



Why and How I Angel Invest

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Purpose: Help **Bruin Angels** fund UCLA Anderson's first unicorn

Goal Today: Share my experience to help you in your Angel Investor Journey to help us get there



Agenda

- About Me
- How I Got Into Angel Investing
- Why I Invest
- Power Law of Investment and Risk
- Evaluation and Due Diligence

About Me

- Day Job: Product Management
 - Worked SF, LA, New York, and Taipei in tech companies large and small, including big corporate and start-ups
- Epic Angels Investment Committee and Investor
- UC Davis Alumni Association Board Directors, UCAN Member, UCLA Anderson Mentor



*I'm just another professional who has done well thanks to my UC education and want to both **diversify my investments** and **make impact**.*

How I Got Into Angel Investing

A friend introduced me to **Epic Angels**, a women-only network of over 750 executives that invest via syndicate model in early-stage startups lead by women

Epic Angels is a powerhouse network of angel investors, revolutionizing & democratizing angel investing. Globally the largest female-only angel investor network, investing in APAC and LATAM.

Epic Angels democratizes angel investing by giving you access to deals, lowering barriers to entry, and building confidence through education & peers.



Investor Thesis: Why and How I Invest



Your investment journey

Why angel investing? 🌟

What drives you to be an angel investor?

- Driving change & impact

What change do you want to see in the world?

- More female-run companies & tech

How do you want to contribute to that change?

- Funding & Mentorship

Your value & growth 🌱

What unique expertise do you bring?

- Product delivery
- Product management
- Complex infra products

How can your network benefit founders?

- Functional leaders

What do you want to learn through investing?

- Opportunity evaluation & growing network

Investor Thesis: Why and How I Invest



Investment strategy

Return & impact balance

- ☒ Seeking both strong returns (10x+) and meaningful impact
- ☒ Focus on transformative impact with good returns (5-10x)
- ☒ Impact first, though returns are welcome (1-3x)
- ☒ My main goal is supporting positive change
- ☐ Other: _____

Risk appetite

Safe & steady  Big bold bets

Investment parameters

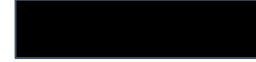
Annual investment budget:



Per deal amount:



Reserved for follow-ons:



Timeline:

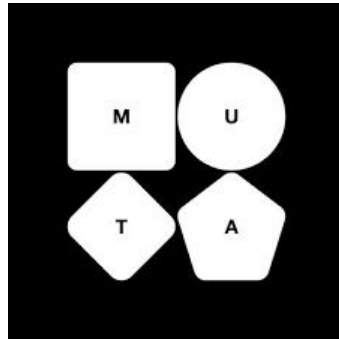
Number of investments per year: 3-4

Investment horizon: 10 yrs

My Investments



Salva Health





Every Investor Should Have Their Own Investment Thesis

- Your Why
- Value and Return Expectations
- Risk Appetite
- Budget
- How Can You Help as an Investor
- Other Personal Parameters

Risk and Power Law of Investing

Most angels keep their involvement in startups to a small percentage of their [portfolios](#). More experienced investors averaged 15%, while less experienced investors averaged only 7%. Only about 5-10% of angel investments will ever be profitable. ^[2]

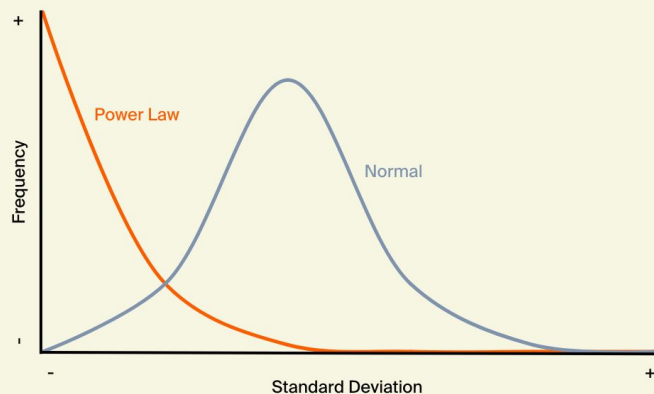
Angel investors connect with startups in need of cash through a variety of paths, including:

- Angel groups or networks
- Friends and associates
- Online or [crowdfunding](#) platforms
- Direct contact with entrepreneurs ^[2]

[Angel Investor: Definition and How It Works](#)

We don't invest in a normal world

Power Law Distribution vs. Normal Distribution



[Angel Investing 101 | Open Source VC | Airtree Ventures](#)

Deal Flow and Start-up Selection



How I Evaluate and Do Due Diligence



Qualitative

- Is what they're doing solving a real problem?
 - Avoid Solutions (often shiny new tech) looking for Problems
- Does the Founding Team pass the Cupcake and Refer a Friend test?
- Do I believe the Founding Team has what it takes to carry out their vision, pivot if necessary to succeed, and make me money?
 - Does executive team complement each other and trust each other?
- Does the mission and product make the world a better place?
- Do I understand and believe their unfair advantage/moat?



How I Evaluate and Do Due Diligence



Quantitative

Due Diligence ≠ Knowing Everything.

“Too many variables (country, industry) for a single scorecard → Learn to rely on your instincts”

-  Trying to get you lost in a data room = hiding something
 - Are balance sheets, PnL, Cap Table, and other financials and docs recent?
-  Personnel costs moving erratically. Payroll evolution vs revenue. Who are they hiring? Who's next?
- Early traction vs industry benchmarks? Is the market big enough (sufficient TAM)? Is there an exit potential?
 - Need an obvious path at earliest stages to \$1MM revenue
 - T2D3 example for tech startups: *Triple twice, double three times*
- Cap Table
 - Founders should have ~50% in series A
 - Very long cap table with very little equity, not sustainable. Too many friends and family
 - Overexposure to one or few investors. Take a look at anyone over 10%



My Key Guidelines and Takeaways

- ✓ Investing in your why and people you believe will succeed. Also helps soften the blow from the Power Law when start-ups inevitably fail
- ✓ Trust your instincts. No single scorecard or heuristic fits all deals
- ✓ Community and education lower barriers. You don't have to do this alone

Think in the next.

UCLA Anderson

Let's Fund That Unicorn Together!

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Think in the next.