating that their solutions work? They have, in many cases, hundreds of millions in revenue, strong double-digit growth rates and margins. They have some trajectory towards profitability, if not profitable today. Strong investor syndicates, seasoned management. I don't have an issue if there's someone in a hoodie in the management team, but we typically like to see adults, maybe guys like you and I, that have kind of lost our hair or have gray hair, that are kind of sitting around the table for good governance purposes. But they just need a little more time to pursue that liquidity event. And so, for us, it's really then for building well-constructed portfolios across those key thematics and trying to build a portfolio of these best-in-class private innovation companies. So, it could be direct secondaries, it could be accessing new rounds.

And then the last point I would say is a category that I'll generalize as structured investments. And so, these are where we get creative, which as you could probably tell from our background together, I love structure and complexity. Let's say there's a shareholder who wants to sell a share in a company for $10 a share. And we do our due diligence and determine our appropriate entry point for our clients is five bucks a share. So, before that, that seller walks away, we say, well, look, you want 10, we want to enter at five. How about this? We'll buy it for five today, but we'll structure an agreement so that once we achieve some minimum stated return for our clients, let's say 10, i.e., a 2x, we're going to share every additional proceed with you with some mutually agreed upon sharing ratio. So that if you really think this company is unique and disruptive, through our arrangement, you can make 20 bucks a share, 30 bucks a share. So why would you just sell to us for 10? So those are situations where we're just thinking outside the box a little bit and trying to solve for a bid-ask spread. In summary, that's kind of how we're thinking about investing.

Howard Beber: Do you find the market on the investor side is more crowded than it used to be?

Christian Munafo: Oh, for sure. Yeah. Especially — so these companies that we're looking at, and we do a lot of education with clients, especially because I've expanded my target client base, which I'm sure we'll talk to outside of your typical institutional pension, endowment, sovereign, family office. But when you have these companies that are now valued in the multi-billions, now we're entering the trillion-dollar land, as we all know. These are not our grandparents' venture-backed startups, right? These companies 15, 20 years ago would have already been public. And if you actually do some analysis what you'll see is there's actually more billion-dollar private market cap companies today than there are in the Russell 2000.

So, you just had this massive shift between public and private markets where today's late-stage venture growth company is actually what a lot of clients used to look for in a small mid-cap growth index. And so, because of that, and a lot of smart investors out there realize this, you have different pools of capital that have now come into the private markets, right? You've had the hedge funds, the crossover funds, you've had mutual funds establishing positions in advance of, you know, IPOs. So, you've just had this, I would say, massive inflow of constituents. So that's something that's a challenge for us, right? And so, you have to be disciplined and you have to find your spots. But yes, there's definitely been, I think, an increase of investors looking for these types of deals.

Howard Beber: All right, well, now I'm going to ask you the obvious question. How do you get out of these deals? Where's liquidity coming from?

Christian Munafo: Yeah, good question. Yeah. So historically, there were two ways and you could, I guess you could extend one of the ways to three ways. So, A public oriented listing, right? And that could take the form of an IPO. It could be a direct listing. It could be even SPAC if you want to go down that path. The second category I would put in are kind of M&A oriented, and that could be a strategic purchase of the company, could also be a private equity buyout, like a sponsored buyout of a company. Historically, those have been the two, I would say, major overarching categories.

But with the advent of what you and I do for a living, right, secondaries, the private markets have actually now increasingly become an exit gate for shareholders of these types of companies to sell into. And we actually, from my perspective, I actually trim positions in advance of organic liquidity events if we think we're outperforming and we want to de-risk a position. So, I think the private markets over the last decade in particular, I think have become a much more meaningful exit path for these companies than we've seen in the past. That's typically how we'll get public, but the vast majority are categories one and two. Category three tends to more be, if we're looking to trim, less so that we're looking to entirely get out of a position.

Howard Beber: Great. So, you mentioned a few minutes ago the different kinds of investors, we'll call it the — well, we won't call it — it is called the democratization of private markets. I think it'd be good to explain that to our listeners. I think most probably understand what that is, but you spent a lot of time investing out of both private funds and registered funds. So, it'd be good to get your views on the concept of democratization of private equity, and then we can get into more of the more detail.

Christian Munafo: Yeah, I got a call almost eight years ago now from a headhunter and they say, hey, we have this opportunity involving a 1940 act interval fund. We think it'd be a great fit. And so, my immediate response is, well, what is a 1940 act interval fund? I mean, I honestly had, I had no idea. My career up until then in private markets has been exclusive with your classic private equity style drawdown funds, you know, vintage based, et cetera.

And I probably honestly spent maybe up to six months really educating myself about this closed-end fund world, the 1940 Act world, and how this can be utilized to broaden accessibility to investor categories that historically have not had the ability to access these types of investments. And it — similar to I guess the proverbial light bulb going off when I first got involved in secondaries — that second light bulb went off, and I said, wow, if we can institutionally package private market strategies and offer them to wealth-oriented channels, retail-oriented channels, we have a pretty interesting business here.

And as you know Howard, guys in our industry, we spend a lot of time on the road fundraising for our vintage-based funds. And the example I always joke about is we'll be like 3 hours outside some country over in Europe or Asia and going the extra mile to uncover a new client and you show up, tell them your strategy, and the response is, oh, you're just like these other 10 people. It's very disheartening because the private markets have become so mature that they've become so competed.

And so, for me, it was, wow, we have this massive opportunity now to offer products like this to a very large multi-trillion-dollar market just here in the States, where frankly, there's not a whole lot of competition. We have to do it thoughtfully, right? We have to do it responsibly, but this is an interesting market opportunity. So, for me, again, that light bulb went off, and it was like, okay, now we need to think about how to do this.

And so, to your point, I spent the last seven years or so living and breathing this whole democratization story, which for some has become a dirty word, the way I think about it is kind of alternatives in private markets in general, I think, are intimidating, those words to different people. Folks like you and I and other people in the industry understand what it means. But there's a large percentage of our demographic that doesn't, and they get quite intimidated. And it's just behaviorally, they haven't been educated or trained to understand what it means. And when you spend the time to educate them on what all this really means, I think it becomes a lot more digestible and tangible. And it's like, well, hey, my client should have access to this. Or I as the end client should have access to this.

So, you have to dig into the structures, though. So, I think the biggest thing that these 40 Act funds can really do is you could, one, expand the suitability and the eligibility. So not just qualified purchasers with significant net assets have the ability to access them. You could adjust the eligibility, whether it's qualified client, accredited investor, all the way down to non-accredited investors. So, one, you're expanding the suitability and the eligibility. Two, you can lower the minimum investments. So, whereas for a typical classic private equity style fund, your minimums are often seven figures. Maybe you can get down to a quarter million if there's an exception made for friends and family. In our world, you can have minimums. I mean, there's some that are down to $500. The prior fund that I managed was $2,500. I mean, but you can lower the entry cost, if you will. So that's a big game changer. You also have the ability to have what, and I want to use this word carefully, is there's a semi-liquid feature to it, right? There's a semi-liquid feature to it, meaning that on a periodic basis, typically quarterly, there will be an opportunity for shareholders in these funds to redeem their shares.

But the redemption level is usually quite small relative to the assets, and that's intentional. It's intentional because at the end of the day, these are structurally illiquid assets, right? Where groups like us in the industry are incorporating that because we understand there are things that happen in individuals' lives, and having that feature is an important feature. But if you don't have a multi-year type perspective for these types of investments, frankly, it's probably not a good fit for you. But having that semi-liquid feature, that structural redemption feature, is an important differentiation.

The whole subscription process is also easier. You guys make a living, right? How to helping people understand these 100-page documents. When it comes to this kind of broader accessibility through these 40 Act funds, the subscription process is much more streamlined, as is the tax treatment, right? You're not dealing with K-1s, right? You're dealing more with 1099. So those are some positives, right? So structurally, there's attributes to these vehicles that make it easier for wealth channels and retail investors to use. Now, the flip side of it, if I can just be balanced, is again, you have to educate the wealth advisors, the financial advisors, the end clients, that these are structurally illiquid assets. And if you try to get out of them, especially at scale, you're going to hurt the fund and you're going to impact the portfolio manager's ability to properly manage the strategy, right?

So, one, you have to have a long-term view. I would say second, cash management is tricky, right? So, if you have to allow for a structurally liquid portfolio to achieve partial liquidity on a periodic basis, that means you have to be really thoughtful about how you're managing your cash. So, cash management, by the way, this isn't rocket science. We're not trying to fly to Mars here, but you do have to be kind of thoughtful about how you're managing cash and the regulatory regime gives you some guidelines. And that's probably the third thing I would mention is the registered fund world has significant regulatory oversights. For investors, I think it's a positive, right? There's multiple layers of governance and trustees that you don't typically get with a classic PE drawdown style fund.

The other side of that coin is it also sometimes can constrict the portfolio manager's ability to do incredibly creative things if they're not explicitly defined in the prospectus of the fund. So, like anything in life, it's a balance. I guess in the last point I would just say is benchmarking is also harder — the benchmarking for these evergreen funds, right? These perpetual vehicles can be more challenging than benchmarking like a vintage-based strategy. So that was a long answer, but I hope that was helpful.

Howard Beber: No, it was a good answer. It answered a bunch of my next questions, so that's good. But it does sound like on a net-net basis, your view is that these products are positive for the industry in general, but one must understand them and proceed with caution.

Christian Munafo: Correct. Correct.

Howard Beber: That's great. Let's transition a little bit to your new opportunity. Like I said at the beginning, you've been at VanEck only for a few months now. And VanEck was traditionally a firm known for ETFs. So, what was the opportunity that you saw at VanEck to bring your strategy alternatives to a broader investor base?

Christian Munafo: Yeah, so great question. So, you know, I had the good fortune of kind of serendipitously crossing paths with Jan VanEck and some members of the team about a year ago without any intent of having any types of conversations like the ones that pursued. And I guess what became clear from my side is this is a firm with 70 years of legacy that has always been looking for ways to follow where the puck's going and to create thematic-based products and strategies in client-friendly wrappers before most of their competitive landscape has been able to do so.

And as a privately owned firm, they have the ability to be incredibly nimble, right? And to move quick and to not have all of that, I would say, structural overhang that a lot of large institutions have. VanEck is a firm with $200 billion in assets today, which is quite large. I mean, it's wild because today that doesn't seem like as much as it did, right, five, 10 years ago, but that's still a substantial amount of assets. And then just the global distribution platform. I mean, whether you're managing institutional drawdown funds or kind of Evergreen 40 Act funds. If you don't have distribution, you have nothing. And that's never been more important, I think, for this world and as someone who's lived through it, having professional grade distribution across institutional wealth and retail-oriented channels, is absolutely necessary if you're going to pull something like this off.

So, for me, it was like, wow, this is an interesting firm. They had for the last 10 years or so been making opportunistic kind of balance sheet-oriented investments in the venture growth ecosystem. Jan spent time out in Silicon Valley. And so, he also has the venture innovation tech bug, I think. So that's kind of part of the DNA of the firm. And about five years or so ago, they hired a really interesting team to build out digital assets' capabilities. VanEck was actually one of the first, or I believe the first, to launch or file for a Bitcoin ETF back in 2017, just to give you a sense for how they're kind of head of the market. And then a few years ago, they spun out a team from Circle, a well-known kind of stablecoin company, to start doing earlier stage venture fintech blockchain investing.

So, before I ever crossed paths with them, they were already thinking about how to build out private market capabilities. When we met, it was almost like, again, maybe you called that third light bulb that collectively went off. It was like, wow, this could be an interesting thing to collaborate on together. We'd moved down the path of earlier stage kind of venture growth capabilities for clients. We have these very large thematic ETFs focused on anything from the re-industrialization of the economy to everything happening with the de-dollarization and electrification and digitalization, like all those "-ations", right? They have these thematic funds that are very large that they've been building for clients.

The missing piece was what I focused on, which is this later stage private growth segment of that innovation ecosystem, where those same themes transcend public and private markets. So, the idea was, hey, you know, if we link up together, we think we can build a really interesting later stage private markets business here under your leadership, and you're going to be leveraging everything that we already have built here.

So, for me, it became really interesting at the end of the day for clients to ave the ability to see the full life cycle of an innovation company from early stage through our later stage growth strategy all the way to sitting inside of our ETFs, and to be honest with you, this is resonating with some of the largest well-known companies in our space that you and I would both know that I'm not going to name, because some of these companies that are highly sought after are realizing that we can actually be an interesting partner to start introducing their companies to retail investors, right? So, they get exposure before they go public and are already starting now to develop education and a support system before they tap the public markets. So, for me, it's early days, Howard, but I got to tell you, I'm quite excited.

Howard Beber: Good stuff. Good stuff. All right, let's transition over to the crystal ball part of the pod. What are the sectors or themes that you're particularly focused on or looking to for the future? And I guess I'll ask it, are you at all concerned about the valuations of some of these sectors, some of these companies?

Christian Munafo: Yeah, well, you and your colleagues from a legal perspective, and I think just me by nature are designed to be paranoid and concerned, right? One of my early experiences in the industry was your kind of three classic rules. Rule #1, capital preservation. Rule #2, seek attractive risk-adjusted returns. Rule #3, don't forget rule #1, right? Don't lose money. And having worked inside of some large family office firms too, that certainly resonated with me.

So, like my mentality when I'm working with my investment team is always, I want to see where the deals break, right? Like how do we lose money, right? Like, let's go through the capital structure. Let's go through the operating metrics, the product roadmaps. Let's go through macro events. Like how can this thing break? So, one, that's just how I fundamentally think through things is like, how do we get screwed?

Howard Beber: Maybe you should have been a lawyer.

Christian Munafo: Yeah, perhaps. Yeah, doctor, lawyer, financier. Yeah, my next life. So, I think, look, I think valuations topically definitely are frothy in some areas more than less. In some cases, I think when you look through to the operating metrics of these businesses, and the parabolic growth you're seeing, the multiples actually look more reasonable than they may otherwise seem on the surface.

So, I think we have to be thoughtful and balanced that in some cases, I think it's warranted. In other cases, I think it's not. And I think the market, the public market clearly has had a role in re-rating a number of public companies, as we've all read about and seen the whole SAS apocalypse. I think you're probably going to start seeing that. There's always a lag effect between public and private markets, largely driven by how they're valued, right? There's kind of different valuation criteria and frequencies. But I think that's coming. And I also think, frankly, there's going to be, sadly, I think there's going to be a lot of capital destruction and companies that likely are going to go away, that are going to be rendered obsolete by everything that we're living through in terms of AI, machine learning, and all that stuff. I think some companies will figure out ways to pivot and survive. I think a lot will not be able to do so. And that's just free markets, right? We have to figure that out.

But yes, you know, overall, like valuations in certain pockets feel frothy, but you have to look through to the underlying fundamentals and in some cases, you can get comfortable. In other cases, you can't. And then, it also gets back to, as I said, capital structure. right? If I'm coming into a top of stack security, let's say in a billion-dollar financing at a $100-billion valuation, if I'm top of stack, right, serial preferred paper, that company has to lose 99% of its value for me to lose money, assuming there's no debt. So, we're cap stack junkies. So, you also need to understand again what the paper is that you hold. And that could work both ways.

Howard Beber: Good stuff. We'll segment here to the last segment here, which I think the listeners know. I always like to ask folks about lessons in their careers and advice that they've received. So maybe, I'll ask the sort of the best advice you've received in your career. And I like to think we have young listeners here. So, advice you might give young listeners who are looking to get into the space.

Christian Munafo: Yeah. First, you just have to be tenacious and committed. And unfortunately, that sometimes is not easy to learn, right? I think we're all different. And I think everyone brings kind of different attributes to the table. I can guarantee you I have more flaws than most. But I think being kind of tenacious and committed and finding something that you're truly passionate about will get you through those long days and those tough times. And so, I think that's one thing I would say too, if you're looking to get into the world of investing, I think I get back to those three rules. Don't lose money. Figure out every way possible not to lose your client's money, and I think you'll have a long-term career here. And then the other thing is, which I think is really important, I've learned this as I've gotten older and from mistakes, is you have to lean into your highest conviction positions. You have to almost uncomfortably lean into your positions that are working the most. I think overdiversification is your enemy. I think a lot of people get concerned about being too concentrated in positions, and there's good reasons for that, right? Things can go wrong, and you don't want all your eggs in one basket. We all know that.

But the best investors in the world, whether you're in private markets or public markets, I guarantee for you, they have had their greatest success by leaning into their highest conviction positions. And so, that's certainly one thing that I've learned from.

Howard Beber: All right, final question for you. If we have you back in five years, what do you think will have changed most about the private markets, about the secondary market?

Christian Munafo: I think it's safe to say, based on what you and I have seen the last few decades, I think it's only going to get bigger, and I think it's only going to become more mainstream. I think if you think about 20 years ago, 25 years ago, where we were, and you think about today, you mentioned the volumes. Again, not really thinking about numbers, but acknowledging this is a big opportunity. It's not changing. And I think there's just more and more demand for innovation and liquidity that than we've ever seen before. And I believe that the private markets will continue being a major provider of that capital and of that liquidity. I think you're going to just see the private markets have literally gone mainstream in the next probably five years.

Howard Beber: That'll be our opening for our 2031 pod.

Christian Munafo: Let's do it. Yeah. Let's do it.

Howard Beber: All right, Christian, this has been great. Thank you for joining me on the pod. Any final thoughts you want to leave with our listeners?

Christian Munafo: I am grateful for the opportunity. I mean, I'll just kind of give you a plug because I can't emphasize how important it is to have counsel that you can have full confidence in and sleep well at night, that they're always looking after your best interests when you're in these industries where there are so many different ways that you can have negative implications. And so, I'm just grateful, one, for the partnership with you and with Proskauer and also for our friendship. And thank you for everything you've done for me, my colleagues, and my clients over the years, and just don't retire anytime soon.

Howard Beber: Thank you for saying that. I appreciate it, and I appreciate your support over the years and our longtime friendship, as well. We'll wrap it up here. I want to also thank our listeners for tuning in. And again, if you've enjoyed the pod, drop us a note at privatemarkettalks.com. And keep an eye out for our next episode coming your way next month. Thank you, and thank you again, Christian.

Christian Munafo: Thanks, Howard.

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