



THINKING OF INVESTING IN A START UP?

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ANGEL INVESTMENT IS AN EARLY-STAGE INVESTMENT INTO STARTUP COMPANIES IN EXCHANGE FOR EQUITY OR DEBT. ANGEL INVESTMENT SUPPORTS PROMISING FOUNDERS AND HAS THE POTENTIAL TO EARN A SIGNIFICANT RETURN ON INVESTMENT UPON SUCCESSFUL EXIT.

INNOVATIVE
TECHNOLOGY

7-9 YEAR
INVESTMENT

30-50%
TAX RELIEF

HIGH RETURN
POTENTIAL

WHEN CAN YOU EXPECT AN EXIT?

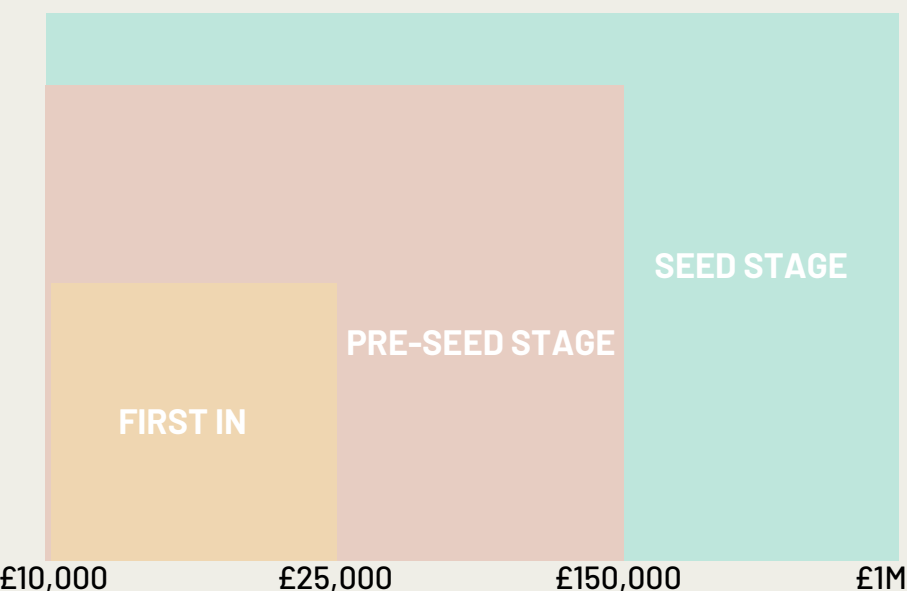
- ON AVERAGE, THE STARTUP LIFECYCLE LASTS BETWEEN 7-9 YEARS (IT WAS 5-7 YEARS PRE-PANDEMIC), THOUGH IT CAN BE SHORTER OR LONGER.

- FACTORS THAT CAN INFLUENCE THE EXIT TIMING ARE MARKET CONDITIONS, COMPANY PERFORMANCE, NATURE OF THE EXIT, AND STRATEGIC OPPORTUNITIES.

THE COMMON TYPES OF INVESTMENTS

- **CONVERTIBLE LOAN NOTES (CLNS):** DEBT THAT CONVERTS INTO EQUITY AT A LATER DATE, USUALLY AT A DISCOUNT.
- **EQUITY:** OWNING SHARES OR A PERCENTAGE OF THE COMPANY.
- **SIMPLE AGREEMENT FOR FUTURE EQUITY (SAFE):** AGREEMENT THAT GIVES THE INVESTOR THE RIGHT TO PURCHASE SHARES IN A FUTURE PRICED ROUND.
- **DEBT:** LENDING MONEY TO THE STARTUP, TO BE PAID BACK WITH INTEREST.

TYPICAL CHEQUE SIZES



WHAT WILL YOUR MONEY BE USED FOR?

- PRODUCT DEVELOPMENT
- GROWING THE TEAM, HIRING KEY PERSONNEL
- MARKETING AND CUSTOMER ACQUISITION
- PLANT AND MACHINERY
- RESEARCH AND DEVELOPMENT
- PATENT APPLICATIONS AND LICENCES



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DISCOVERY

- IDENTIFYING POTENTIAL STARTUPS TO INVEST IN, OFTEN THROUGH NETWORKING EVENTS, PITCH EVENTS, ACCELERATORS, AND ONLINE PLATFORMS.

EVALUATION

- CONDUCTING DUE DILIGENCE, ASSESSING THE TEAM, MARKET, PRODUCT, AND FINANCIAL PROJECTIONS.

NEGOTIATION

- AGREEING ON THE TERMS OF THE INVESTMENT THAT BENEFIT YOU AND THE FOUNDING TEAM.

MENTORING

- SUPPORTING THE STARTUP IN IT'S GROWTH PHASE, POTENTIALLY THROUGH MENTORSHIP, NETWORK INTRODUCTIONS, AND STRATEGIC ADVICE.

Exit

- IDEALLY REALISING RETURNS ON INVESTMENT THROUGH AN ACQUISITION, MERGER, OR IPO OF THE STARTUP.

JOURNEY OF AN ANGEL INVESTOR

RISKS & REWARDS

- ANGEL INVESTING CARRIES HIGH RISK BUT ALSO POTENTIAL FOR HIGH REWARD.
- MAJORITY OF STARTUPS FAIL, BUT SUCCESSFUL EXITS CAN YIELD SIGNIFICANT RETURNS.
- DIVERSIFYING ACROSS MULTIPLE INVESTMENTS CAN MITIGATE RISK.
- JOINING A SYNDICATE AGREEMENT CAN DO A LOT OF THE HARD WORK FOR YOU AND GIVES YOU ACCESS TO MORE DE-RISKED DEALS.



TYPES OF ANGEL INVESTORS



BOARD MEMBERS:

ENGAGE AT A STRATEGIC LEVEL AND OFTEN HAVE A SEAT ON THE STARTUP'S BOARD.



HANDS-ON:

ACTIVELY INVOLVED IN DAY-TO-DAY ADVISORY, OFFERING REGULAR GUIDANCE AND RESOURCES.



HANDS-OFF:

PRIMARILY FINANCIAL CONTRIBUTORS, TRUSTING THE ENTREPRENEUR TO MANAGE THE BUSINESS.



SYNDICATE MEMBERS:

INVEST AS PART OF A GROUP, OFTEN LED BY A LEAD INVESTOR WHO MAY TAKE A MORE HANDS-ON APPROACH.

KEY TRAITS OF SUCCESSFUL ANGEL INVESTORS

- **NETWORKED:** HAVE CONNECTIONS TO OTHER INVESTORS, MENTORS, AND INDUSTRY EXPERTS.
- **SAVVY:** UNDERSTAND MARKET TRENDS AND HAVE A KNACK FOR SPOTTING POTENTIAL.
- **PATIENT:** RECOGNISE THAT STARTUP GROWTH AND EXIT OPPORTUNITIES CAN TAKE TIME.
- **SUPPORTIVE:** WILLING TO OFFER ADVICE, INTRODUCTIONS, AND RESOURCES.

HOW LIKELY AM I TO MAKE MY MONEY BACK?

- YOU SHOULD ONLY INVEST THE MONEY YOU CAN AFFORD TO LOSE.

- INVESTING UNDER SEIS/EIS TAX BENEFITS GETS YOU 30-50% TAX RELIEF ACROSS EARLY STAGE INVESTMENTS.

- ANGEL INVESTORS ARE ENCOURAGED TO SPREAD INVESTMENT ACROSS A NUMBER OF OPPORTUNITIES TO INCREASE CHANCES OF SUCCESS.

- FOR A PORTFOLIO OF 10 INVESTMENTS, ON AVERAGE 1-2 WILL BE BIG SUCCESSSES, 3-4 WILL GIVE MODERATE RETURNS AND 4-5 WILL YIELD LOSSES.

- BY HAVING A BROAD PORTFOLIO, INVESTORS INCREASE THEIR CHANCES OF HAVING A FEW BIG WINNERS THAT CAN COMPENSATE FOR THE INEVITABLE LOSSES.

30-50%
TAX RELIEF

BROAD
PORTFOLIO

TO FIND OUT MORE ABOUT ANGEL INVESTMENT OPPORTUNITIES VISIT

WWW.RAISESTARTUPS.CO.UK

TO FIND MORE ON G+P VISIT BELOW

WWW.GRAYANDPRESS.CO.UK