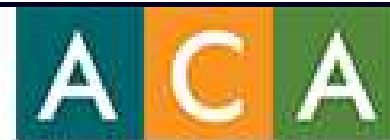




NACO

National Angel
Capital Organization



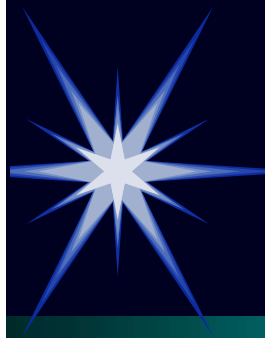
ANGEL CAPITAL ASSOCIATION

Overview on Angel Investing in Canada & the USA

Mike Volker

6 April 2018





Who's An Angel?



ANGEL: a term borrowed from Broadway
(successful “stars” helping “starlets”)

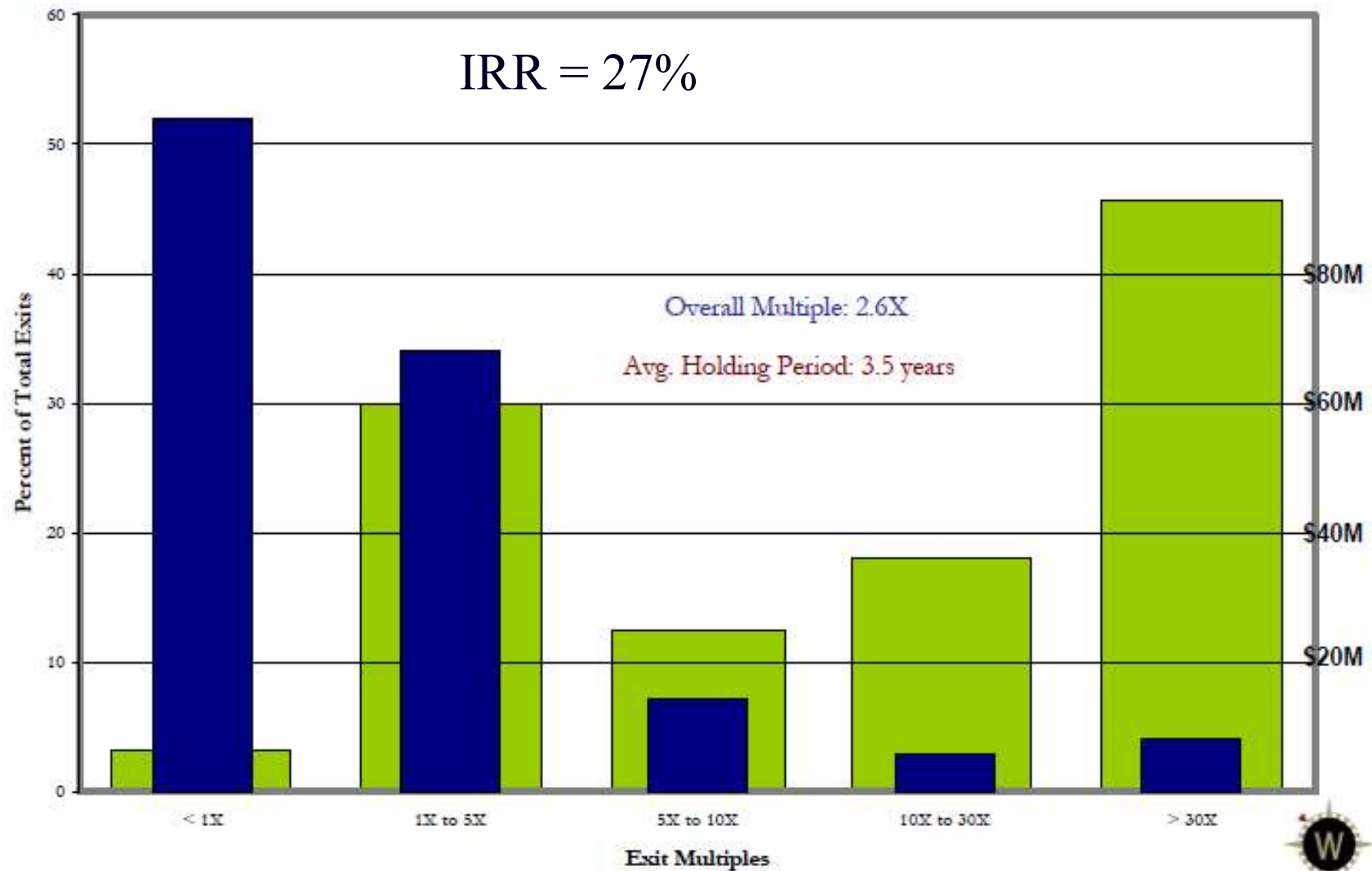
An Angel:

- *is an “Exempt” Investor (“Accredited Investor” = millionaire)
- *is a been there, done that entrepreneur
- *invests Own Capital, \$25K-\$1M+ (Median: \$25,000)
- *is a Coach & mentor with connections

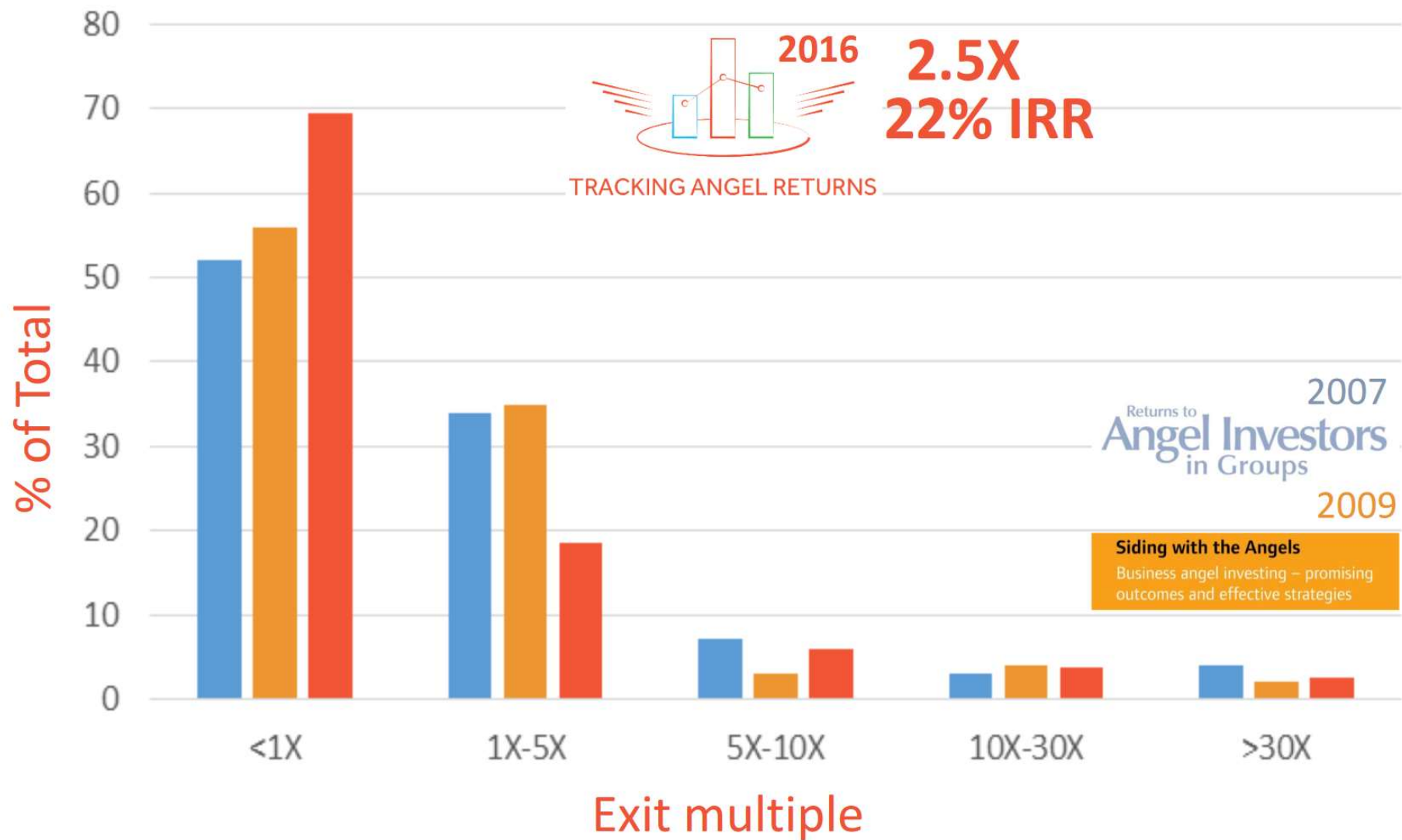
ANGELS are a MINORITY (<<5% of population)

ANGEL RETURNS – USA & Canada (2007)

Distribution of Returns by Venture Investment

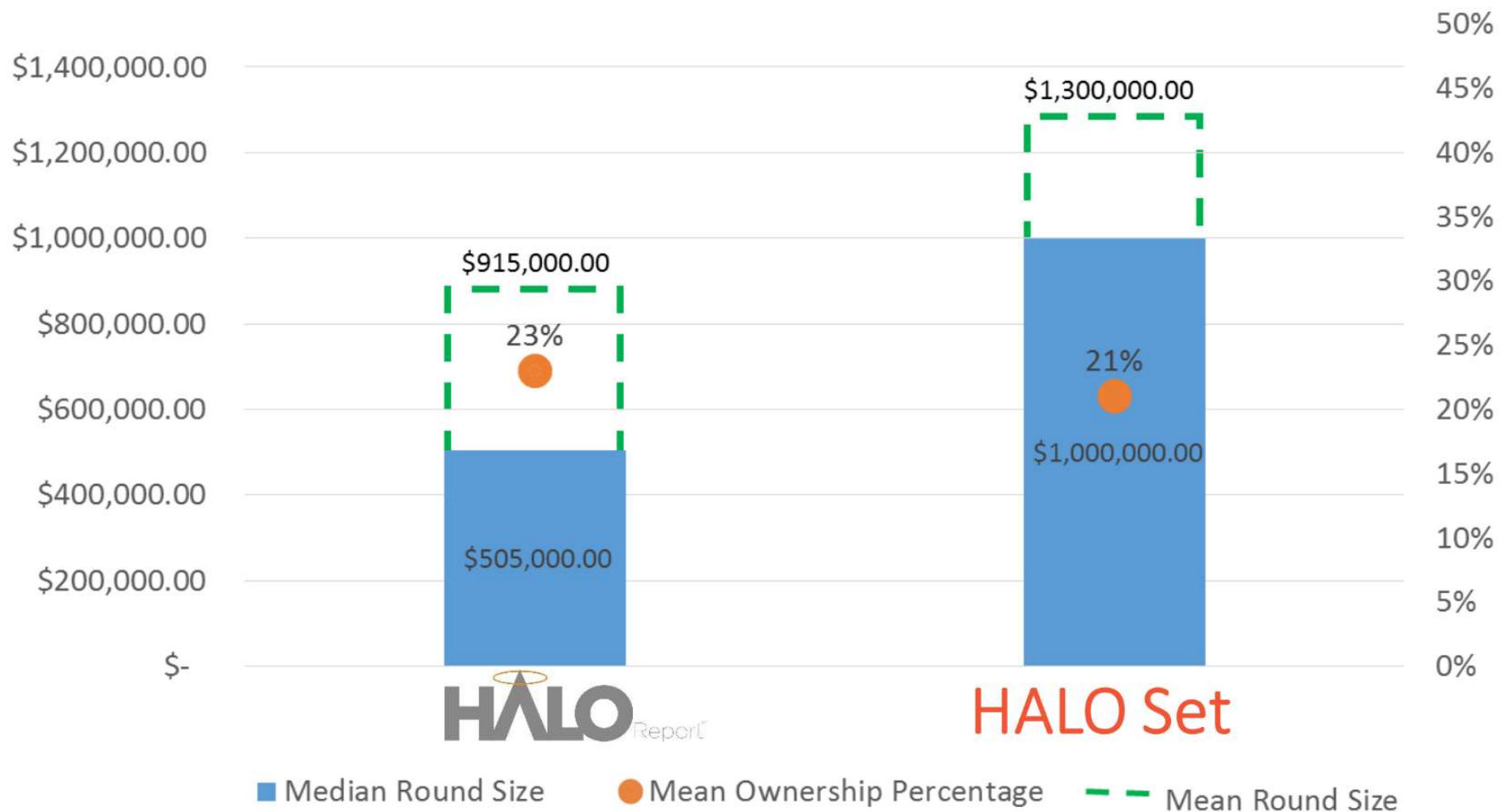


Distribution of Outcomes



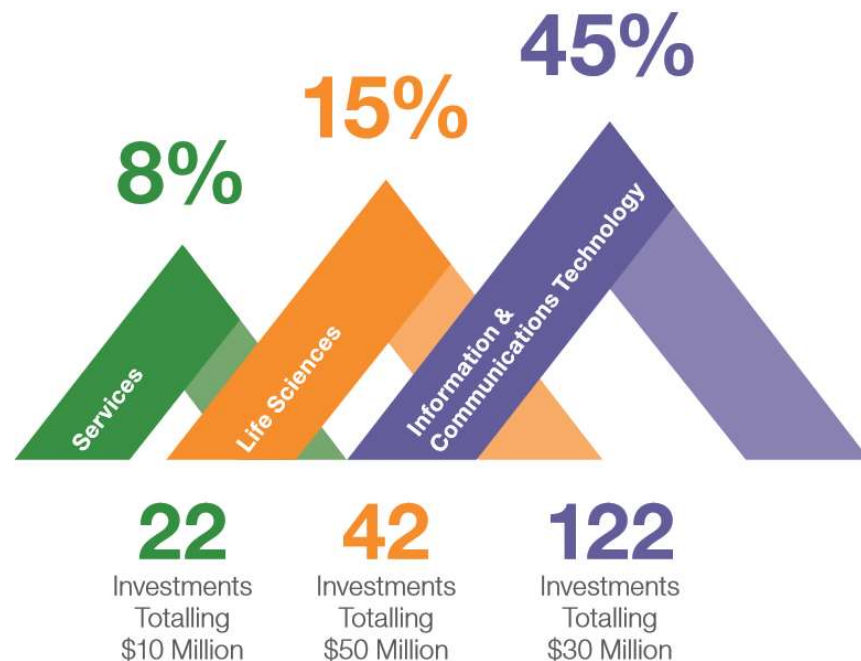
Round Size & Ownership Percentage in first round with angels only

As valuation climb, so too does round size, resulting in a fairly stable % of equity owned post an early stage venture round.

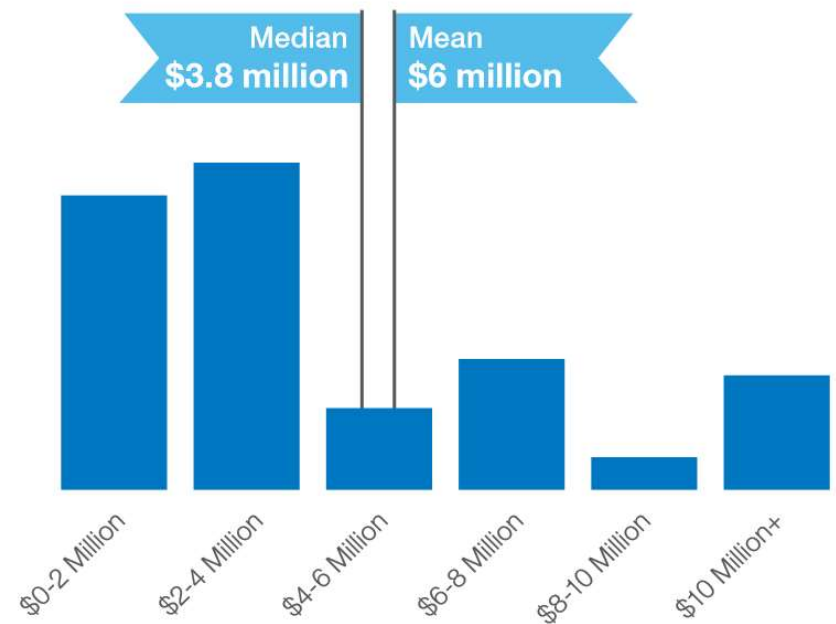


Canadian (NACO) Survey

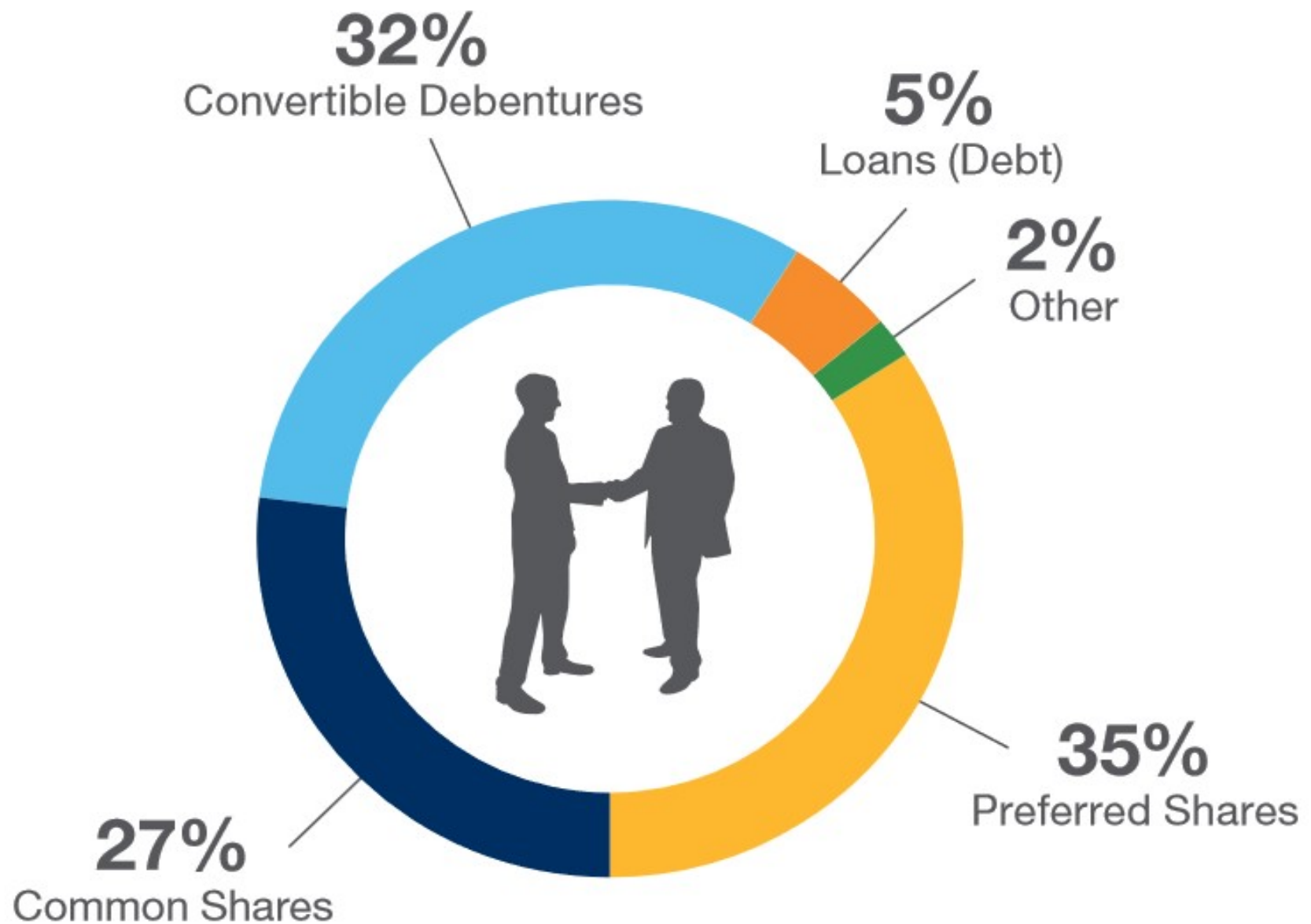
Top 3 Industry Sectors

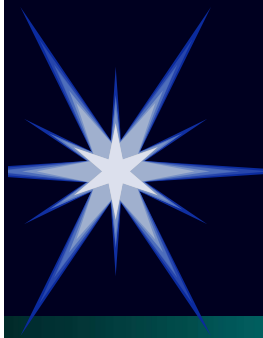


Median and Mean Valuation



Deal Structure

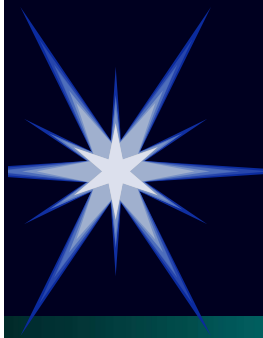




Key Points

- ❑ Overall cash-on-cash multiple= 2.5X
- ❑ Holding Period=4.5 years (AVG)
- ❑ IRR = 22%
- ❑ 10% of exists generated 85% of all cash
- ❑ Failure rate = 70%
- ❑ Median investment <100%; Mean = 250%
- ❑ In other words, it's a gamble





Key Success Factors

- Due Diligence
- Post Investment Support
- Broad, diversified portfolio (>40 deals)
- Luck!



Canadian Successes

(Angel-backed)



Daiya Foods	\$405M
Zymeworks	\$400M (IPO)
Avigilon	\$1 Bn (US)
Shopify	\$1.3 Bn (IPO) now \$16 Bn
Bitstew	\$207M
Recon Instruments	\$175M
Skip the Dishes	\$200M
Flickr	\$30M?
Slack	>\$1Bn?



American Successes

(Angel-backed)



AppDynamics acquired by Cisco for \$3.7 billion

Chewy acquired by PetSmart for \$3.35 billion

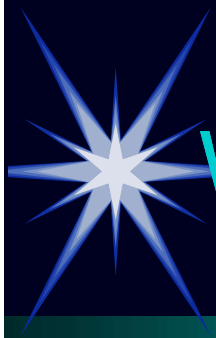
Musical.ly acquired by Beijing Bytedance Technology Co. for up to \$1 billion

Moat acquired by Oracle for \$850 million

Shipt acquired by Target for \$550 million

NuTonomy acquired by Delphi for \$450 million

Trello acquired by Atlassian for \$425 million



What's Hot

Canada has leadership advantages in:

Cannabis

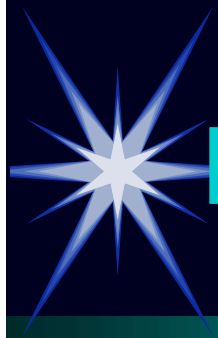
Blockchain & Cryptocurrencies



USA has leadership advantages in:

AI (Artificial Intelligence)

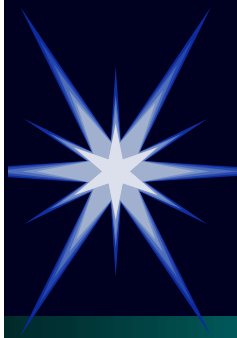
IoT (Internet of Things) and BloT



Foreign Investors in Canada & USA

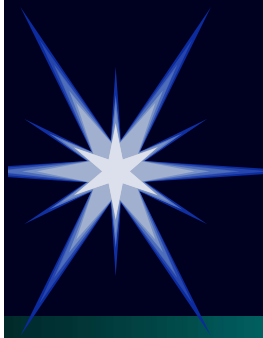
- Must comply with Provincial Securities Regulations
- Must be Accredited Investors
(i.e. >\$1M in liquid net assets)
- Complete standard subscription agreements
- Size of investment may be constrained by foreign government (e.g. China)

In other words: VERY EASY. NO PROBLEM



How to Invest in Canada & USA

- Connect with other Angels
- Conferences (eg ACA, NACO summits)
- International Angel Groups
- Angel Funds
- CSE Canadian Stock Exchange:
The Exchange for Entrepreneurs!



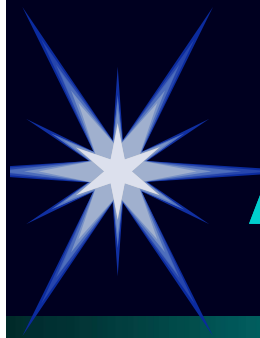
International Networks



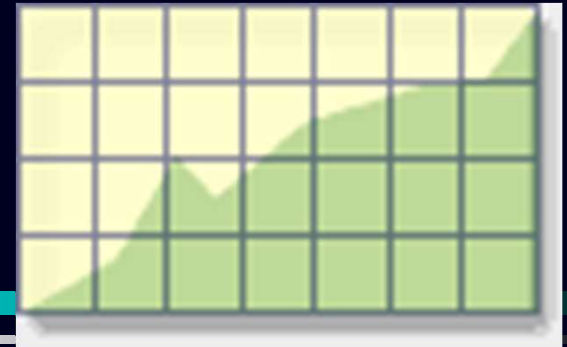
- Example: Keiretsu Forum
www.keiretsuforum.com

- 52 chapters (e.g. Barcelona, Madrid)





Angel Funds

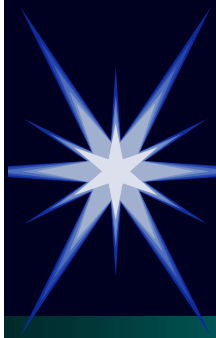


- Good way to start
- Connect with Start Ups & Angels
e.g. <https://angel.co/syndicates>
- Buy into a portfolio
- Team Due Diligence
- Co-Investing opportunities

WUTIF.ca

E-FUND.ca





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