



Christian Munafo On The Mid-2025 Economy

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Christian Munafo, Chief Investment Officer, Liberty Street Advisors, Inc., and Portfolio Manager of The Private Shares Fund, explores the current investment landscape for closed-end funds: capital raising, M&As, IPOs, tariffs and more. “I think the tariff dynamics in April put a bit of a shock to the system and slowed things down temporarily, but ... I think the market has largely shrugged it off thus far,” Munafo said. “Conviction in the macro” is prompting increased capital formation and support for late-stage private innovation, he added. Technology in particular, because it touches all sectors of the economy, continues to evolve and attract capital and is therefore a key focus for Liberty Street, Munafo said.

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The Private Shares Fund is a listed closed-end interval fund with the Nasdaq ticker symbols PIIVX (Class I), PRIVX (Class A), and PRLVX (Class L): libtystreetfunds.com/interval-funds/

JANE KING: The IPO market has been picking up but there's still a lot of uncertainty around the economy. Christian Munafo is the chief investment officer and portfolio manager at Liberty Street Advisors to talk about all this. It's been fun to kind of watch and cover, and been some really exciting IPOs so far this year, it's been a while since we've seen that.

CHRISTIAN MUNAFO: It has. Yeah, it's been a long time coming, so we're quite excited about it. I think we came into '25 expecting to see an increase in capital formation, in IPOs, and M&A activity, I think we've largely seen that. I think the tariff dynamics in April put a bit of a shock to the system and slowed things down temporarily, but as we're seeing, I think the

market largely has shrugged it off thus far, we'll see what happens day to day, but yeah, we're excited about the momentum.

JANE KING: What Do you think is behind that increased activity in IPOs?

CHRISTIAN MUNAFO: Well, there's been essentially almost no activity the last three, four years, especially for [inaudible 0:01:10] IPO activity, and a lot of these companies are generating exceptional operating metrics that frankly we haven't even seen before in pre-IPO backlog, and so I think the markets are now looking at the scale of these companies. There's a greater level of conviction in the macro, I think there's a greater conviction of capital formation picking up, regulatory, bottlenecks perhaps being lifted, and so we're seeing companies get out, we're excited.

JANE KING: Yeah, and there are interesting fields too like crypto, stablecoins, and space technology. I mean, you can tell we're entering a new era of economic drivers with some of these companies that have been going public. You mentioned the tariffs, so is the worst over, do you think?

CHRISTIAN MUNAFO: Yeah, I think the honest answer is no one really knows by now. I think we've surveyed, you know, we have almost 80 companies in our portfolio that are all tech innovation-oriented, these are not companies largely in the business of importing and exporting hard assets. There's been a lot of exemptions given to technology, innovation, electronics-oriented companies, I think the question is if there's going to be a slowdown in purchasing, right? If customers purchase less widgets, is that going to impact growth metrics and margins? So can [companies 0:2:26] pass those costs on to the customers? Do they have to absorb them themselves? Are there going to be supply chain disruptions? So I think so far we're feeling quite good and we've had positive feedback from our companies, but we get paid to be paranoid, and so we're paranoid.

JANE KING: That's a good quality to have if you're in this industry, that's for sure.

CHRISTIAN MUNAFO: Yeah. But yeah, so far we think the market, and our portfolio in particular, this late-stage private innovation industry has been able to handle it quite well.

JANE KING: What are you seeing at late stage versus early stage?

CHRISTIAN MUNAFO: Yeah, so look, I think overall, both markets, we've seen a lot more discipline in the past several years following the 11 consecutive interest rates beginning in '22 that kind of sent a shock to the system, and so I think investors, there's been a flight to

quality in terms of allocations to managers as well as allocations to assets, whether it be early and late-stage. In the area that we focus on, Q1 of this year actually set a record for quarterly capital deployment activity, and actually beat all of last year. If you look at late-stage, venture growth deals, which is a very good, welcome signal, we do still think though companies and investors are being very disciplined, and they should be.

JANE KING: And capital raise, so the IPO, that's clearly one way, what are other ways that companies are raising money?

CHRISTIAN MUNAFO: Yeah. So if we think about the private market ecosystem, which has really evolved as we've talked about previously, the past couple of decades, the one path is to raise private capital, right? The private capital asset base has increased dramatically over the past couple of decades, companies are staying private longer, more investors, institutional and retail, are looking for access to assets and growth they typically haven't had access to in listed markets. When you think about exits, typically you have public markets, whether it be IPOs or direct listings, we had that SPAC period, so that's always one path. M&A is actually typically two thirds of the exits with our ecosystem, and we've seen M&A activity pick up. And the third bucket, which is increasing, is private market, what we call secondaries, so owners of private assets selling to other private market investors, so this secondary market liquidity is increasingly becoming a source of capital raising and liquidity as the exit environment the last several years has quite frankly been pretty dry. So it's evolving a bit, but those are the three main areas.

JANE KING: Yeah. And then what about different sectors? We've talked about some of the stablecoins and space.

CHRISTIAN MUNAFO: Yeah.

JANE KING: There's some really interesting innovation going on I feel like in the economy right now. What are you seeing? Where are the hot areas and a lot of investor interest?

CHRISTIAN MUNAFO: Yeah. Well, we are, to be self-promotional, we're excited to have been involved in Circle, which is obviously kind of a digital asset, stablecoin platform. We're in a company called Omada that also listed last week, which is kind of in that digital health ecosystem. We have a company, Voyager Technologies, which we expect to be a public company pretty soon, they're in the space economy, defense technology. We have another company that's filed to go public called Cerebras, which is in kind of the next generation

semiconductor landscape with better power efficiency. So I think if you look at it, technology innovation touches almost all sectors. Areas we're very excited about tend to be those themes, so kind of space economy, defense tech, artificial intelligence, machine learning, also infrastructure-related, vertical integration of energy, digital health, cybersecurity, those are the areas we've been focusing, I'd say, the most on.

JANE KING: Yeah. And what is it about those areas? They're getting a lot of investor money, they're kind of at the right place, right time in terms of where we're headed for the economy?

CHRISTIAN MUNAFO: Yeah. Yeah, I think there's growing needs for solutions across all those categories, and so we're seeing significant capital flocking to those sectors, and you're seeing some of the smartest money in our venture growth ecosystem allocating to these areas. We're basically watching it evolve, we're looking at the category leaders, and frankly been seeing a way for us to build exposure for our clients.

JANE KING: Yeah, okay. Christian, thank you so much for your insight. Very interesting times.

CHRISTIAN MUNAFO: Thanks, Jane.

JANE KING: Thank you.

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