

Study: Returns to Angel Investors in Groups

Average Returns Significant

Large Variation in Performance

Due Diligence, Interaction, and Expertise Key Factors

Angel Group Financial Performance Research

- Angel Capital Education Foundation, paid by Kauffman Foundation
- Rob Wiltbank (Willamette University) and Warren Boeker (University of Washington)
- First opportunity to understand the ROI of angels connected to angel groups and drivers behind returns
- Released in November, 2007
- Responses:
 - 538 angels (*accredited investors*)
 - 3,097 investments
 - 1,137 exits and closures



Profile of Angels - Median

- Years investing 9
- Number of investments 10
- Total exits/ closures 2
- Years as entrepreneur 14.5
- Number ventures founded 2.7
- Age 57
- Percent of wealth in angel investing 10%
- Education Masters degree



Group-Affiliated Angel Investments

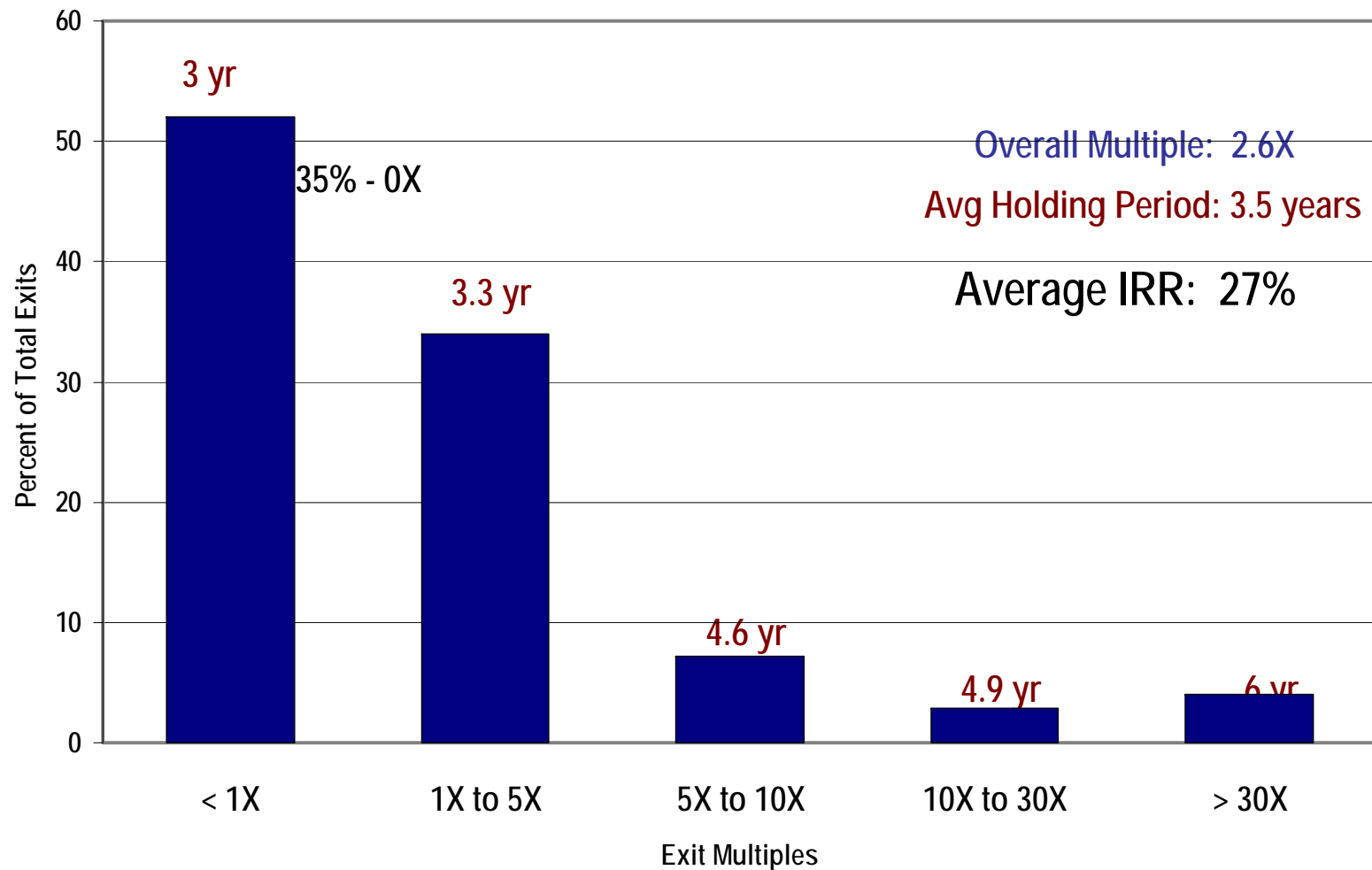
Heavily Concentrated in EARLY investments

- 34% seed stage, 39% startup, 18% early growth
- 45% had no revenues when the initial investment was made

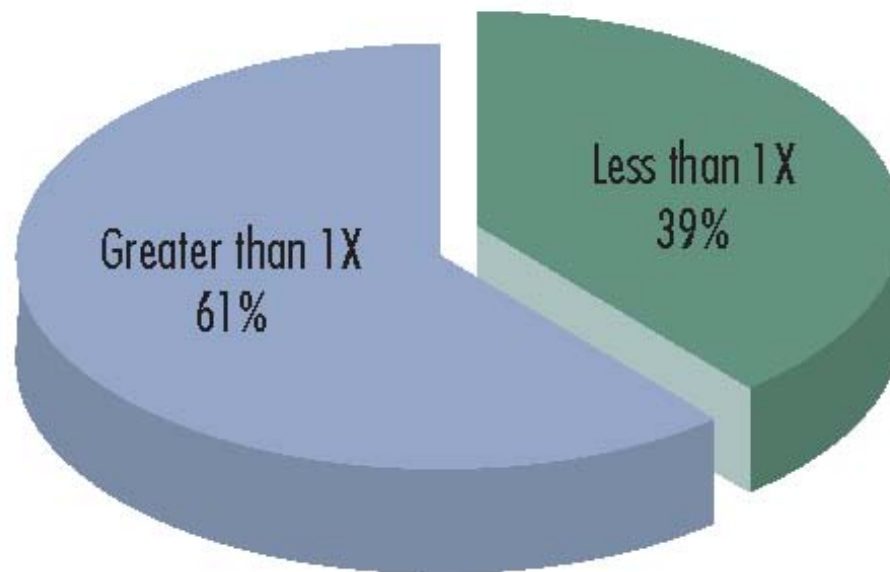
	<u>Invested</u>	<u>Returned</u>	
Dollars per deal:	\$50K	\$40K	median
	\$191K	\$486K	mean



Distribution of Returns by Venture Investment

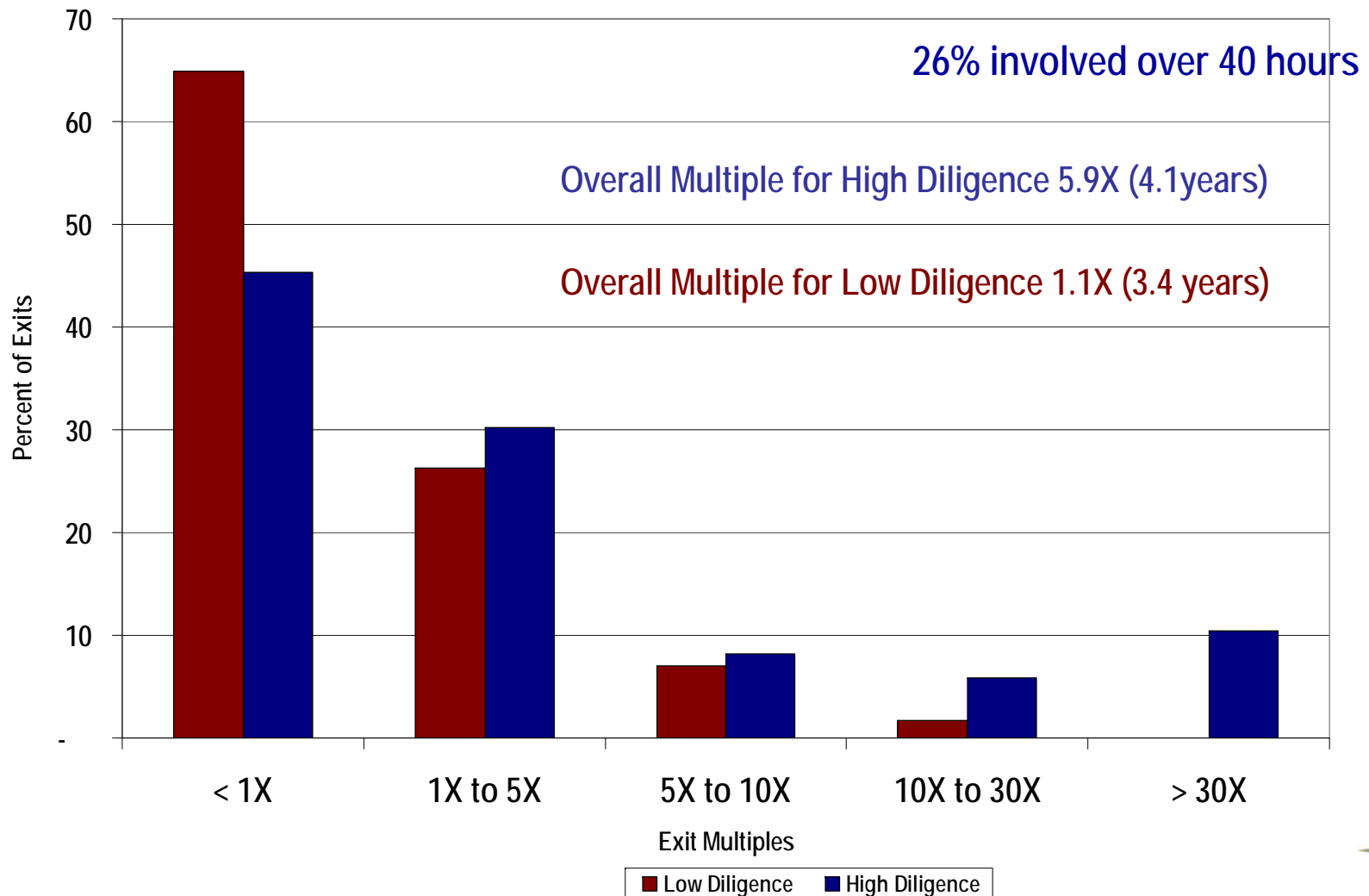


Overall Multiple by Angel Investor



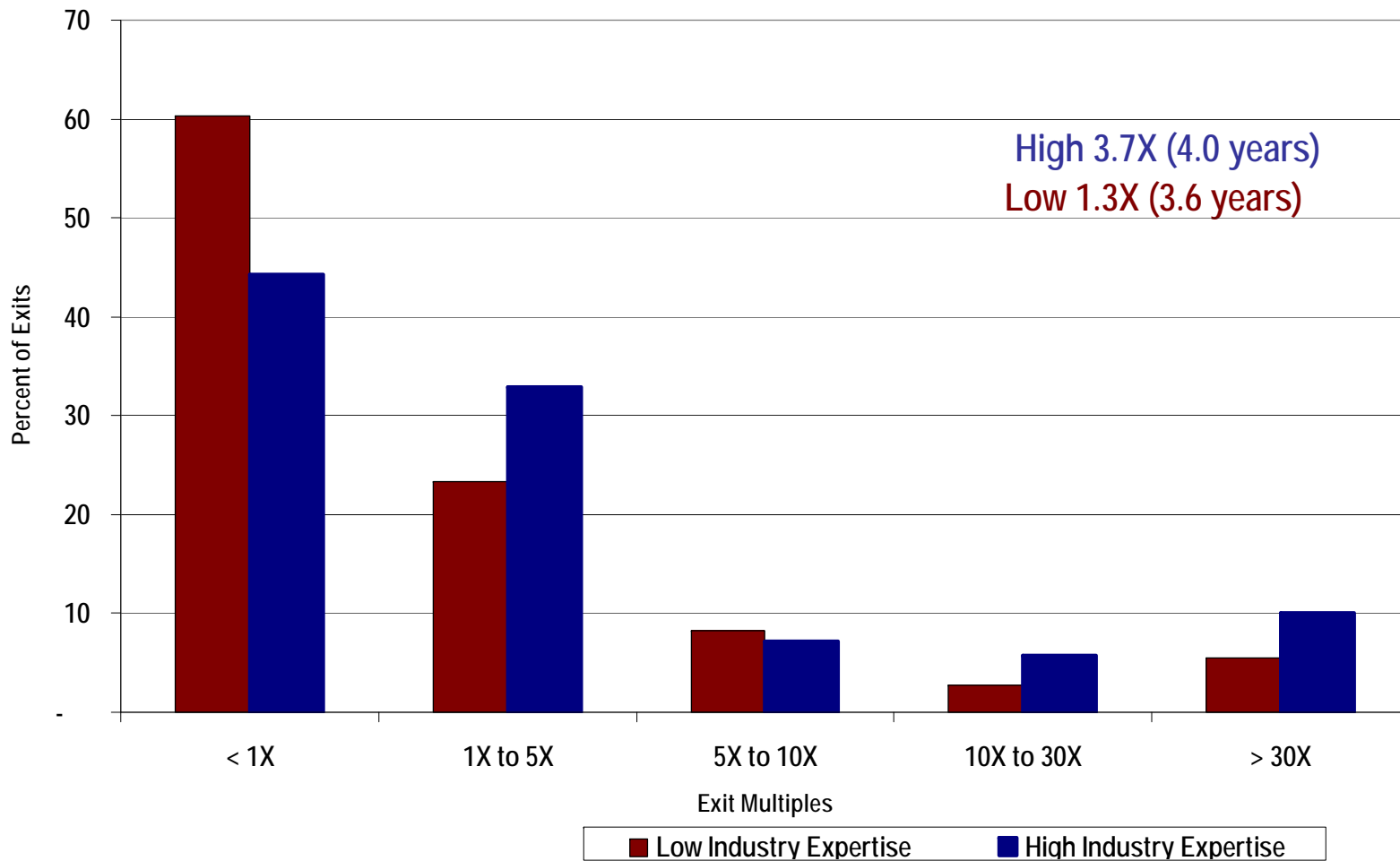
The Impact of Time in Due Diligence

Median: 20 hours



Relationship to Industry Expertise

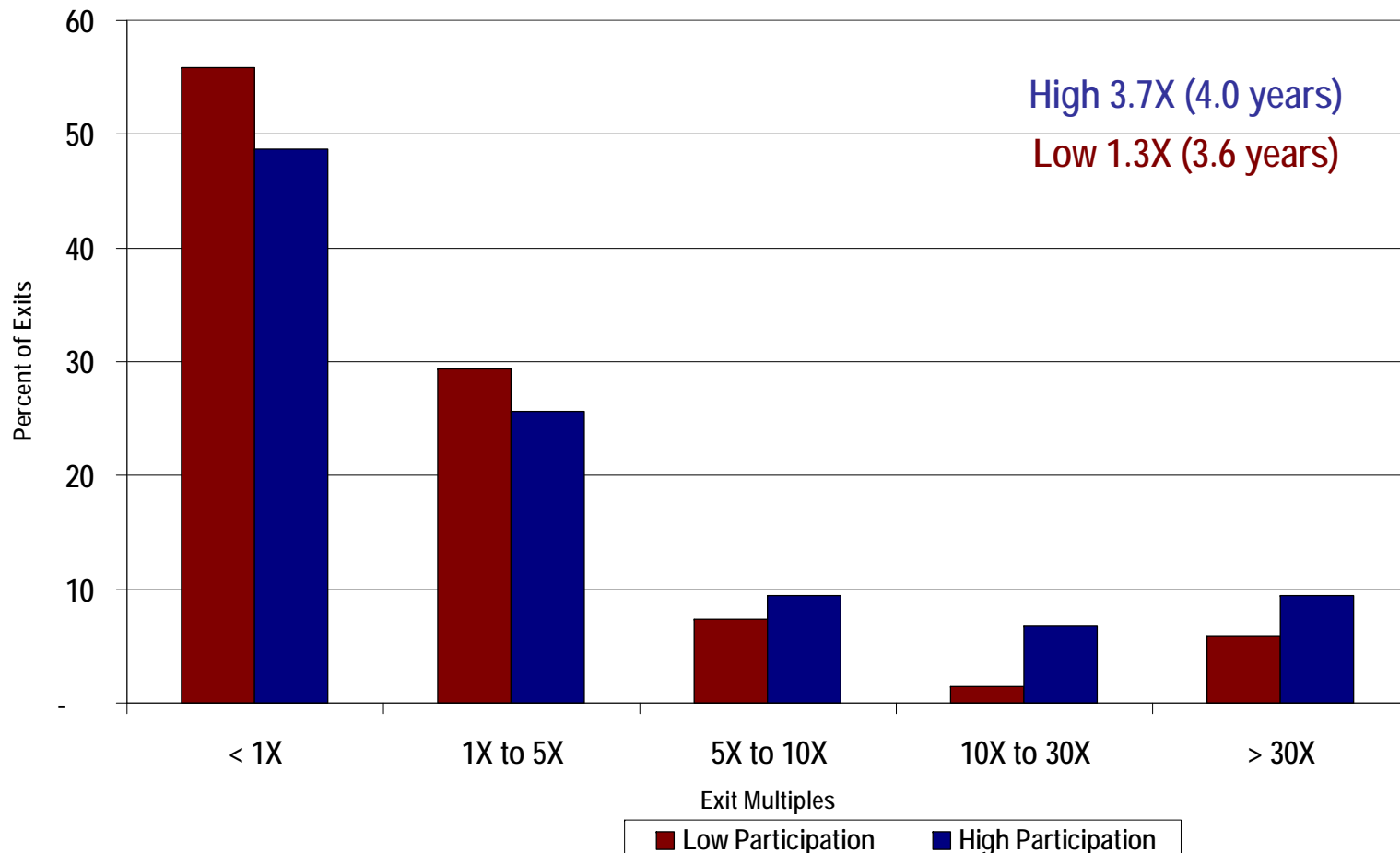
50% of deals were not related.
When related, they typically had 14
years of experience



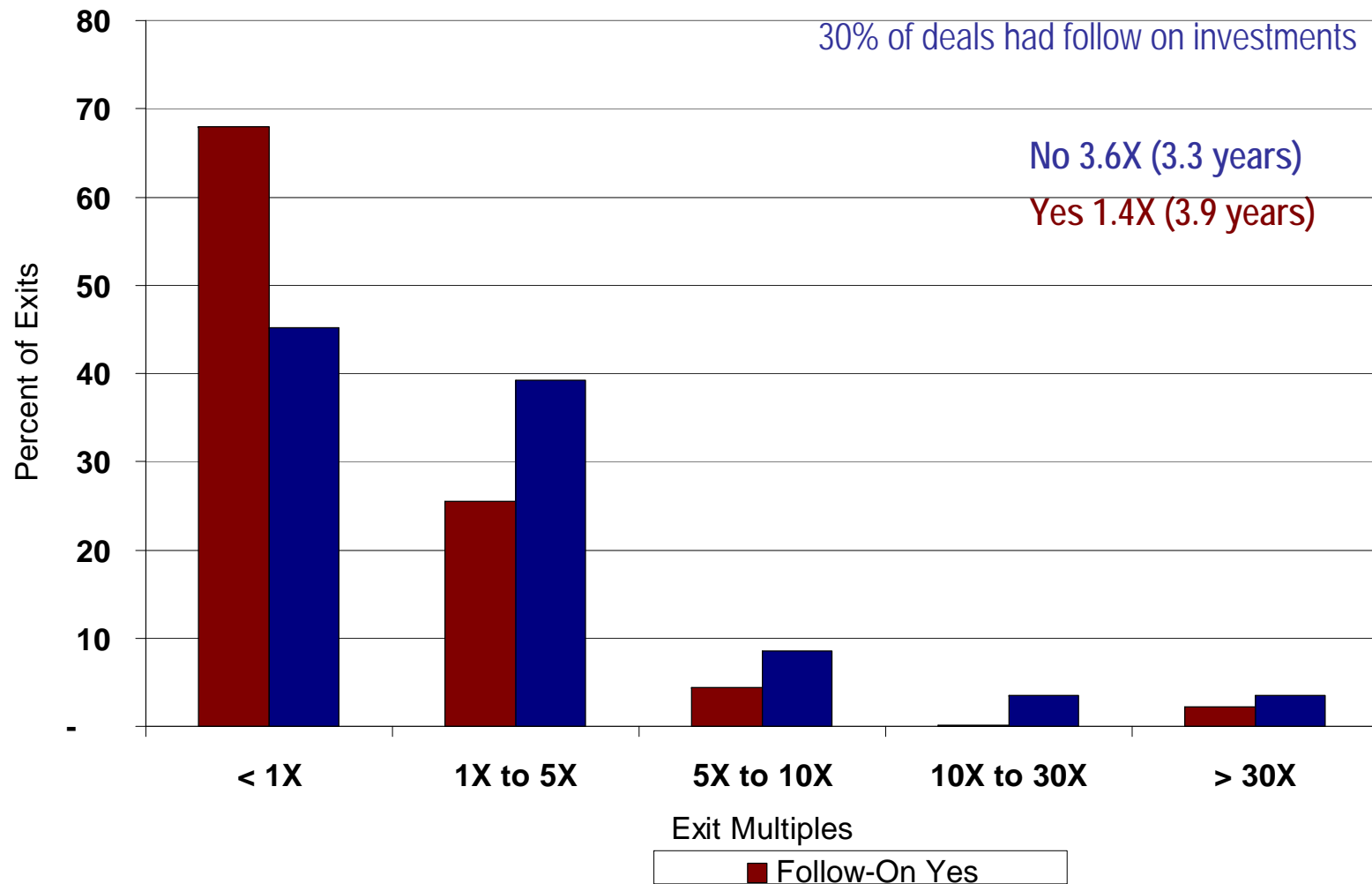
Impact of Participation

Mentoring, Board, Financial Monitoring

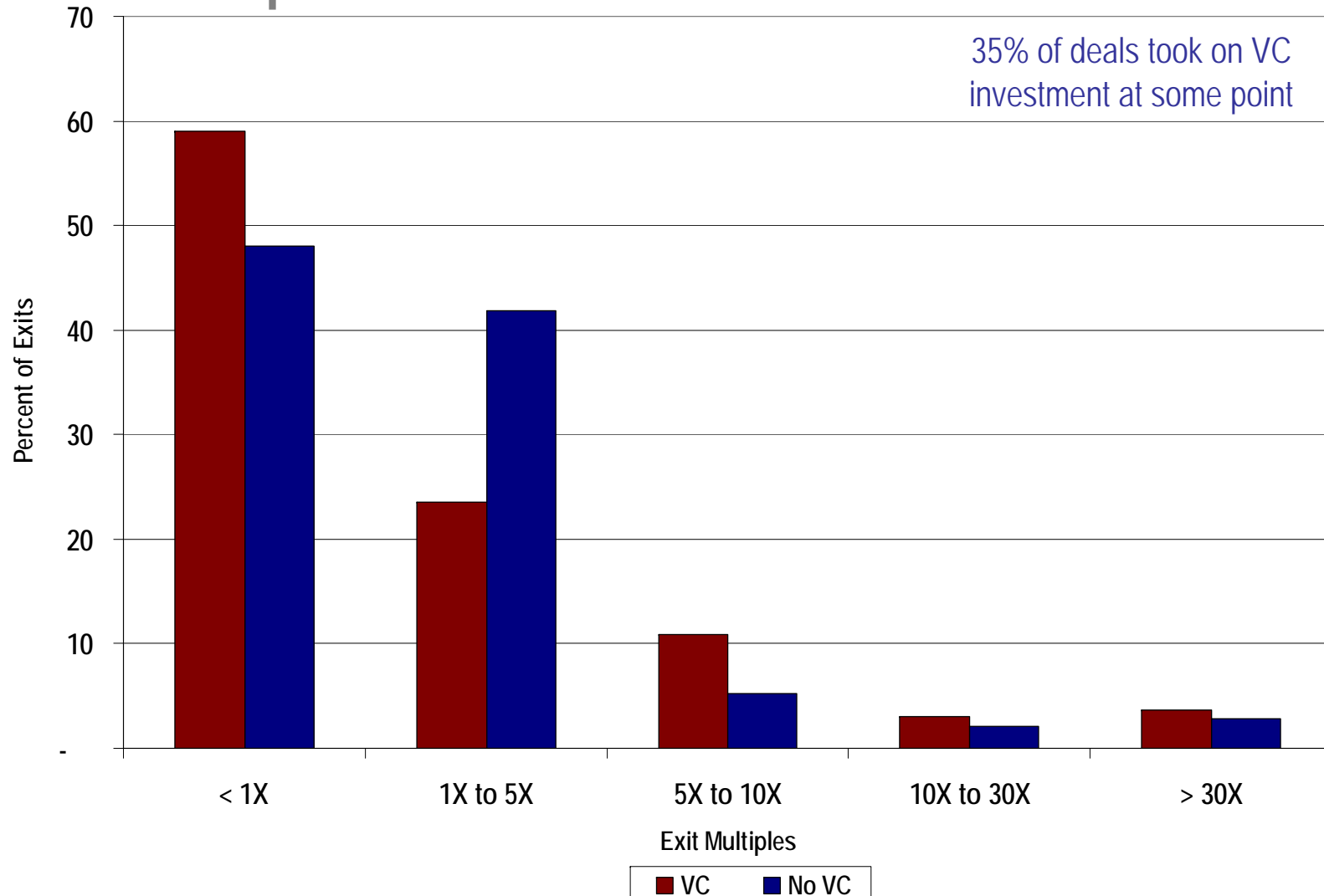
High = 1 or 2 times per month
Low = 1 or 2 times per year



Relationship with Follow On Investment (*Same Angel*)



Venture Capital Involvement



More Information

- Full study available on ACEF and ACA Web sites:
 - www.angelcapitaleducation.org
 - www.angelcapitalassociation.org
- Survey and masked dataset on Kauffman Web site:
 - www.kauffman.org/aipp
- BBAA and NESTA recently completed study for UK
- Rob Wiltbank and ACEF to work with EBAN for Europe