Greensboro, NC, April 27, 2017 – In 2016, direct investments reported from U.S. angel groups more than doubled from the year prior, according to the 2016 ARI HALO Report, released today by PitchBook and the Angel Resource Institute. This increase provides more clarity around investment trends of early-stage companies. Some of the highlights, agnostic to industry and geography, include:

- Pre-money early-stage valuations experienced a significant reduction from 2015, falling to $3.7 million from $4.6 million;
- The median round size for deals where angel groups co-invest with other investors in first round deals dropped to $950,000 from $1.6 million; and,
- Median deal size from angel groups reached $127,000.

Most of the trends relate to angel groups doing smaller first-time deals and concentrating their additional investment activity on follow-on rounds of their existing portfolio companies. In 2016, follow-on rounds accounted for 50.4% of deals funded by angel groups.

“Angel groups are recognizing the need to continue to support the best companies in their portfolios – follow-on funding from venture capital and other sources are not going to be available to every company,” said Troy Knauss, Co-Chairman, Research Committee for the Angel Resource Institute. “As a result, it’s important for angels to recognize the need to be ready to fund multiple rounds before making their first investment in a deal; otherwise, they are going to see a much higher failure rate. Texas, California, the Northeast and Southeast are the only regions where new deals outpaced follow-on rounds.”

Syndication continues to drive deal flow as startups look for additional funding from angel investors. Much of angel groups’ deals are done within their own region; however, those looking to diversify their portfolios are increasingly looking for opportunities outside of their regions. Groups located in the Northeast make roughly 7% of their investments outside of their region, while California groups make 43% of their investments outside their state.

Having access to the necessary resources and tools is crucial for the success of angel groups looking to invest outside of their region. Organizations like the Angel Capital Association are helping angel groups identify the best investment opportunities in other states.

“We are pleased to partner with the Angel Resource Institute on this project,” stated Christopher Mirabile, Chair, Angel Capital Association, and Managing Director, Launchpad Venture Group, “The HALO Report is a vital source of insight that sheds important light on the angel capital industry – an area of investing not well studied or understood, but which makes an enormous contribution to job growth, economic vitality and national competitiveness.”
California accounted for 30% of all angel funded early-stage deals in 2016, followed by the Southeast, New York, and the Northeast, all of which hovered around 10%. Angel groups invested in Software (34.3%), Healthcare (17.3%), B2B (13.0%), Internet & Mobile (11.2%), and B2C (10.3%). No other industry or sector generated more than a two-percent (2%) share in funded deals.

The HALO Report recognizes the most active groups in each region and ranks each nationally. In 2016, the most active angel groups included: Central Texas Angel Network (CTAN), Houston Angel Network, Hyde Park Angel Network, Alliance of Angels, Launchpad Venture Group, New York Angels, Blu Venture Investors, RTP Capital, Queen City Angels and St. Louis Arch Angels.

The most active angel groups with multiple locations or networks included Keiretsu Forum, Tech Coast Angels, Investors Circle, Golden Seeds, and Astia Angels.

“CTAN’s position in the ARI national rankings reflects the intense time and effort our members commit to startups," said Claire England, Executive Director of Central Texas Angel Network. "Beyond increased funding levels, we saw record investor participation in 2016, with a 40% growth in the number of members writing checks."

This year, the HALO Report provides an analysis of angel group investments by gender and race. As expected, male founders represented the bulk of funded deals:

- 58% of deals led or founded by white male entrepreneurs;
- 25% of deals led or founded by minority male entrepreneurs;
- 14% of deals led or founded by white female entrepreneurs; and,
- 3% of deals led or founded by minority female entrepreneurs.

The ARI Halo Report includes aggregate and regionalized analysis of investment activity by angels and angel groups and highlights trends in round sizes, location and industry preferences. Download the full report at ARI’s website, [angelresource.org](http://angelresource.org).

**About Angel Resource Institute (ARI)**
The Angel Resource Institute (ARI) is a 501(c)(3) charitable organization devoted to education, mentoring and research in the field of angel investing. ARI was founded by the Ewing Marion Kauffman Foundation, and is a sister organization of the Angel Capital Association, the professional association of angel groups in North America. The programs of ARI include educational workshops and seminars, research projects and reports, and information about angel investing for the general public. For more information, visit: [www.angelresourceinstitute.org](http://www.angelresourceinstitute.org) or at @AngelResource.

**About PitchBook**
PitchBook, a Morningstar company (MORN), is the industry’s leading resource for meaningful information about global VC, PE and M&A activity. PitchBook empowers over 2,000 clients to make the most informed business decisions by providing them with the highest quality information on the entire investment lifecycle through its flagship product, the PitchBook Platform. This award-winning, web-
based platform features a powerful suite of integrated technology that meets the diverse, data-driven needs of the private markets. For more information about PitchBook, please visit www.pitchbook.com.

About Angel Capital Association (ACA)
ACA is the professional association of angel investors across North America and offers education, best practices, public policy advocacy, and significant benefits and resources to its membership of more than 13,000 accredited investors, who invest individually or through its 250 angel groups, accredited platforms, and family offices. For more information, visit: www.angelcapitalassociation.org or at @ACAAngelCapital; #ACAAngelSummit.

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