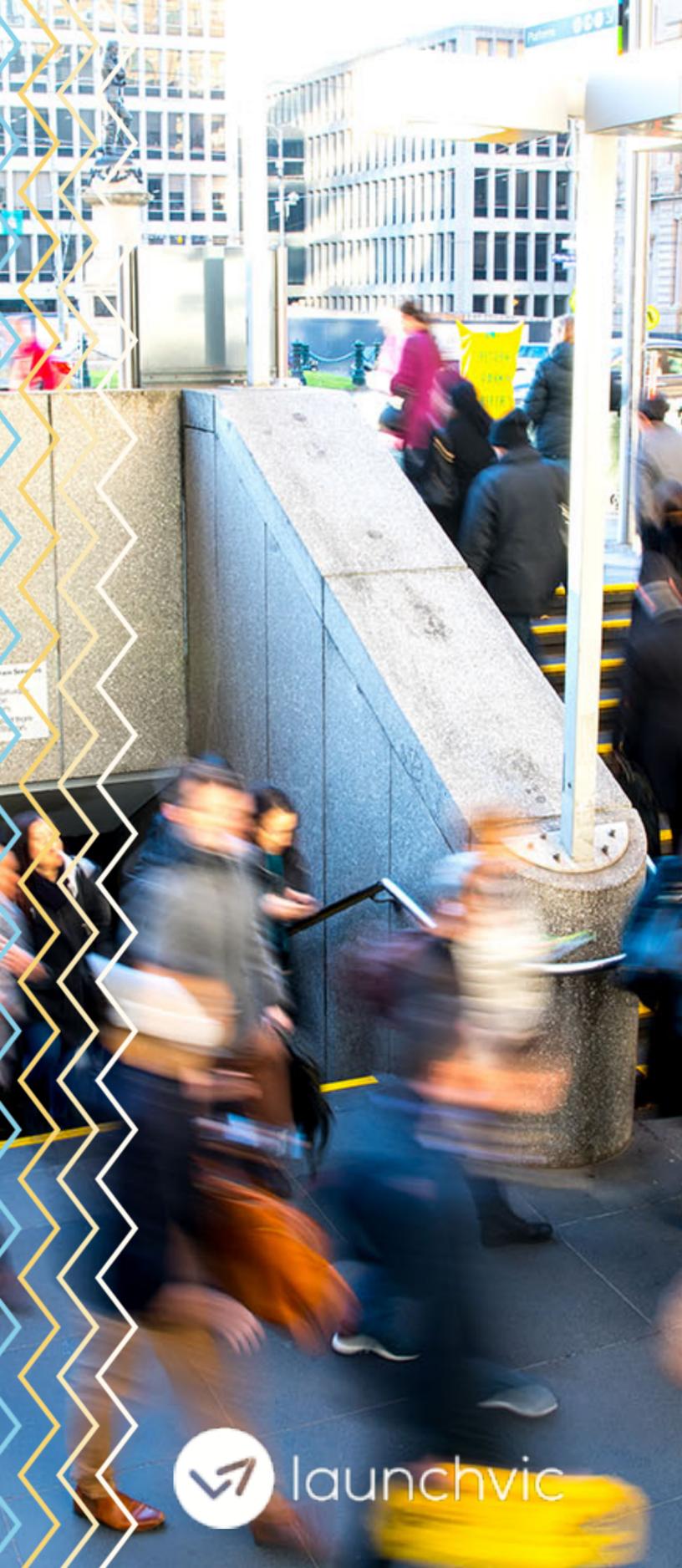


Best Practices for Angel Networks

This presentation is a summary of the report, commissioned by LaunchVic and conducted by Bella Private Markets, into the key trends and best practices of the global angel investment market.



Introduction



The Victorian startup ecosystem is a significant contributor to the Victorian economy. Currently valued at \$3.4billion, it delivered 40 per cent growth in economic value over the last 12 months.

Whilst this growth is impressive, too many of our promising startups are dying premature deaths due to a lack of early stage funding. For the Victorian Startup Ecosystem to become a globally recognised startup hub. LaunchVic has identified 'Building a Robust Investor Community' as a strategic imperative.

To better understand how we could achieve this goal, LaunchVic commissioned Bella Private Markets to deliver 'Best Practices for Angel Networks', a deep dive into the global investing landscape, with recommendations for newly-formed and seasoned angel investors alike.

This presentation provides an overview of the angel report's key themes, with the full report providing a comprehensive assessment of:

- The role angel groups play in a healthy startup ecosystem
- Global and Australian investing trends
- Considerations when setting up an angel group
- Guidelines for establishing investment processes
- Post-investment angel involvement

I hope this overview inspires you to learn more about angel investing. Details on how you can receive a full copy of the report are provided at the end of this presentation.

Dr. Kate Cornick, LaunchVic CEO



2017-2018 seed and angel investment per capita was \$3.60 for Australia, \$5.14 for New Zealand and \$12.01 for the United Kingdom.



What is an angel investor?

An accredited investor who invests her or his personal capital in early stage, potentially high-growth companies, usually in exchange for convertible debt or ownership equity.

What role does an angel investor play in a startup ecosystem?

Angels play an important role in the early-stage funding space, providing:

- Money – between \$100k and \$1m
- Mentorship – often considered more important than financial support
- Networks and connection – can act as stamp of approval for other investors
- Advice on establishing processes – provides management advice to entrepreneurs who are often inexperienced at running a business

Why do angel groups have advantages over individual angels?



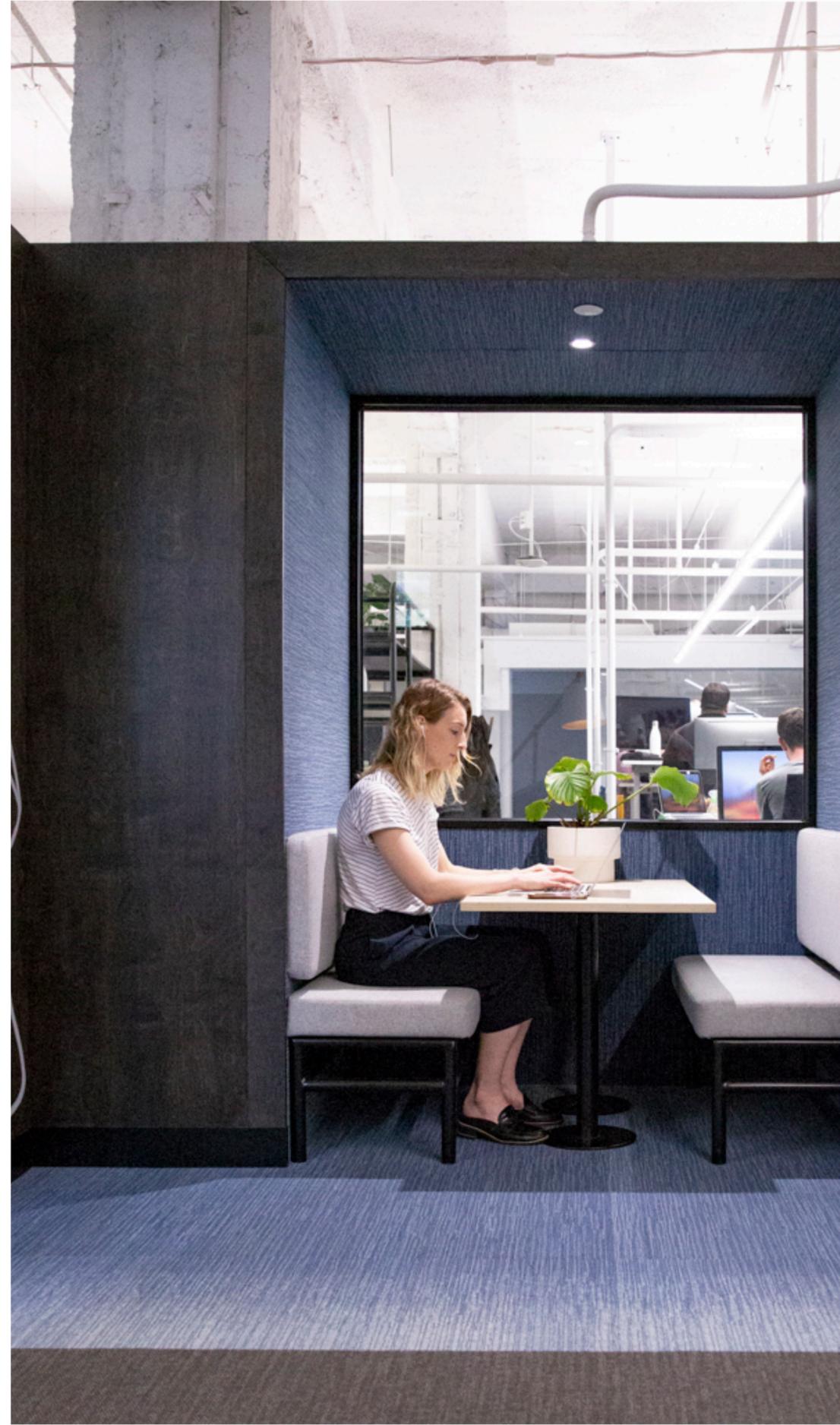
- Pool of capital to make larger investments
- Diversify through smaller investments in several ventures
- Shared costs of due diligence
- Increased visibility, providing better deal flow
- Access to expertise of other sophisticated, active angels and angel networks
- Superior decision making

What are the risks associated with angel investing?



- Angel investing will always be risky. It is important for new angels to accept the risk or follow a different strategy.
- A clear way to mitigate risk is to invest in more companies. Angel investing will always be risky so it is important for new angels to accept the risk.

So why do angels invest at all?



- Interested in keeping in touch with innovation and new technologies
- Giving back to their communities
- Introducing riskier assets into their portfolio
- Making money while also being involved in the interesting and always exciting startup ecosystem

Angel funding has a significant positive impact on startup success.

Probability of successful exits: +9-11% greater probability

Number of employees added: +16-20% more on average

Probability of obtaining financing: +70% greater probability

“Angel investors play a critical role in the startup ecosystem. We have developed *Best Practices for Angel Networks* to help speed their development and adoption of best practices and thus achieve their fullest potential.”

Dr Josh Lerner, Managing Partner, Co-Founder Bella Private Markets

Email hello@launchvic.org for your copy of the full report which includes a comprehensive assessment of:

- The role angel groups play in a health startup ecosystem
- Global and Australian investing trends
- Considerations when setting up an angel group
- Guidelines for establishing investment processes
- Post-investment angel involvement