

The background is a collage of three images. On the left, a woman with curly hair is sitting on a bench with a young child, looking at a book together. In the center, a woman is sitting at a table in a cafe, working on a silver laptop. On the right, a man is seen from behind, sitting at a table in a meeting or office setting, looking towards a window.

# Angel/Early Seed Investing

DISCLAIMER: PROPELWORKS, LLC., THELACATALYST, THEIR MEMBERS AND PRESENTERS (COLLECTIVELY THE TEAM), ARE NOT LICENSED INVESTMENT ADVISORS AND DO NOT OFFER ANY INVESTMENT ADVICE AND/OR SERVICES DIRECTLY AND/OR INDIRECTLY. NOTHING IN THE PRESENTATIONS, DISCUSSIONS, OR PUBLISHED MATERIALS OF THE TEAM SHOULD BE INTERPRETED AS A PROMOTION, SOLICITATION, OR INVESTMENT ADVICE. ANYONE DECIDING TO USE THE TEAM'S ON-LINE SITE(S), INFORMATION, EVENTS, OR MATERIALS DOES SO AT THEIR OWN RISK AND AGREES NOT TO HOLD THE TEAM LIABLE FOR ANY LOSSES MONETARY OR OTHERWISE. BECOMING AN INVESTOR MAY CARRY A SUBSTANTIAL AMOUNT OF RISK INCLUDING BUT NOT LIMITED TO TOTAL LOSS. IT IS THE RESPONSIBILITY OF THE LEGAL ENTITY AND/OR INDIVIDUAL MAKING AN INVESTMENT DECISION TO VERIFY ALL INFORMATION AND DUE DILIGENCE NEEDED. THE TEAM DOES NOT PROMOTE AND/OR ENDORSE USE OF ANY THIRD PARTY SERVICES AND/OR PRODUCTS THAT MAY BE IN ATTENDANCE AT THEIR EVENTS OR OTHERWISE ASSOCIATED OR APPEAR TO BE ASSOCIATED WITH THEM.

# Angel Investing 101

## Angel Investors and VCs

- Angels invest their own money, typically in early rounds under \$1M
- The term “Angel” comes from early Broadway productions supported by wealthy individuals. It was first used In 1978 by William Wetzel, founder of Center for Venture Research, for startup investors

## Angels Need to be Accredited Investors<sup>1,2</sup>

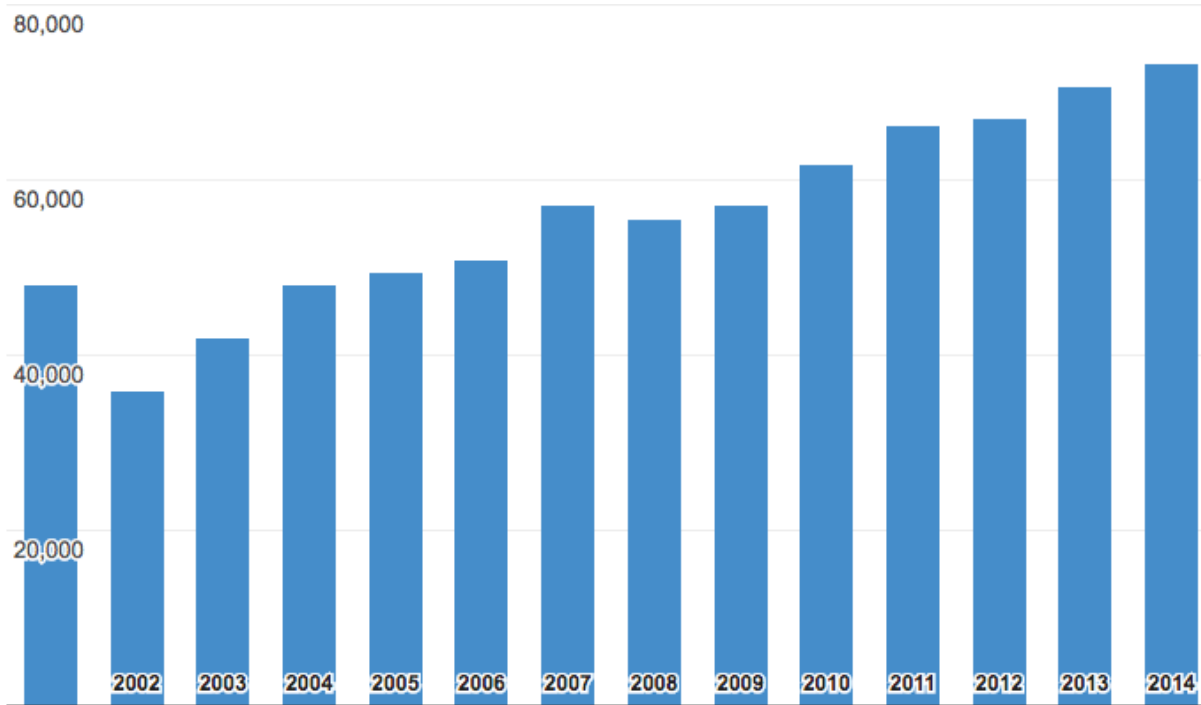
- Individuals must have income of \$200K/yr (\$300K/yr for couples), or minimum Net Worth of \$1M – Note: Equity Crowdfunding will be subject of a future event
- The SEC requires accreditation for private investments considered high risk to protect the investors. There are estimated 12 million<sup>3</sup> accredited investors in US

1. Income has to be sustained for the last 2 years and expected to continue going forward

2. Net worth is exclusive if the investor's primary residence

3. <http://www.crowdfundinsider.com/2014/12/60121-number-accredited-investors-deck/>

# Angel Investment Trends



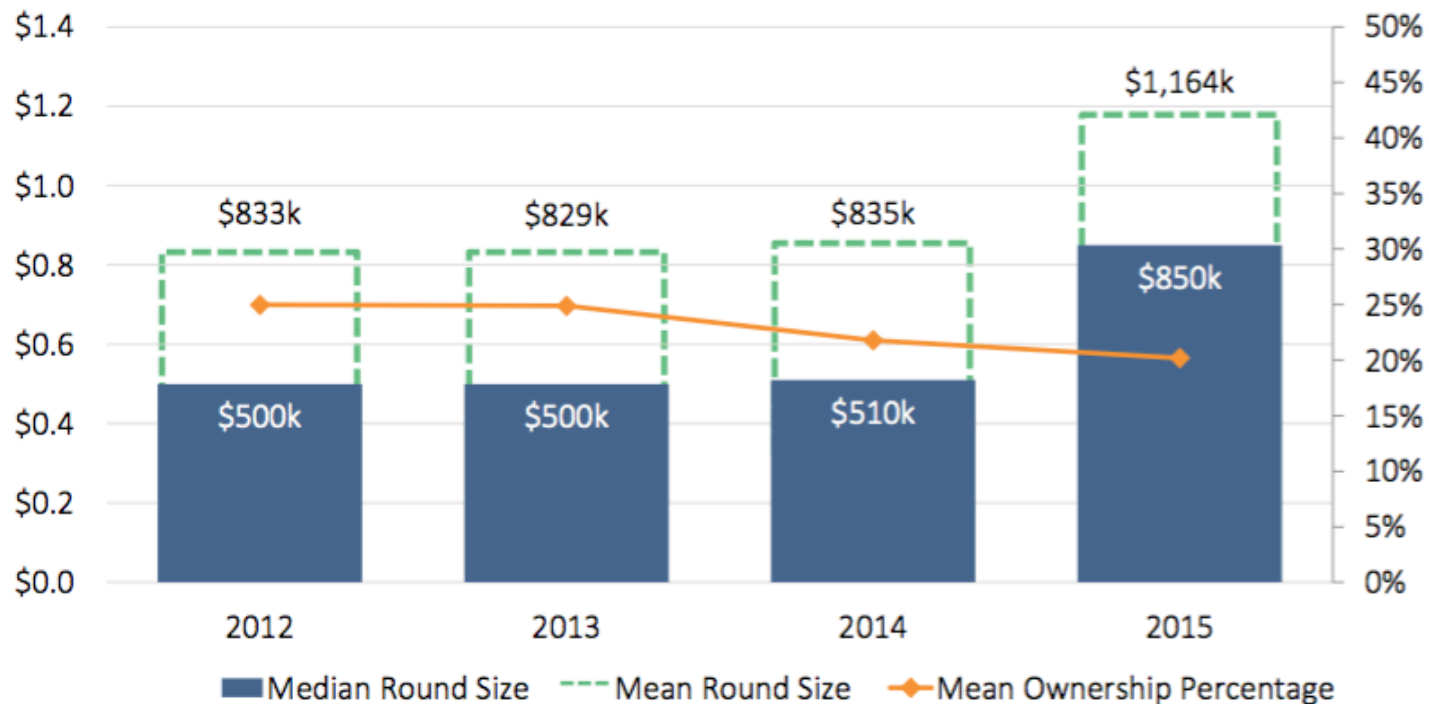
## In 2014

- Total of \$24B was invested by over 316,000 Angels in 73,400 startups
- Angel investment contributed to creation of over 264,000 jobs, i.e. average of 3.6 jobs per Angel investment

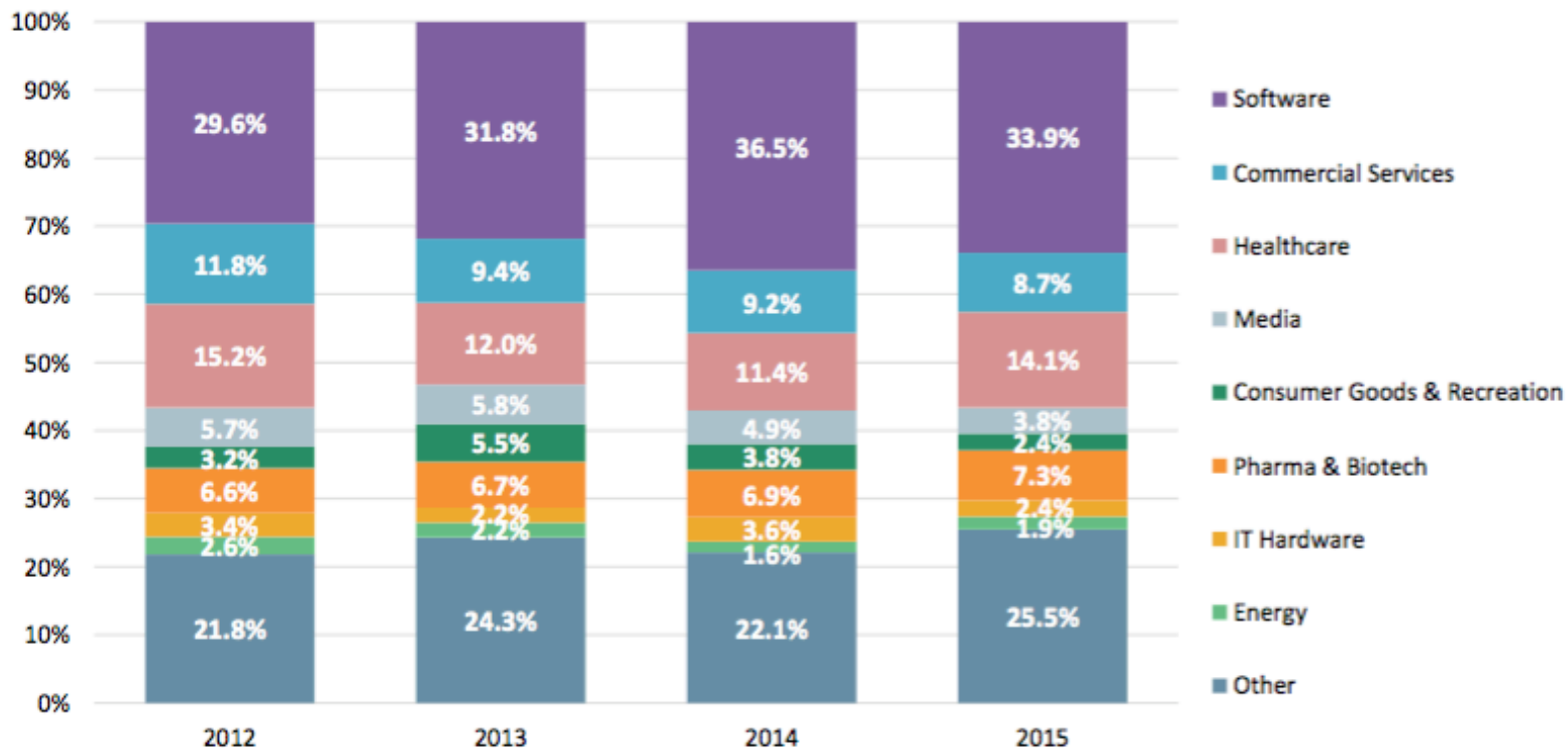
Sources: <https://www.fundivo.com/stats/angel-investment-statistics/>

<http://www.kauffman.org/blogs/policy-dialogue/2015/may/more-angels-fewer-angel-investments-in-2014>





# Angel Round Size



# Angel Group Deals by Sector



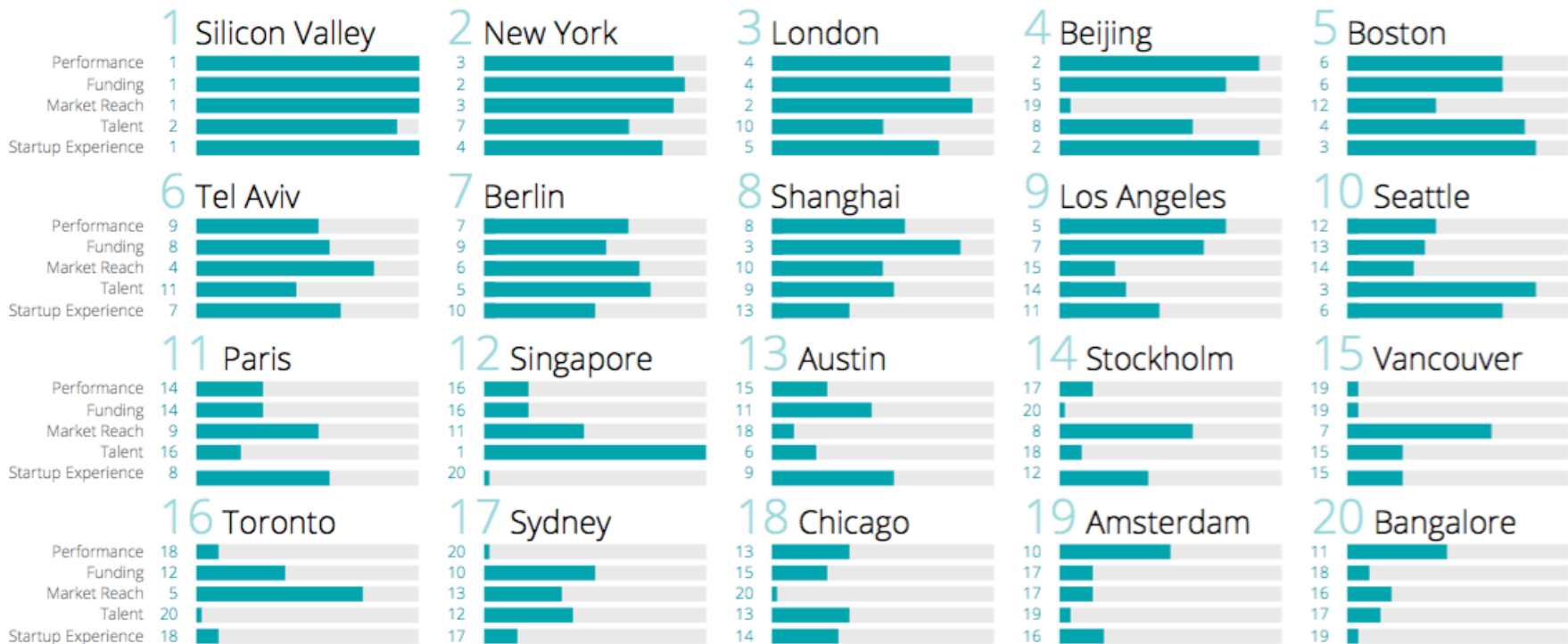
# Angel Returns

	Multiple	Hold	IRR	<1X
2016 	<b>2.5X</b>	<b>4.5yrs</b>	<b>22%</b>	<b>70%</b>
2007 	2.6	3.5	27%	52%
2009 	2.2	3.6	22%	56%
 Early stage VC '05-'11	2.1		29%	
	<i>Gross TVPI &amp; includes carried value</i>			

- Several studies conducted in 2007, 2009, 2016
- 91% of the exits in the latest ARI study occurred between 2010 – 2016
- The cash on cash multiple is 2.2X - 2.6X
- The overall IRR Has been in the 22%-27% range

Source: Angel Research Institute (ARI) study at <http://www.angelresourceinstitute.org/returns-to-angels-2016.aspx#sthash.8XIMPVnE.dpuf>

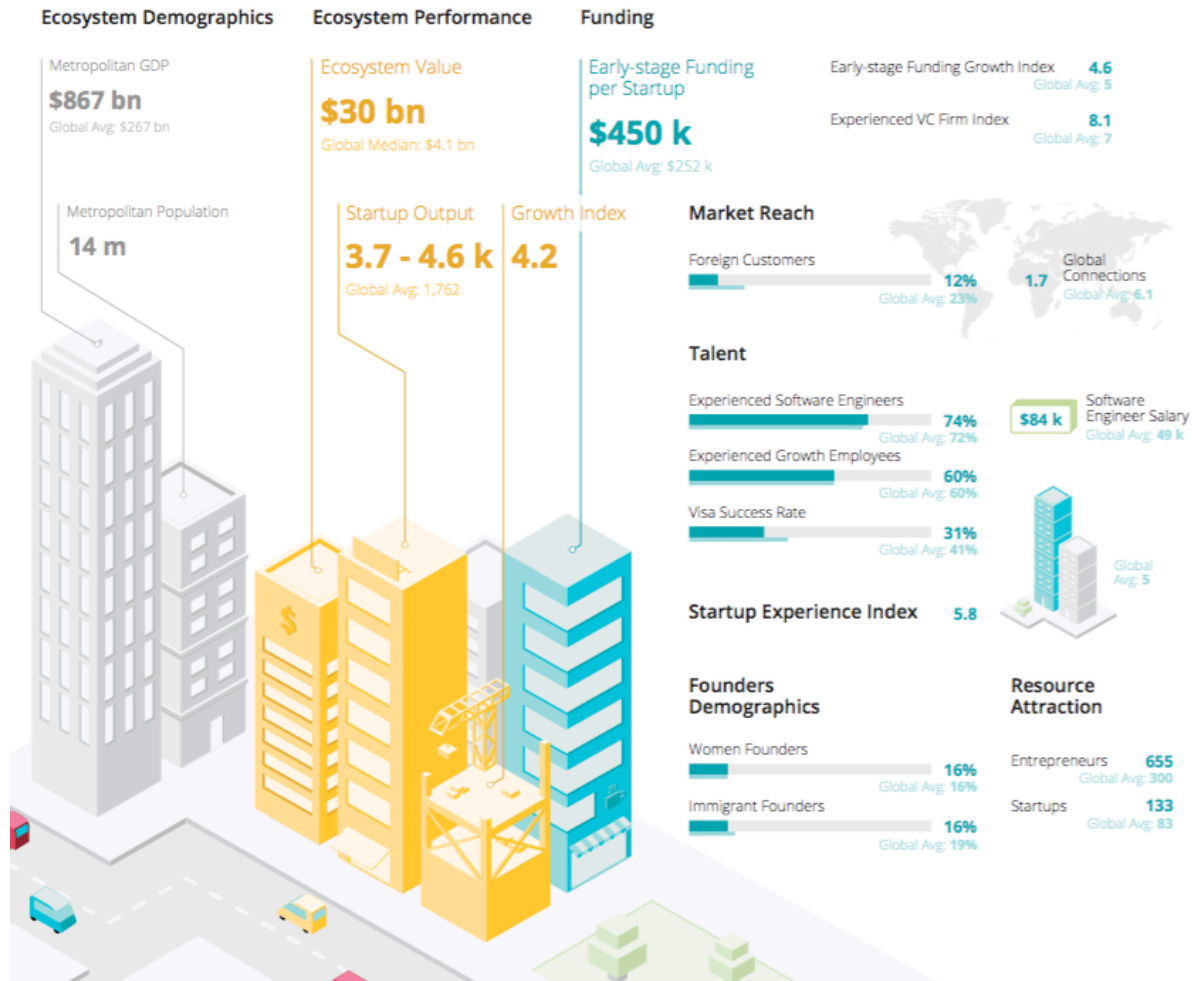
# 2017 Global Ranking of Startup Ecosystems



# LA Ecosystem

- Ranked #9 in the world, LA does well in performance and funding, but is dragged down by Market Reach, Talent, Startup Experience
- Home of Elon Musk's Tesla and SpaceX, biggest tech IPO since Facebook, (Snap), \$1B acquisition of Dollar Shave Club
- Estimated 3,70-4,600 startups and growing!

## Metrics



\*Startup Genome in partnership with GEN and Crunch base