BERNSTEIN

THE PROMISES AND PITFALLS OF SECONDARY MARKET TRANSACTIONS

Due to the illiquid nature of private company shares, direct secondary markets exist to provide liquidity for founders and early investors with ownership stakes. The direct secondary market facilitates transactions between individual shareholders who buy or sell shares among themselves, rather than from the company itself. These "direct secondaries" give founders the opportunity to realize value and return capital while stopping short of a full exit.

But not all secondary transactions are created equal. Having seen several failed or disappointing ones, we assembled a community of experts to address this powerful approach to generating liquidity. Through excerpts, we share insights from a wide range of leading voices who help frame the unique challenges and opportunities associated with a direct secondary transaction. Collectively, they offered the benefit of insights gleaned from over 200 years of combined experience

Q: The sale of private company shares on the secondary market is becoming increasingly popular as the timeline to reach a liquidity event has lengthened over the last decade. When do founders typically consider selling private company shares in the secondary market?

Ira Simkhovitch—Industry Ventures: For founders, it generally coincides with either major life events, or as they move on to start new companies. When companies reach $30 to $100 million in revenue with hundreds of employees…many founders will start something new because they want to go back to the early days of building a new product and team. In this case, they might sell some of the stock they have in the current company to fund a new company.

Abhishek Sud—AllianceBernstein: It could be several things for the founder. For example, a founder may psychologically feel they've already done the best they can within the business to hit a certain scale (e.g., $50 million) and there is likely the need to bring in some professional/seasoned management. As such, they may want to take some chips off the table, which could be thought of as liquidity combined with a career transition. Another reason is if they are looking to start estate planning, to leave liquidity, etc., for their kids, or their kids are reaching college age. Given technology companies are staying private a lot longer now (up to 15 years) before they go public, it's become increasingly natural for founders to take some liquidity by selling their shares.

SECONDARY MARKET TRANSACTIONS

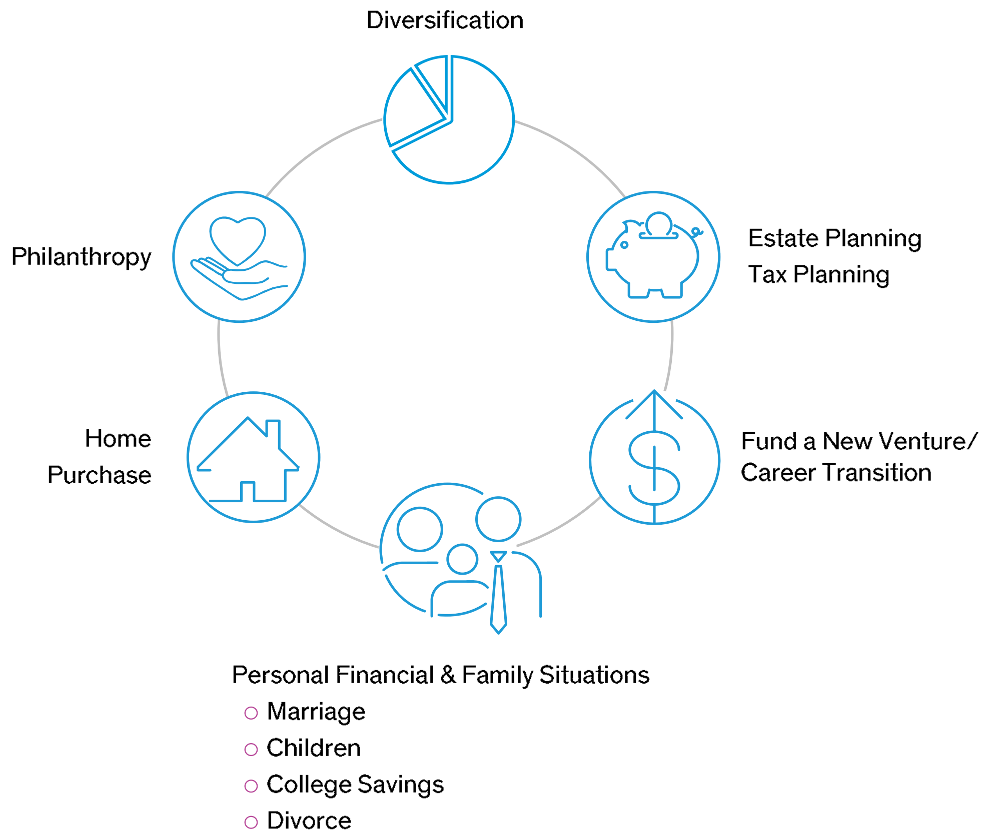
Companies are staying private longer and as a result, we're seeing secondary market transactions becoming a bigger part of conversations we're having with founders and early investors. The NASDAQ private markets platform alone processed 87 direct secondary transactions totaling $5 billion in 2019, demonstrating founders' increasing awareness of this alternative to a single, full company liquidity event.* From a founder or early shareholder perspective, direct secondaries now represent a more acceptable way to generate liquidity, reduce risk on personal balance sheets, and meet family philanthropic goals.

When founders consider liquidating, Bernstein uses our state-of-the art planning tools to help dimension the risk of owning a concentrated position. We also evaluate different asset allocations and determine the appropriate risk tolerance for reinvesting the sale proceeds. Drawing on deep, cross-functional expertise, we enable founders to evaluate the trade-offs associated with generating liquidity while thinking through their philanthropy from a giving capacity, tax management, and family engagement standpoint. Specifically, we see philanthropy as a commonly overlooked opportunity for a family to clarify and communicate their individual and shared values.

* Nasdaq Private Market 2019 Secondary Market Retrospective, February 2020.

WHY ARE FOUNDERS AND EARLY INVESTORS SELLING?

Today an increasing number of companies are choosing to stay private for a longer period of time, therefore shareholders may sell shares in search of:



Q: There's been growing interest and activity in secondary market transactions recently. What trends do you find notable?

Scott Reed—BankCap Partners: There used to be this mindset that founders should never be able to sell any shares—that it was a sign that they didn't believe in the business—versus the reality of some people wanting to reasonably diversify so as not to have 100% of their net worth in one company.

Gregory Wright— Zanbato: Secondary sales of private securities were culturally unacceptable five to ten years ago, but are accepted and common today. Acceptance has been driven by necessity, as companies have stayed private longer. The time to exit was historically less than five years; now it's well north of 10 years, which is longer than the structural life of many VC funds. Secondary activity is being driven by founders seeking diversification and by institutional investors seeking the returns that come from more actively managed venture portfolios.

Deacon Turner—Bernstein Private Wealth Management: From a visibility perspective, you hear a lot about secondaries attached to Silicon Valley or to a lesser extent, New York or Boston. There appears to be less information outside these common areas, but we're having these conversations with clients across the country—and globally—in our practice. The opportunity is growing and there's a hunger for more education.

Q: When contemplating a transaction, what's the interplay between appropriate deal size and the investor's experience and ability to close?

Ira Simkhovitch: Almost any size secondary transaction is possible today. However, the processes will be very different. Small secondary blocks are unlikely to attract the attention of institutions, but there are secondary exchanges that work on small block trades programmatically. As secondary blocks become larger than $10 to 20 million, the number of groups that can realistically execute becomes limited to a handful of high-quality institutional buyers.

David Wachter—W Capital: My advice for a small shareholder ($1 to $5 million) is to think practically. The easiest way to think about it is just put yourself in our shoes:

- What would you require and what would be an appropriate number? Keep it in very simple terms.
- Is the story easy to understand? Can an educated buyer get her arms around it?
- Do I have any financial information that I can provide to a buyer?

Q. How should founders think about the amount of liquidity they want to generate?

Jesse Richmand—14capital LLC: It's a careful balance between having enough skin in the game for alignment purposes but still creating enough liquidity (especially as companies stay private for longer) to enable the founder's mindset to be focused on maximizing long-term growth, versus looking for a quick or suboptimal exit.

Amy Salzhauer—Good Growth Capital, LLC: It's important to think through the entire funding lifecycle of your company from day one, with liquidity events being another stage of that growth. So, you need to think through how taking something off the table affects the long term.

Gregory Wright: Typically we see founders and early investors taking 5% to 15% off the table in a secondary sale. The market has experienced an inflection point from participants seeking to avoid any appearance that founders or lead investors might be taking chips off the table to an understanding of the rationale for a founder to diversify or for an institutional investor to redeploy capital. Indeed, some of the marquee names in venture capital helped catalyze interest in secondary market opportunities when they proved that diversifying and returning capital didn't compromise their standing or future deal flow.

Deacon Turner: One of the core things we've done for several founders' groups is to help them quantify the trade-off between future gain and near-term need. For some, they've done so well they want to take some risk off the table, but they still want to play the upside. For others, they're managing both risk levels and playing the upside. That's where our planning tools and thought process play a key role.

Q. When it comes to deal processes—such as structure—what further considerations should a founder weigh in connection with a secondary transaction?

David Wachter: There's been a lot of innovation in the industry in the last 20 years. The range of structures could be anything from earn-outs, upside of participation, founders putting up additional collateral. The trade-off is between sellers seeking maximum price and upside participation and the buyers looking for lower prices and downside protection.

Colin McGrady—Cedar Springs: There's structure to try to avoid a Right of First Refusal (RoFR), and then there's structure that actually has a real purpose. There's room for a good structure to help both parties accomplish their goal given the information asymmetry, because the buyer is never going to get as certain as the seller likely is on the prospects of business going forward.

Deacon Turner: What it gets down to is, what is the security? It is important to understand the terms that are being discussed. It's also important to know where you are in the ecosystem. If you're under $1 million, you're in a very different place than if you were someone looking to sell $15 million.

Q. What about other aspects of deal process, like pricing?

Justin Fishner-Wolfson—137 Ventures: Pricing and ability to close matters. If someone offers you a higher price with a 50% chance of closing versus a 10% lower price with 100% chance of closing, which one do you take? The majority will happily give up 10% for 100% chance of closing.

Colin McGrady: I think overarching trend throughout the evolution of the secondary market is that the pricing has become more rational. When we founded Cogent, the secondary market was a great market for buyers—it was a market of last resort. The past cycle has had so much liquidity that nobody's ever been punished for being too aggressive on pricing—it's worked out for everybody.

Gregory Wright: The discount that some buyers managed to get more than five years ago could be in the range of 70%—which is staggering—but was the best bid available to a distressed seller requiring liquidity for a structural reason with very few people they could call. As secondary markets have evolved, you now see secondaries priced in a much more efficient way off of primary financings. That has been a game changer for secondary markets. Now if you want to start diversifying, you can do so in a market that will pay you something much closer to fair value for the securities...and that means opportunities for portfolio management.

SPOTLIGHT ON SPECIAL ACQUISITION COMPANIES (SPACS)

A SPAC is a shell company that is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring private companies. This is done by selling common stock—frequently at $10 per share—and issuing warrants, which allow investors to buy more stock later at a fixed price. Once raised, funds are held in a trust until either the SPAC sponsor identifies a target company (which will then be taken public through an acquisition using the capital raised in the IPO) or fails to finalize a merger in the allotted 24-month time frame.

For a founder of a business looking for growth capital and/or an exit, going public through a merger with a Special Purpose Acquisition Company (SPAC) could be an attractive alternative to selling directly to a strategic buyer or private equity firm—and potentially involve a better price. Founders may also choose a SPAC transaction because they present fewer regulatory hurdles than initial public offerings (IPOs) and the founders can get access to public markets faster and without jumping through the same hoops they would with an IPO.

Q: SPACs are attracting a lot of attention. What do you see as their role?

Scott Reed: The SPAC is not the universal tool that solves every need. A SPAC is a tool, and tools have different purposes. That does not mean that one is evil, and one is good—they are different tools for different purposes.

Q: How do founders access liquidity through a SPAC?

Scott Reed: First, there's an introduction between a founder and a SPAC sponsorship team. Then a dialogue starts about the business, its growth, its prospects, its capital needs, and the need or desire for liquidity in the current ownership capital structure. The sponsorship team then discusses terms of a reasonable pro forma financial forecast for the company, and based on that, the sponsor comes up with a valuation that can be collectively agreed to or not; if there's no agreement, there's no transaction.

There will be some form of capital lined up in advance of the transaction being announced to validate the deal…the sponsor negotiates a transaction, then they talk to fundamental investors who agreed to this overall structure and sign up for a PIPE (private investment in public equity) transaction—which is the lining up of capital in advance.

Q: What concerns do you have about the SPAC space?

Scott Reed: There are two sides to the coin in terms of quality sponsors coming to the table. In addition to that, you have some sponsors who are coming and opportunistically looking at the current market and saying, "I can go raise a SPAC—I'm going to do it." As with any time a market is expanding dramatically, there's going to be a lot of people who rush in, and not all of them should.

Q: How can founders ensure they enter into a quality transaction?

Scott Reed: First and foremost, you want to target a SPAC sponsor that is going to be a credible expert in your business (credible by vetting your company and bringing your company to market for the SPAC transaction). The right sponsor will also be a value-add partner, who can be helpful in formulating strategy, providing expert insights, and making introductions.

Founders should also look at a SPAC transaction as a partnership with the sponsor team…You're hopefully going to feel like you have a fit with them on a personal level, and hopefully some congruence in terms of how you see the world and the space in which you operate evolving. There will be ups and downs in any transaction and you want to make sure you have a partner who you feel like will be with you through the highs and lows.

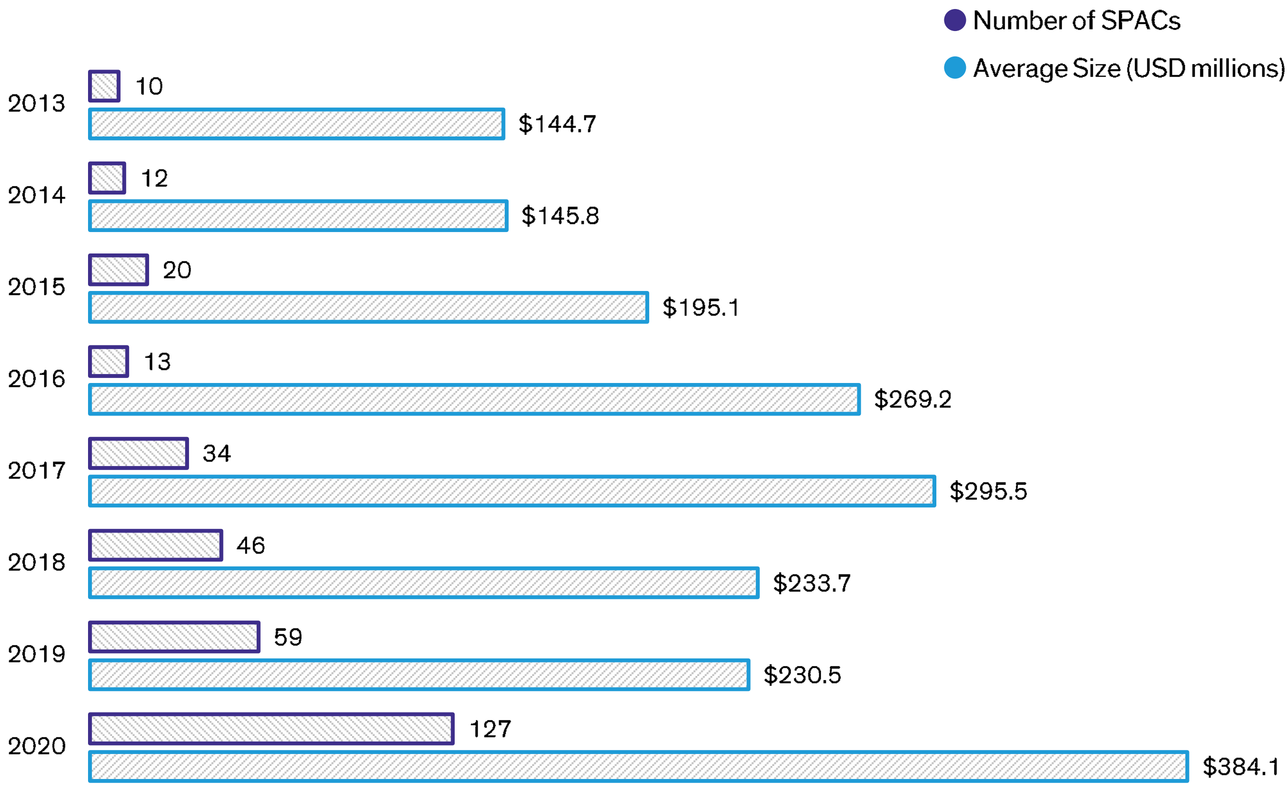
Next, the SPAC structure tends to have an element of dilution to it. Typically, there's a certain percentage of promote that is allocated to the sponsor as part of a transaction. What that means is that the right size SPAC to the right size target is important because if you have too much of that dilution spread over too small of an opportunity, the dilution may undermine the attractiveness of the transaction to the target company—so you're going to want to scale the size SPAC that you partner with to the enterprise value of the target.

Q: How should a founder think through SPAC vs. private market recapitalization and SPAC vs. IPO?

Scott Reed: Looking at the private sector recapitalization, one of the things that has the same benefits of a SPAC is that…founders can do a negotiated transaction that looks holistically at both the current condition of the business as well as the future prospects. In many cases, you're simply deferring that decision to go public because there is still going to have to be a liquidity event on the back end at some point. You're going to want to make sure that there's a lot of alignment between investors and the vision for where you're going, because no one wants to be captive in a private company that they can't get out of.

Then you have the IPO versus the SPAC transaction. The regular way IPO is one where you pursue direct access to the market, and the market goes and ultimately determines the value. While you can structure the IPO and you have a price, you don't really have certainty. Compared to a SPAC, you're avoiding some of the dilution and the structural things because that's essentially, in theory, what you are paying for with the SPAC. In a SPAC…it's a much more private way of going through a price discovery than the IPO process where you publicly file with the SEC.

SPACs SOAR IN NUMBER AND SIZE



Source: SPAC Research

Q. Given that working with the right partner improves the seller's chances of success, what should founders consider when deciding on a buyer?

Ira Simkhovitch: Walk before you run. Start first with a few conversations with trusted parties in the ecosystem to get a sense of the market price and feasibility of a secondary transaction. Don't be afraid to vet potential secondary buyers, asking them:

- How many transactions have they done?
- Where do they get their capital?
- What's their track record as a buyer?
- Can they complete a transfer?
- What is their due diligence process?

Another potential pitfall is selling stock to buyers who don't have available capital, or groups who operate as fund-less sponsors. While there are many prolific and successful groups that operate this way, it should be noted that this type of buyer introduces additional time and complexity in the closing process, and there is always risk that the deal fails in syndication.

David Wachter: Considerations can be summarized as, poor process, poor alignment or poor judgment. Poor process would generally be a naïve seller matched with a misleading buyer. Poor alignment would be when a secondary investor purchases stock and then realizes that the other shareholders never intend for the company to go public or get sold—or that their expectations for the business are very different than the newest shareholder's. Poor judgment would be investing in the wrong company without sufficient due diligence.

Justin Fishner-Wolfson: There's a very big difference between liquidity providers who have their own capital and those who don't. You might end up trying to get a transaction done that falls apart because you're dealing with buyers who are willing to promise you something that isn't necessarily real.

You want to deal with high quality people who do what they say because problems inevitably crop up. Another top criterion is trust. Will the company trust who they will be giving proprietary company information to? Can you reference these people within your network? And finally, experience is important.

Q: The number and types of shareholders in a company are critical aspects of the company's structure. Why does capitalization table management become even more important when secondary market transactions are involved?

Justin Fishner-Wolfson: You could end up with people who are not long-term focused or aligned with the vision of the company because they overpaid.

Amy Salzhauer: If you're going to continue running and growing your company, then who controls your company is really important, and you have to be really thoughtful about who your shareholders are going to be. Once you start selling, you lose a bit of that control.

Jesse Richmand: If the company is later stage, the boards are going to want financial buyers who tend to have a history or reputation of holding on through an IPO. In earlier stages, the boards tend to be more amenable to strategic investors and they'll even allow smaller pieces to transmit if they can show that the investor is value-add and not competitive in any way.

Q: Every company's shares have their own unique characteristics and challenges. How does a founder's willingness to be transparent with the board increase the likelihood of a successful transaction?

Abhishek Sud: Theoretically, if a founder is in a company for more than four or five years and the company has hit a certain minimum scale (e.g. \$50–\$100 mil. of revenue) and valuation (e.g., \$700 mil.–\$1 bil.+), the founder has proved that his idea had merit; has proved that it can be successful and has "earned his chips." As such, venture capital board members and investors are increasingly supportive of the founder getting some liquidity. As long as secondary market liquidity transactions are done in a graceful manner pre-exit, there's a lot of receptivity to it at the board level. It can help the founder to have a frank discussion with the board upfront, disclose what percent of the total shares are to be sold, and explain what the liquidity will be used for. Boards are increasingly receptive, especially in the current market environment.

Colin McGrady: Ongoing access to information is important for a founder and the board to align on. If a founder is not at the firm anymore, they should call into senior management and talk about what they want to do. The more transparency the founder provides up front, the more information the potential buyer will have access to, and the more aggressive the founder will be able to be on pricing.

Amy Salzhauer: A founder who is also on the board needs to consider the fiduciary interests of every shareholder. It needs to be considered in every transaction, including a secondary sale.

Deacon Turner: We also work with families who are actively buying shares and we've seen some of the structural problems that occur when founders are trying to sell to families on the other side. The biggest structural headwind we've seen is the ability for these families to get information about the company.

Q: How can founders benefit from a staged plan to sell shares over time?

Ira Simkhovitch: I've never heard a founder regret selling a small amount of stock on a regular basis as the company's valuation increases. And conversely, we often hear founders and other investors tell us they are thankful they sold along the way prior to an unexpected turn in the markets or in the fortunes of the company.

Deacon Turner: Along with helping founders evaluate how much liquidity to take and at what point, we consider tax planning and illustrate the benefits of using shares to transfer wealth efficiently through an appropriate trust and estate plan. When these conversations come up, some founders may already be able to save taxes because they hold Qualified Small Business Stock ("QSBS"). If the stock qualifies, a founder may be able to exclude capital gains equal to the greater of \$10 million or 10 times the basis of the stock upon the sale. We can also help early investors evaluate strategies to multiply their gain exclusion while transferring meaningful amounts of wealth to their heirs.

From a philanthropic perspective, selling over time can create an opportunity to implement a family's charitable strategy. When we evaluate how to give efficiently, we weigh several factors—including the type of business, timing of the sale, and the assets available to give. The answers to these questions help founders determine what type of asset to give, when they give it (pre- or post-sale), and into which charitable vehicle they should make the donation.

THE AMOUNT OF COMPLEXITY DEPENDS ON ASSETS GIFTED

	Give Cash to:		Give Publicly Traded Stocks to:		Give S Corporation Shares to:	
	Private Foundation	DAF	Private Foundation	DAF	Private Foundation	DAF
Deduction Limited to:	30% of AGI	60% of AGI	20% of AGI	30% of AGI	Cost Basis, at 20% of AGI	Fair Market Value, at 30% of AGI
Complexity	Very Easy		Easy		Complex	
Source	Cash from sale		Existing investments		Shares of S Corporation	
Need Qualified Appraisal?*	No		No		Yes	
UBTI Issues?†	No		No		Yes	

Bernstein does not provide tax or legal advice. Investor should consult tax and legal professionals before making any decisions."DAF" is Donor-Advised Fund. "AGI" is adjusted gross income.
* § 170(e)(1); Reg. § 1.170A-1(c)(1).
† § 511-514.
Source: AllianceBernstein (AB)

Q. What general advice would you offer to founders who are considering a secondary market transaction?

David Wachter: While a secondary may appear complex and a black box, founders should view this as a straightforward business. There are legitimate buyers with legitimate questions, and they are ready to pay fair prices. If they're exposed to a process that doesn't seem to make sense or sounds opaque, then it is.

Amy Salzhauer: Never do a deal based on goodwill. Everything needs to be clearly spelled out in the contract of the sale. Do your due diligence and the deal isn't done until the closing is signed, and the wire hits the bank.

Ira Simkhovitch: What many founders and employees have shared with us is that they're always surprised at how time consuming of a process it can be to sell their stock.

Deacon Turner: Get your plan in place well in advance of a transaction. Understand the size of the deal and get your tax, philanthropy, and trust and estate plans in a row.

You also need to plan for your family. This is one of the biggest things we see overlooked. Founders are so focused on the transaction, they forget about the other components that matter with wealth stewardship. It is critical to engage a spouse or partner and think through the impact of the liquidity event on the children. Starting the process of identifying shared family values and conveying expectations for the new resources can help prepare the next generation to navigate future wealth decisions. Sharing how success was achieved, what sacrifices were made, and the challenges and opportunities that come with having wealth can keep families aligned and direct the use, growth, and sharing of assets.

CONCLUSION

The secondary market offers a way to create liquidity for founders and early investors who may be cash-poor and paper-rich. The key aspects to consider are:

- Understand your security and your place in the ecosystem
- Work with a qualified, experienced, and credible partner
- Maintain transparency
- Appreciate the timeline for the transaction
- Get your plans in order—tax, philanthropy, trust and estate, and family

CONTRIBUTORS

Justin Fishner-Wolfson

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Justin Fishner-Wolfson is a founder and the managing partner of 137 Ventures. Previously, Justin worked on the investment team at Founders Fund. 137 Ventures is focused on providing liquidity to founders, executives, and early investors of growth-stage, venture-backed technology companies in exchange for potential equity upside in their companies. The firm's portfolio company IPOs in 2020 and 2021 include Palantir, Airbnb, Wish, and Coupang. The firm's largest private portfolio companies across its four main funds include SpaceX, Flexport, Gusto, Workrise, and Curology. Justin graduated from Stanford University with honors. He received a BS in Management Science and Engineering and a MS in Computer Science. He was also a Kauffman Fellow and a Mayfield Fellow.

Colin McGrady

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Prior to founding CSC, Colin was a founding partner and Managing Director of Cogent Partners (acq. by Greenhill in 2015). Colin served as a partner and executive committee member as Cogent developed its reputation for excellence that allowed it to advise on over $100 billion in assets while building a leading 30% share of the advised secondary market. Colin holds a BA in Economics with a Japanese minor from Brigham Young University and an MBA from Harvard Business School.

Scott Reed

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Scott Reed is the former President & Chief Executive Officer of LF Capital Acquisition Corp., a SPAC that successfully completed a combination with Landsea Homes in 2021. Additionally, Scott is the co-founder of BankCap Partners, a private equity firm that focuses on investments in the U.S. commercial banking space, and has served as a Partner and Director of BankCap Partners since 2006. Prior to founding BankCap Partners, Scott was the Senior Vice President, Director of Corporate Strategy and Planning of Carreker Corporation, a financial technology company based in Dallas. Previously, he was an investment banker in the Financial Institutions Group at Bear Stearns as well as working as a consultant at Bain & Company. Scott began his career as a derivatives trader at Swiss Bank Corporation from 1992 to 1995. Mr. Reed earned his bachelor's degrees in commerce and history from the University of Virginia and his master of business administration from the Amos Tuck School at Dartmouth College, where he was an Edward Tuck Scholar. He is a member of the board of directors of InBankshares, Corp., Silvergate Capital (NYSE: SI), Vista Bancshares (as well as the boards of directors of each of the three institutions' underlying commercial banks) as well as Uncommon Giving and Landsea Homes (NASDAQ: LSEA). Born and raised in the San Diego area, he also has citizenship in Ireland and New Zealand, the birthplace of his mother and father, respectively. He resides in Dallas with his wife Kelly and their four sons.

Jesse Richmand

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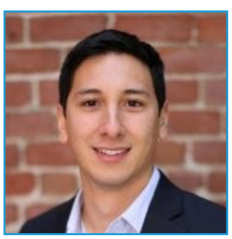
At CoVenture, Jesse assists the firm with strategy, business development, and management efforts. Additionally, he sits on the firm's private credit investment committee with a responsibility for originating and underwriting niche tech-enabled specialty finance opportunities. CoVenture's aim is to capture the exponential growth in software and technology to enable emerging or novel lending and acquisition markets. Immediately prior to joining CoVenture, Jesse founded and continues to oversee 14capital LLC, which leverages 15 years of investment origination, structuring, and capital formation experience to assist sophisticated private and public investors in targeting early life-cycle private markets investments and dislocated or market-independent capital-constrained opportunities. Coinciding with the founding of 14capital, Jesse served as Head of Business Development for Seven Locks Capital, an event-driven l/s equity strategy with a focus on off-the-run catalyst-driven theses. Prior to Seven Locks, Jesse was previously a Senior Vice President at Avenue Capital Group, responsible for business development. Before joining Avenue in 2011, Jesse was an Associate Product Specialist for FrontPoint Partners, specializing in primary debt, structured credit, and sector specific equity strategies. Jesse began his career at Morgan Stanley Investment Management, spending over three years advising Morgan Stanley investment professionals on the inclusion of hedge funds, private equity, and other alternative investments in client portfolios. Jesse received a BA in Economics from Franklin and Marshall College and holds the Chartered Financial Analyst designation as well as the Chartered Alternative Investment Analyst designation.

Amy Salzhauer

Managing Partner—Good Growth Capital, LLC

Amy is a Managing Partner at Good Growth Capital, an early-stage venture fund known for finding, funding, and growing superior, defensible technology companies that fill pressing societal needs. Amy was previously the CEO of Ignition Ventures, where she helped create companies out of science labs worth over US $1 billion. She is an inventor who holds several patents, speaks and teaches internationally about entrepreneurship and leadership, and serves on several for-profit and nonprofit boards. Amy holds an MBA from MIT's Sloan School of Management, an M. Phil. in Plant Sciences from Cambridge University where she was a Herschel Smith Harvard Scholar, and an AB, magna cum laude, from Harvard University.



Ira Simkhovitch

Managing Director—Industry Ventures

Ira concentrates on originating, valuing, and managing secondary investments in later-stage, venture-backed companies and venture capital funds. He also focuses on helping corporate venture capital groups generate liquidity from their portfolio or spinout and establish a traditional venture fund business. Prior to Industry Ventures, Ira worked on the Investment Team at The Carlyle Group/AlpInvest Partners where he committed capital to private equity and venture capital funds. Previously, Ira was a Senior Analyst at Commonfund Capital investing in private equity funds, secondary investments, and direct investments, globally. Ira began his career at Booz Allen Hamilton on a team developing software and analytics for the Department of Defense. Ira received a BS in engineering from MIT and his MBA from Columbia Business School, where he graduated with Dean's Honors. While in business school, Ira was a Summer Associate at Lazard in the Telecom, Media and Technology group and an intern at ZelnickMedia, a lower-middle market private equity and growth capital investment firm.

Abhishek Sud

Managing Director—AB Private Credit Investors

Abhishek Sud joined AB in 2018 as a Managing Director of AB Private Credit Investors, where he leads Growth Stage Capital investments in the technology sector. He has focused on venture capital, growth equity, and private equity investments in the technology and software arenas throughout his career. Sud was previously a director with Rothschild Merchant Banking in New York. Prior to joining Rothschild, he worked as a principal at SoftBank Group, Centerview Capital, and Investcorp in San Francisco and New York. Within the technology arena, his experience spans a variety of subsectors, including vertical application software, infrastructure software, security, fintech, and e-commerce. Sud has served as a director or observer on the boards of FleetMatics (acquired by Verizon), Quantenna Communications (acquired by ON Semiconductor), Atrenta, Host Analytics, Acquia (acquired by Vista Equity Partners), and Ayasdi. He began his career with IBM Consulting in India and as an investment banker with Morgan Stanley's technology banking group in Menlo Park, California. Sud holds a BE in computer engineering from the University of Delhi and an MBA from the Indian Institute of Management Ahmedabad. Location: San Francisco.

Deacon Turner

Senior Managing Director, Co-head—Alternative Asset Investment Committee

As Co-head of the Alternative Asset Investment Committee, Deacon Turner spearheads the development of nontraditional and alternative investments for Bernstein. A Bernstein veteran since 1998, he began his career as a financial advisor, ultimately developing one of the most successful practices in firm history. Deacon took a hiatus from 2009 to 2010 to serve as COO of a small global manufacturing firm. Upon rejoining the firm in 2010, Deacon has helped guide the development of our business with wealthy entrepreneurs and professionals, family offices, endowments and foundations, both nationally and internationally. Prior to joining Bernstein, Deacon worked directly for the Cherokee Nation of Oklahoma, for both the Housing Authority and as a negotiator on tax treaties for the office of the Chief. He was also on the staff of US Senator David L. Boren. Deacon earned an AB, cum laude, from Harvard University, where he was a Harry S. Truman Scholar. He also attended Oxford University as a US Rhodes Scholar, graduating with an MA in prehistoric archaeology. He currently serves on the Board of Cherokee Nation Businesses, a billion-dollar tribal operation, as Co-chair of the Executive Committee. He is also a Trustee of the Smithsonian National Museum of the American Indian, serves on the Board of the Gilcrease Museum in Tulsa, Oklahoma, and on the Board of Directors of the Indian Nations Council of the Boy Scouts of America.

David S. Wachter

Founding Partner—W Capital Partners

Since founding the firm in 2001, W Capital has become a leading participant in providing private equity shareholders with liquidity for their investments. David and the firm are cited frequently in publications such as the Wall Street Journal, Forbes, Investment Dealers Digest, VentureWire, Financier Worldwide, Venture Capital Journal, PE International, and PE Analyst. He has spoken around the world regarding the growing market for liquidity in private equity at Columbia Business School, Wharton, SuperReturn, SuperInvestor, and the Dow Jones PEA conference. He was elected one of the 30 Rising Stars in Private Equity by Private Equity International. Prior to the founding of W Capital in 2001, David held senior roles as an investment banker and private equity investor for 15 years at Lehman Brothers, Jefferies, and Unterberg. David holds an MBA with distinction from New York University and a BS in Engineering, magna cum laude, with a major in Computer Science and Applied Mathematics from Tufts University.

Gregory L. Wright

President & Head of Banking—Zanbato

Greg Wright joined Zanbato in October 2014 as Head of Banking. Zanbato is a financial technology company established to make private markets more liquid and reliable. Launched in 2016, Zanbato's ZX platform is an independent, SEC-registered Alternative Trading System that is today the leading interbroker platform for trading venture-backed private shares. Greg's track record is of winning and executing financing and advisory transactions at bulge bracket and boutique banks across geographies, sectors, products, and clients as a global investment banker. His career includes over 20 years in investment banking at Merrill Lynch, including as Head of Corporate Finance for Europe, the Middle East, and Africa; six years at ThinkEquity, a tech-focused Investment Bank based in San Francisco, where he served sequentially as Executive Vice President of the Investment Banking Group, COO, and finally as CEO of the firm; and as a Managing Director at Weild & Co. and Couloir Associates. Greg graduated cum laude from Princeton University with a Bachelor of Arts in English Literature and a Certificate in European Cultural Studies.

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