



# Secrets of Fundraising

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# 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>

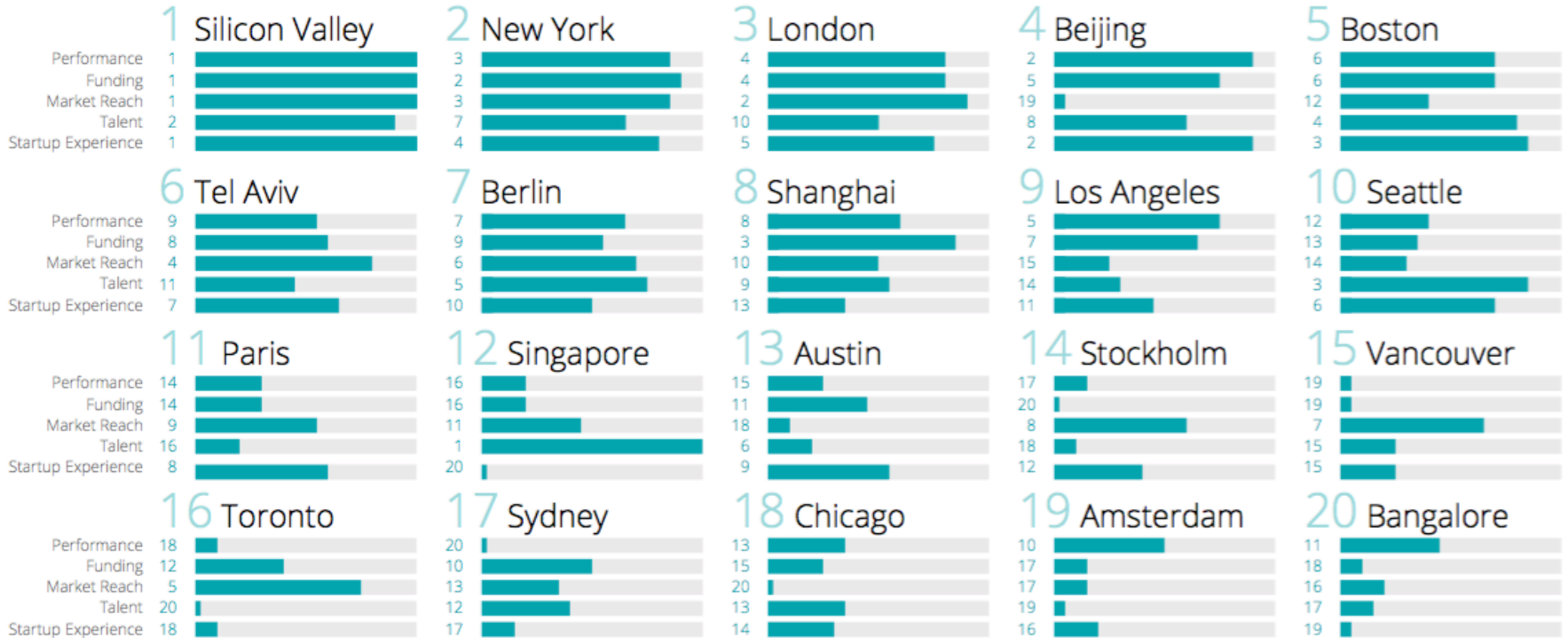
- Individuals must have income of \$200K/yr (\$300K/yr for couples), or minimum Net Worth of \$1M – Note: Equity Crowdfunding will be subject of a future event
- The SEC requires accreditation for private investments considered high risk to protect the investors. There are estimated 12 million<sup>3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

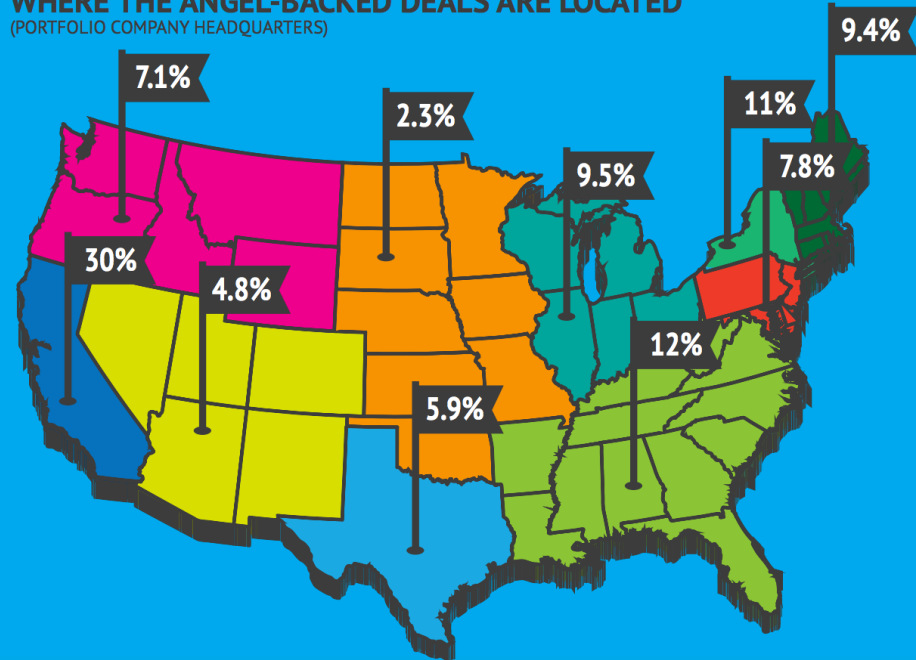
# 2017 Global Ranking of Startup Ecosystems



# Angel Investing in US

## HALO REPORT OVERVIEW

WHERE THE ANGEL-BACKED DEALS ARE LOCATED  
(PORTFOLIO COMPANY HEADQUARTERS)



- **PRE-MONEY VALUATIONS** are down from 2015
- **SYNDICATION CONTINUES** with median angel group investment was \$127,000 while the median round size was \$950,000

## FINANCIAL TERMS OF ANGEL INVESTMENTS (FIRST ROUND DEALS, AGNOSTIC TO GEOGRAPHY AND INDUSTRY)



HISTORICAL MEDIAN PRE-MONEY VALUATION

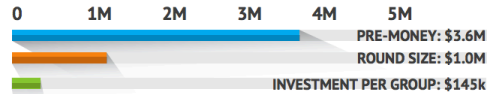
2015	/\$4.6 M
2014	/\$3.0 M
2013	/\$2.5 M
2012	/\$2.5 M

# Angel Investing in CA

2016

## CALIFORNIA

### VALUATION & INVESTMENT SIZE (FIRST ROUND DEALS, AGNOSTIC TO INDUSTRY, MEDIAN)



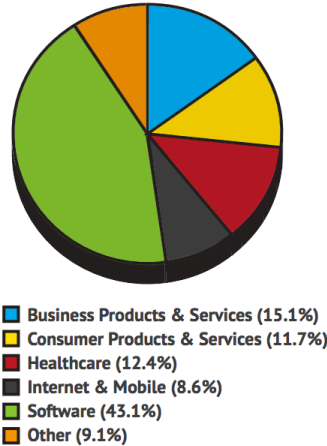
### NEW OR FOLLOW-ON? (PERCENTAGE OF DEALS DONE AS A FOLLOW-ON)



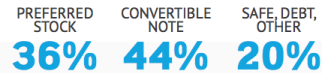
### WHO ANGELS INVEST IN? (GENDER AND RACE)



### REGIONAL INDUSTRY (PERCENTAGE OF DEALS IN THE REGION)



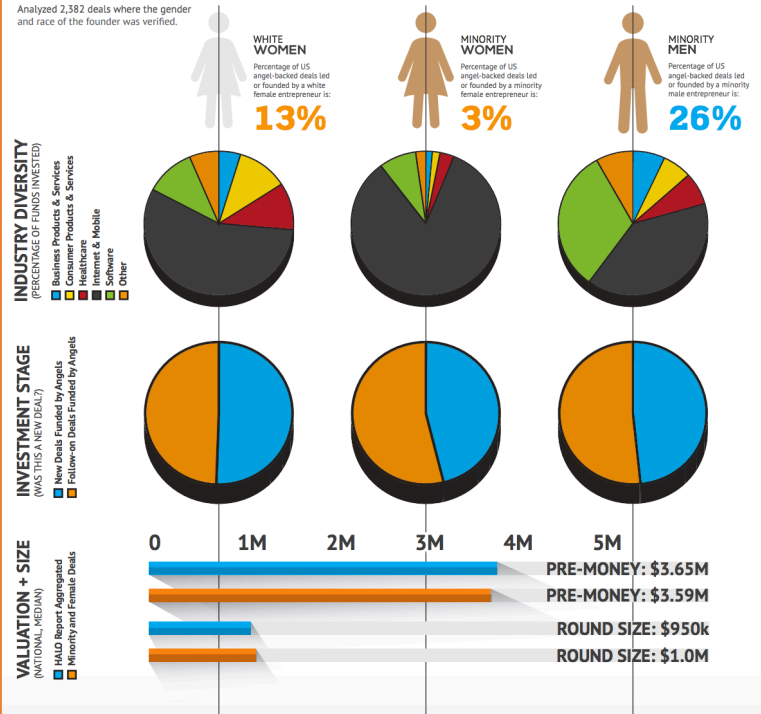
### DEAL STRUCTURE (PERCENTAGE OF DEALS)




## 2016 SPECIAL SECTION

### MINORITY REPORT TRACKING PORTFOLIO DIVERSITY

Analyzed 2,382 deals where the gender and race of the founder was verified.



# Angel Returns

	Multiple	Hold	IRR	<1X
2016 TRACKING ANGEL RETURNS 	2.5X	4.5yrs	22%	70%
2007 Returns to Angel Investors in Groups	2.6	3.5	27%	52%
2009 Siding with the Angels Business angel investing – promising outcomes and effective strategies	2.2	3.6	22%	56%
CAMBRIDGE CA ASSOCIATES Early stage VC '05-'11	2.1		29%	
	<i>Gross TVPI &amp; includes carried value</i>			

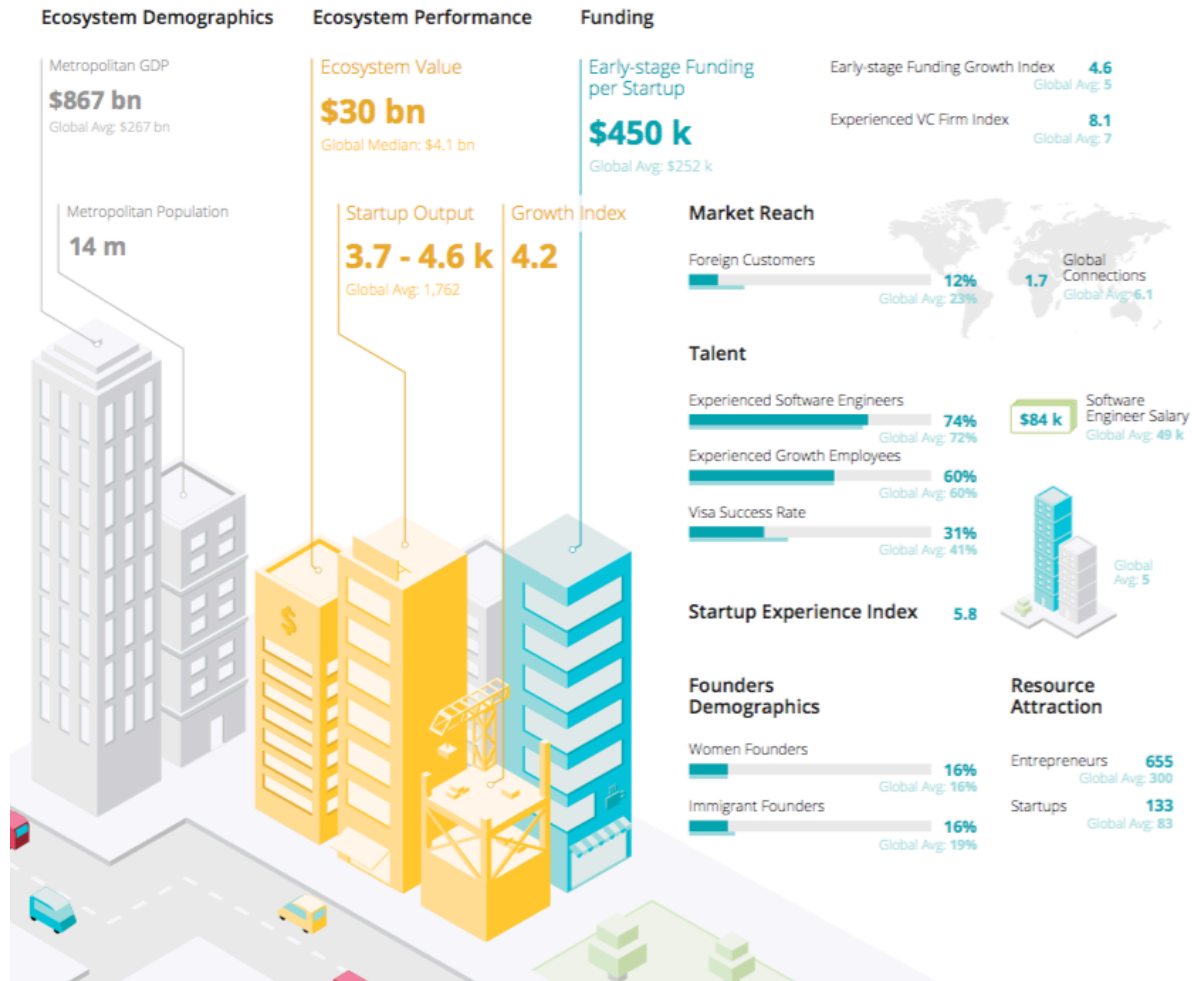
- Several studies conducted in 2007, 2009, 2016
- 91% of the exits in the latest ARI study occurred between 2010 – 2016
- The cash on cash multiple is 2.2X - 2.6X
- The overall IRR Has been in the 22%-27% range

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

# 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