

WBAF Publication House

An Institute of the World Business Angels Investment Forum
An affiliated partner of the G20 Global Partnership
for Financial Inclusion (GPFI)



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WBAF PUBLICATION HOUSE

CHECKOUT

AUTHORS

WBAF
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Increasing financial inclusion with valuable knowledge

The current highly competitive economic environment means that scaling up a business demands special skills of entrepreneurs and investors, who are obliged to secure financing as quickly as possible. Yet finance alone is not sufficient to create global success stories.

Today's entrepreneurs and investors need a complex set of skills to move their innovative ideas into the market and to ensure they succeed.

The WBAF Publication House aims to contribute to the development of skills and expertise, to assist in the business transformation of private and public entities, and to foster the kind of creative thinking that leads to innovation and eventual success in the ever-changing market environment of the 21st century.

The books and magazines of the WBAF Publication House are well-suited for university students, academics, and professionals (including CEOs) from listed companies—and virtually anyone with an entrepreneurial background, including directors of business angel networks, acceleration and incubation centres and technoparks. They also address the needs of a wide range of individuals: those who want to set up a business angel network or create a business angel investment group; corporate executives who manage innovation and corporate ventures; early-stage capital fund managers; M&A and business development executives; family office investment managers; entrepreneurs who are raising capital or planning exit strategies; successful entrepreneurs interested in becoming an investor

or advisor; members of boards of directors; policymakers wishing to encourage the creation of clusters of innovation in their region; service providers; and attorneys, accountants, and consultants.

They are valuable resources for governments and policymakers as they navigate the world of investing and entrepreneurship. They also provide a foundation for informed policy decisions that affect the angel investment, start-up, innovation, and entrepreneurship ecosystems in their respective economies.

Finally, I would like to highlight that the ultimate mission of the WBAF Publication House is to promote WBAF's own ethos and agenda, namely, to ease access to finance, to increase financial inclusion, to promote gender equality, to enhance digital inclusion, and to create more jobs and social justice worldwide.

By working together across borders, with a common vision, and with these smart dynamics in mind, we are well placed to bring about positive change in the global economy.

Yours Sincerely,



Baybars Altuntas
Executive Chairman,

World Business Angels Investment Forum
An affiliated partner of the G20 Global Partnership
for Financial Inclusion (GPFI)

Qualified Angel Investors Coursebook

This course book has been written to guide students of angel investment and new angel investors to help them understand every aspect of angel investment. It has also be written to guide governments and policy makers through the world of angel investing and to help them to make aimproved policy decisions about the angel investment market in their own economies.

The structure and contents of Qualified Angel Investors Coursebook is based on over 30 years of experience in the angel investment market, including the authors’ own angel investing experience. It is also based on the experiences of the thousands of angels and their investments in the last two decades. It is aprogramme on angel investing. It includes case studies, questions and exercises at the end of each chapter to help those using this book as part of an angel investing teaching programme. On the website www.wbaforum.org you can find teaching notes and more case studies, questions and exercises.

The Qualified Angel Investors Course is a complete course in angel investment developed by experienced angel investors with a wealth of international experience. It covers all the key issues associated with angel investing and can be used in a taught programme or for self-education. The material includes illustrative case studies, and each chapter finishes with a set of study questions and practical exercises. The course consists of five levels, from elementary to advanced.



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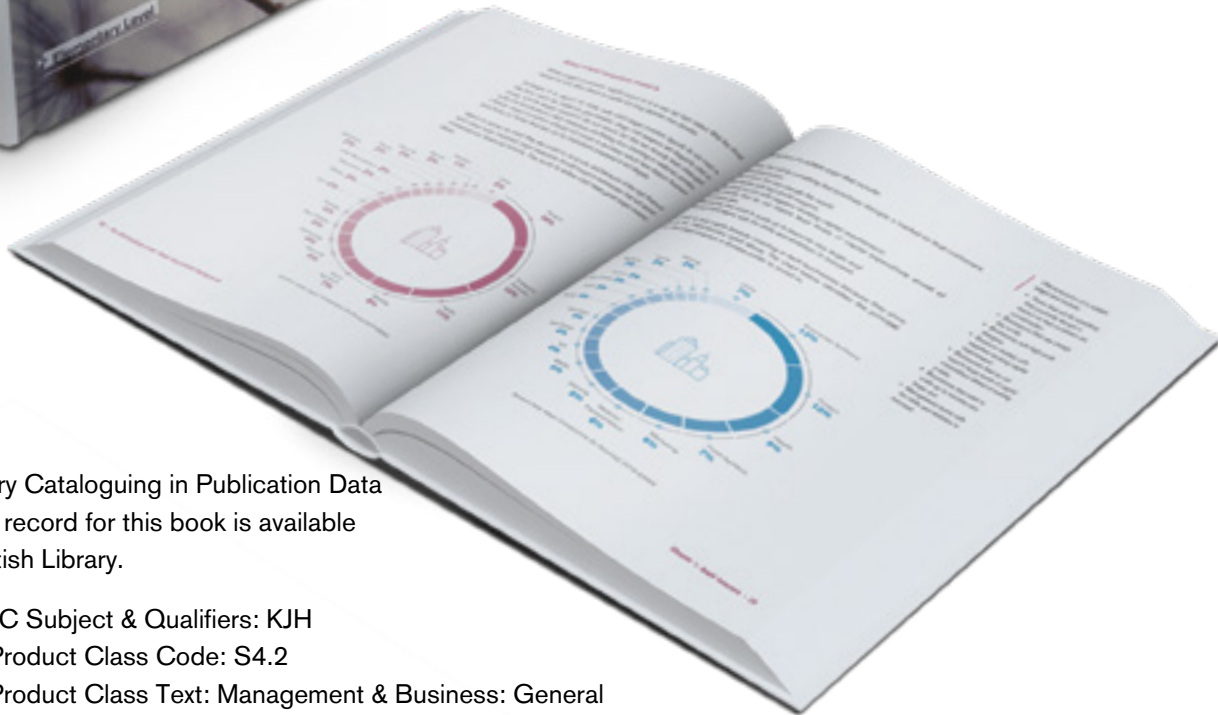
ISBN 978-1-914946-00-4



Entrepreneurship Coursebook

This course book has been written to guide students of angel investment and new angel investors to help them understand every aspect of angel investment.

The Qualified Angel Investors Course is a complete course in angel investment developed by experienced angel investors with a wealth of international experience. It covers all the key issues associated with angel investing and can be used in a taught programme or for self-education. The material includes illustrative case studies, and each chapter finishes with a set of study questions and practical exercises. The course consists of five levels, from elementary to advanced.



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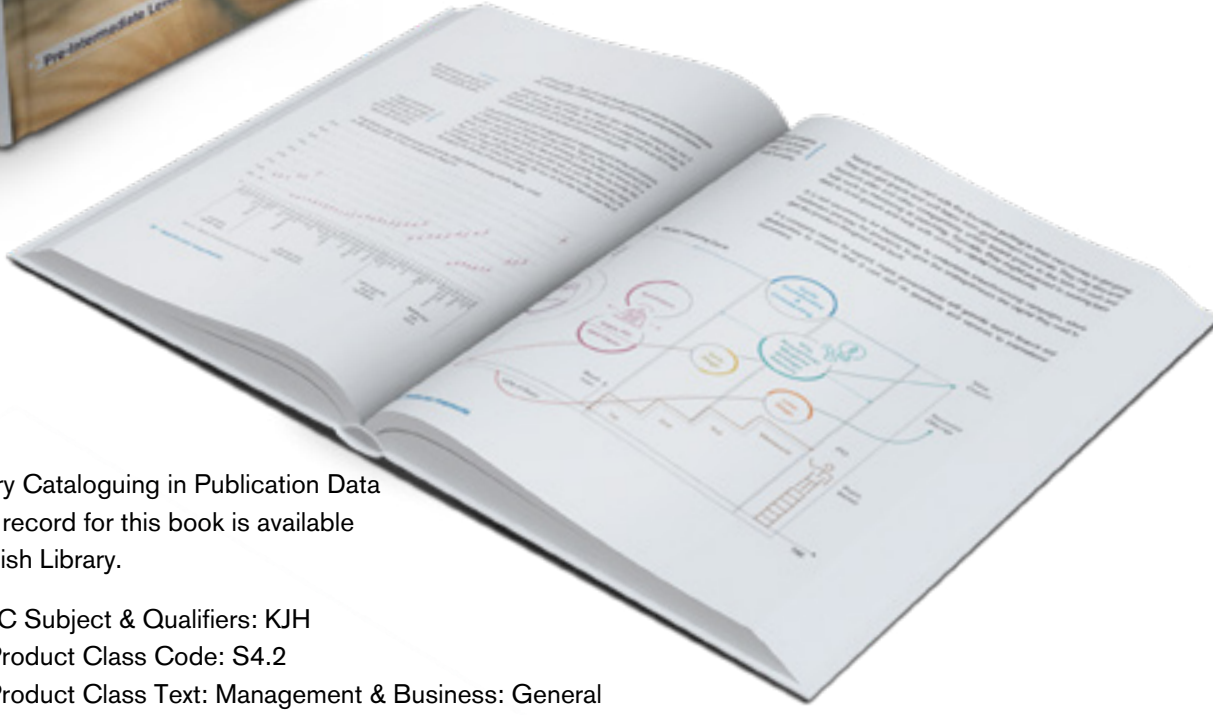
ISBN 978-1-914946-01-1



Angel Investment Background Coursebook

This course book has been written to guide students of angel investment and new angel investors to help them understand every aspect of angel investment.

The Qualified Angel Investors Course is a complete course in angel investment developed by experienced angel investors with a wealth of international experience. It covers all the key issues associated with angel investing and can be used in a taught programme or for self-education. The material includes illustrative case studies, and each chapter finishes with a set of study questions and practical exercises. The course consists of five levels, from elementary to advanced.



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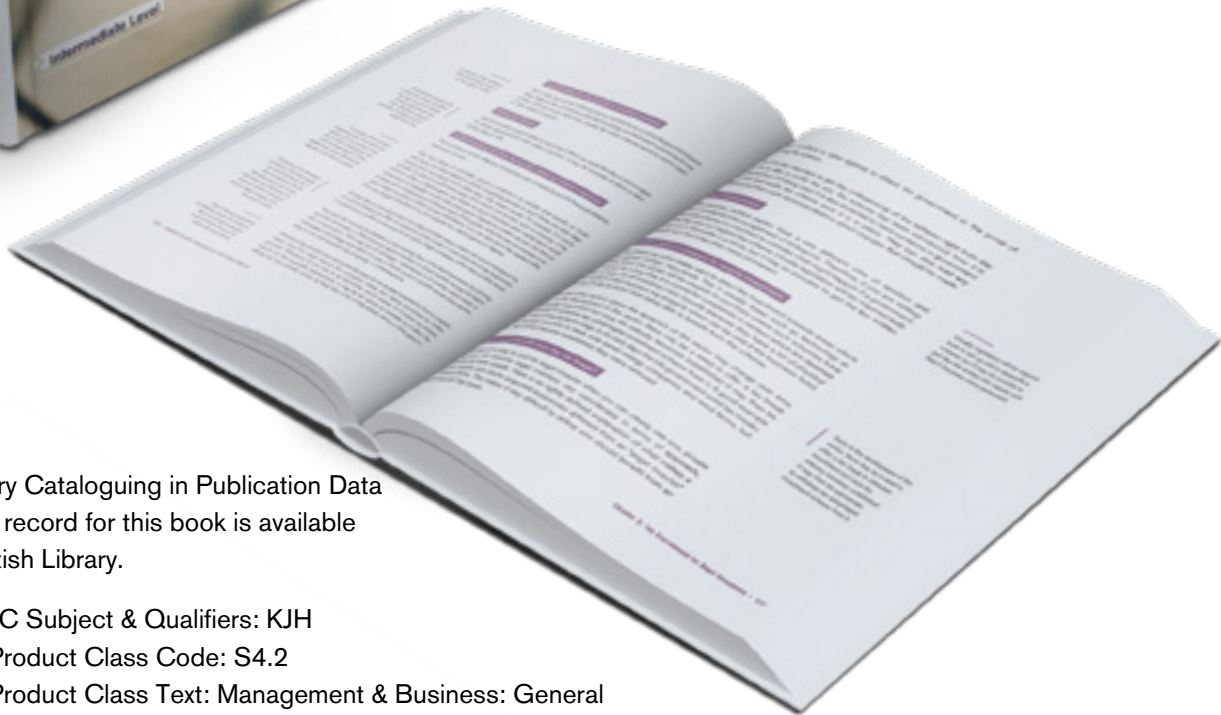
ISBN 978-1-914946-05-9



Angel Investment Practice Coursebook

This course book has been written to guide students of angel investment and new angel investors to help them understand every aspect of angel investment.

The Qualified Angel Investors Course is a complete course in angel investment developed by experienced angel investors with a wealth of international experience. It covers all the key issues associated with angel investing and can be used in a taught programme or for self-education. The material includes illustrative case studies, and each chapter finishes with a set of study questions and practical exercises. The course consists of five levels, from elementary to advanced.

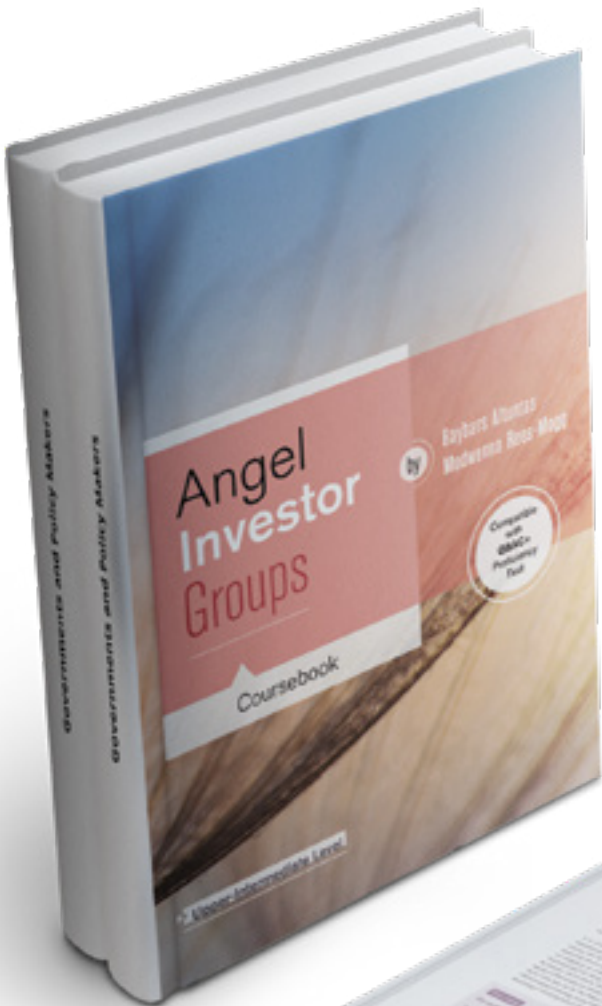


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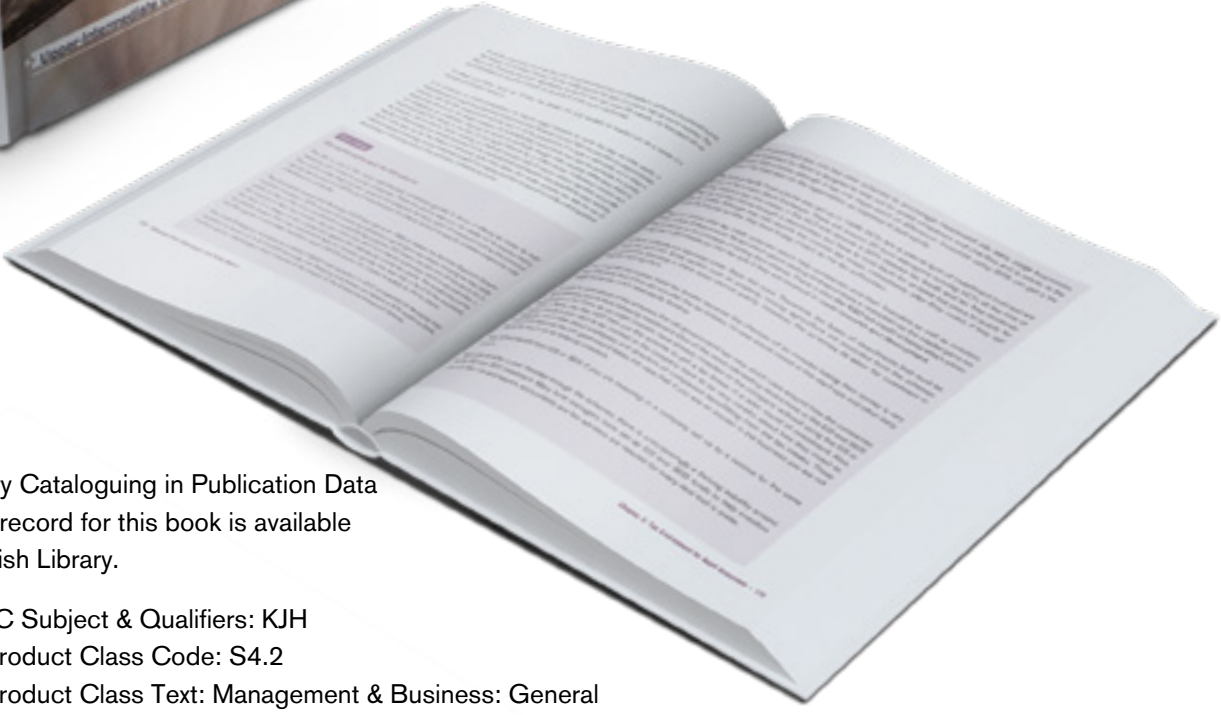
ISBN 978-1-914946-08-0



Angel Investor Groups Coursebook

This course book has been written to guide students of angel investment and new angel investors to help them understand every aspect of angel investment.

The Qualified Angel Investors Course is a complete course in angel investment developed by experienced angel investors with a wealth of international experience. It covers all the key issues associated with angel investing and can be used in a taught programme or for self-education. The material includes illustrative case studies, and each chapter finishes with a set of study questions and practical exercises. The course consists of five levels, from elementary to advanced.

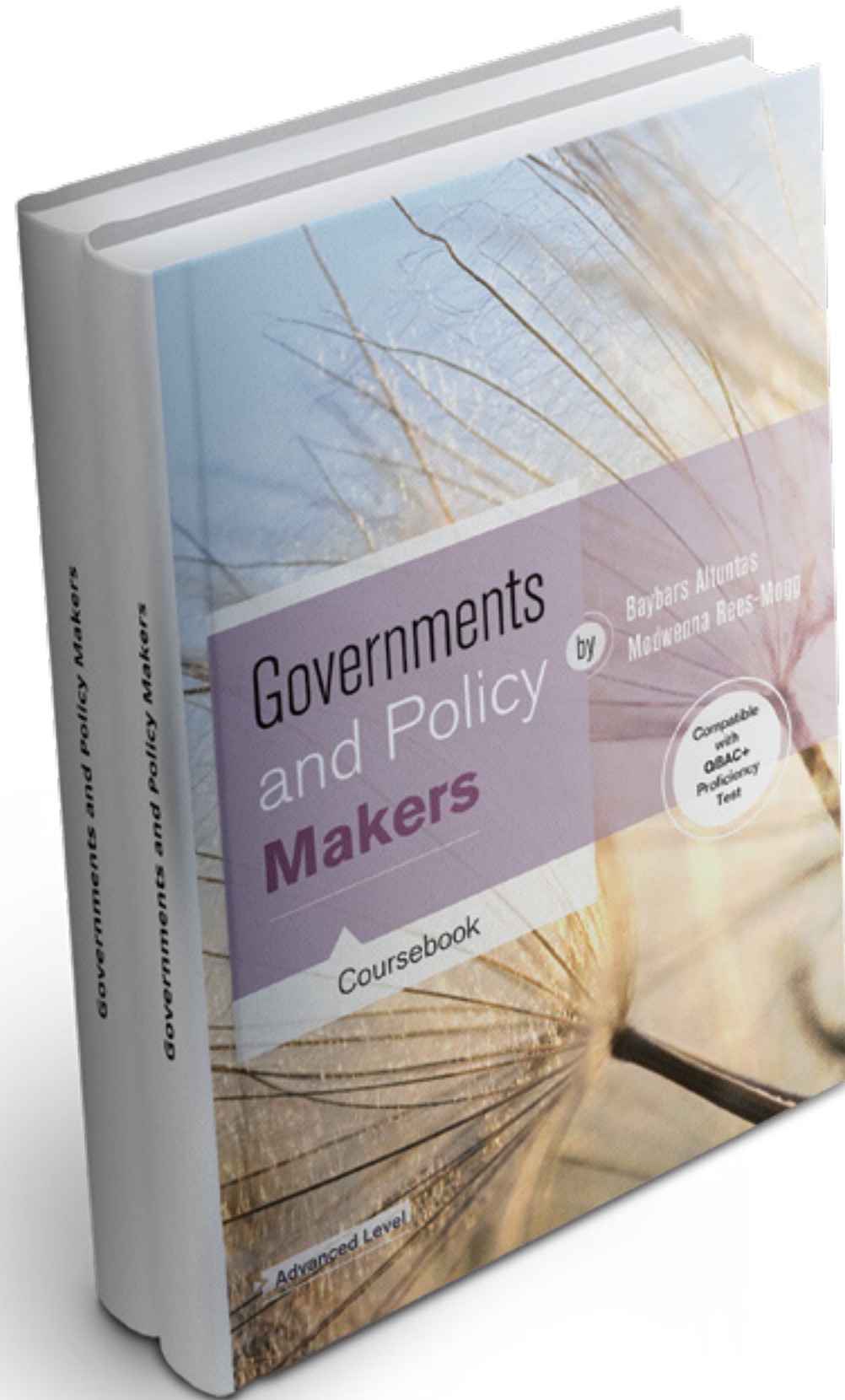


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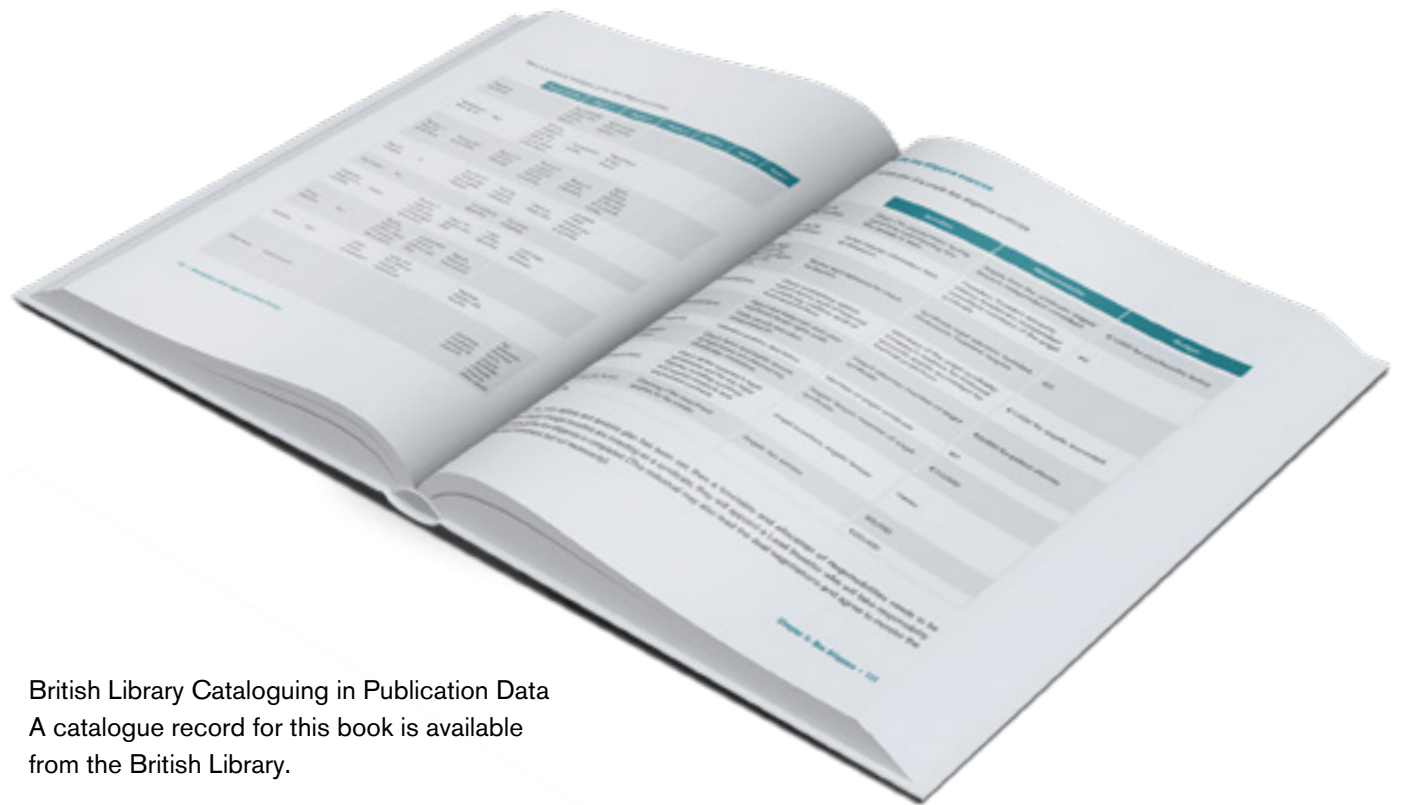
ISBN 978-1-914946-21-9



Governments and Policy Makers Coursebook

This course book has been written to guide students of angel investment and new angel investors to help them understand every aspect of angel investment.

The Qualified Angel Investors Course is a complete course in angel investment developed by experienced angel investors with a wealth of international experience. It covers all the key issues associated with angel investing and can be used in a taught programme or for self-education. The material includes illustrative case studies, and each chapter finishes with a set of study questions and practical exercises. The course consists of five levels, from elementary to advanced.



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Entrepreneurship Across the World Coursebook

This coursebook provides an overview of entrepreneurship across the world, starting with a definition of an entrepreneur and the concept of entrepreneurship, as well as the definitions of the different stages of business growth. It includes a history of entrepreneurship including details of the earliest companies in the world, followed by a section on the academic study of entrepreneurship.

British Library Cataloguing in Publication Data
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ISBN 978-1-5272-7351-1



Non-Financial Route Map for Entrepreneurs Coursebook

For an angel investor to succeed it is essential that he understands the different types of business that get started by entrepreneurs, and the journey those businesses undertake. This coursebook explains about the steps a business needs to take to get going and how businesses differ in terms of the outcomes they achieve depending on how their plans start and how they evolve. It covers the growing stages of a business even if they do not raise equity investment from angel investors.

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library.

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BookScan Product Class Code: S4.2
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BISAC Subject: BUSINESS & ECONOMICS / Entrepreneurship (BUS025000)

Technical Specifications: 21.5cm X 27cm – 330gr – 68 pages

ISBN 978-1-914946-02-8



Financial Route Map for Entrepreneurs Coursebook

This coursebook covers the stages an entrepreneur undertakes in raising funding for their company. Its starts with an overview of the cycle from raising money from start-up to IPO and other exit routes such as an MBO or a trade sale. It explains the concepts of valley of death, equity gap, smart money and the 100 day rule, as well as describing the pros and cons of different types venture funding at the growth stage. It also includes a section on other sources of funding such as crowdfunding and initial coin offerings (ICOs).

British Library Cataloguing in Publication Data
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ISBN 978-1-914946-03-5



Approaches to Entrepreneurial Investment Coursebook

This coursebook covers the areas angel investors need to understand when it comes to making an investment in an entrepreneurial business. It explains how to identify an investable opportunity with an explanation of what to look for in the team, the business and the financials. It also describes the different sources of information an angel investor can expect to come across, such as the elevator pitch and the business plan. There is information on how to spot a lifestyle business from one that is investable.

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Angel Investors Coursebook

This coursebook defines the term angel investor and all its variants as well as the angel investment lifecycle. It describes the characteristics and skills of good angel investors and details some of the common mistakes angel investors make. There is a detailed explanation of the different types of angel investor. The risks and rewards of angel investment are laid out, as well as how angel investors fit into the funding cycle of a company. Lastly it covers aspects relating to investing nationally and internationally versus investing locally and what types of business angel investors like to back.

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ISBN 978-1-914946-06-6



Becoming an Angel Investor Coursebook

This coursebook explains how to become an angel investor including the journey or learning by doing, timescales, portfolio diversification, expected returns and the roles undertaken by many angel investors in supporting business beyond providing investment. It also explains about the different types of roles and responsibilities you have depending on which roles you take with an investee company.

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ISBN 978-1-914946-07-3



Identifying Opportunities and Sources of Deal Flow Coursebook

This coursebook explains how to find investment opportunities and which ones will be worth investing in, including the different sources of opportunities. It also shows how to get the right deal flow. It also covers the key agreements that you will be presented with in the context of seeing deals including non-disclosure agreements and matchmaking agreements.

British Library Cataloguing in Publication Data
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BISAC Subject: BUSINESS & ECONOMICS / Entrepreneurship (BUS025000)

Technical Specifications: 21.5cm X 27cm – 330gr – 60 pages

ISBN 978-1-914946-09-7



Identifying and Analysing Deals Coursebook

This coursebook describes the typical journey an angel investor undertakes in identifying and analysing deals. It explains the different types of investment pitches which an angel investor will see, how to interpret the pitch and what questions to ask. It also helps you to understand how to spot good business models. It has an extensive section on management teams and the issues to understand when making a decision whether or not to back them, including how to think about yourself as a potential member of the team.

British Library Cataloguing in Publication Data
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BookScan Product Class Text: Management & Business: General
BISAC Subject: BUSINESS & ECONOMICS / Entrepreneurship (BUS025000)

Technical Specifications: 21.5cm X 27cm – 330gr – 112 pages

ISBN 978-1-914946-10-3



Company Valuation Coursebook

This coursebook comprises a detailed explanation of everything an angel investor needs to understand in relation to valuing an investment, including how to consider this issue when you do not have perfect information. It explains the different valuation methodologies and covers areas such as valuation and tax incentives, the impact of dividends and the value of voting rights.

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library.

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BISAC Subject: BUSINESS & ECONOMICS / Entrepreneurship (BUS025000)

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Building a Portfolio of Investments Coursebook

This coursebook helps angel investors to contextualise their investment strategy. It discusses the timing issues relating to building an investment portfolio, portfolio investment theory and how and when to use third party advisers.

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BISAC Subject: BUSINESS & ECONOMICS / Entrepreneurship (BUS025000)

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ISBN 978-1-914946-12-7



Due Diligence Coursebook

This coursebook covers all aspects of due diligence in relation to an angel investment. It starts with an explanation of the facts and figures relating to why due diligence matters. It covers planning a due diligence exercise, the different types of due diligence which should be undertaken and what warning signs to look for. There are sections on areas such as commercial, people, financial and IP due diligence. It also covers term sheets and other legal agreements which an angel investor should consider, as well as the issue of entrepreneurs undertaking a due diligence exercise on the investor.

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Setting Deal Terms Coursebook

This coursebook discusses the issues relating to setting the deal terms. It covers the term sheet, negotiating the deal and the timetable for the negotiations, as well as issues such as warranties and indemnities, and drag along and tag along rights. It also explains ways of enhancing returns.

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Negotiating Deal Terms Coursebook

This coursebook helps an angel investor to understand how to conclude a successful negotiation so that an investment is made. It explains the entrepreneur's and the investor's mindsets when they enter into a negotiation for a funding round. It covers how negotiations take place, the most important issues in the negotiation and the obligations which both parties will be entering into post investment. It also discusses the final leg of the negotiations which lead to the investment actually taking place.

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Technical Specifications: 21.5cm X 27cm – 330gr – 76 pages

ISBN 978-1-914946-15-8



Governance and Deal Monitoring Coursebook

This coursebook discusses the issues relevant to an angel investor once the investment has been made. It covers what to expect in terms of the help the company requires from you and what rewards are to be expected from providing this help, including the different roles you may undertake. There is a discussion of how an angel investor should act in relation to board and shareholder meetings as well as other more informal methods of deal monitoring. It describes the importance of the first 100 days of an investment and hitting milestones. It also describes common problems that arise and makes suggestions on how to resolve them.

British Library Cataloguing in Publication Data
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ISBN 978-1-914946-16-5



New Funding Rounds Coursebook

Most companies that raise money from angel investors will go onto raise several more rounds of finance. This coursebook discusses the issues relating to both emergency and planned funding rounds after the first angel investment round has completed. Up and down rounds are explained. It describes the different types of investors who invest in these rounds, including explaining what they are looking for. How to set the timetable for a funding round is explained. Reference is also made to more complicated funding structures, such as debt funding and liquidation preference.

British Library Cataloguing in Publication Data
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ISBN 978-1-914946-17-2



Exits Coursebook

This coursebook focuses on the issues relating to an angel investor achieving a positive exit from the investment. It covers how to think about planning the exit, timetable issues and the different types of exit, including trade sale, MBO and IPO. It also discusses issues such as secondary liquidity prior to the final exit and tax planning. It also discusses the issues relating to involuntary exits when the investment has failed.

British Library Cataloguing in Publication Data
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ISBN 978-1-914946-18-9



Legal Agreements Coursebook

This coursebook provides a detailed discussion of the legal issues relating to angel investments. It describes in detail the different types of legal agreements involved in a typical angel deal including Matchmaking Agreements, Confidentiality Agreements, the Term Sheet, Shareholders' Agreement, Share option Agreement and the Sale and Purchase Agreement. It ends with the 8 Golden Rules of Legal Agreements.

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Technical Specifications: 21.5cm X 27cm – 330gr – 104 pages

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Setting up an Angel Investment Fund Coursebook

This coursebook addresses the issues relating to setting up an angel investment group. It explains why angel investors are usually better to invest in a group including the evolution of angel investment groups. It describes the angel investment ecosystem, including its different elements and the issues that arise when setting up a group. It covers how to set up a group, including setting the business plan and how to fund the group. Issues covered include finding screening, showing and managing deals. It also discusses other activities angel investment groups undertake such as angel investor and entrepreneur training.

British Library Cataloguing in Publication Data
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Setting up an Angel Investment Group Coursebook

This coursebook is aimed at governments and agencies as well as those people with a strategic interest in creating a healthy angel investment ecosystem. It covers the impact of angel investment ecosystems on an economy, policy considerations, creating financial incentives to encourage angel investment (particularly tax incentives for companies and angel investors).

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Angel Investment Ecosystem Coursebook

This coursebook provides a detailed explanation of the state of angel investment markets around the world, covering both mature, developing and emerging markets. It covers a description of each market, including angel education activity, statistics, tax breaks, regulation and trends and challenges.

British Library Cataloguing in Publication Data
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BISAC Subject: BUSINESS & ECONOMICS / Entrepreneurship (BUS025000)

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Angel Investment Market Around the World Coursebook

This coursebook explains all about the differing tax frameworks around the world which are used to incentivise angel investors. It explains the pros and cons of different approaches and is particularly useful for policy makers.

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BISAC Subject: BUSINESS & ECONOMICS / Entrepreneurship (BUS025000)

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ISBN 978-1-914946-25-7



Tax Environment for Angel Investment Coursebook

This coursebook explains how an angel investment group can set up a fund so that the angel investors can invest collectively into a group of portfolio companies. It covers the different fund structures that can be used, as well as regulation, legal issues, the financial model and tax considerations. It also explains how to manage a fund including the roles involved, managing the deal pipeline and portfolio and how to resolve problems that arise. It also discusses the difference in returns that an angel investor should expect from investing in a fund versus investing directly in companies.

British Library Cataloguing in Publication Data
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INTERVIEW

Luxembourg's Rocketing Space Business Industry

To some, outer space is an unexplored frontier. To others, it's a whole new world of opportunity. Luxembourg is driving the globe's space business industry.

On a visit to California in 2012, Luxembourg's Minister of the Economy, Étienne Schneider, met Dr. Simon Wiesner, then Director of NASA's Ames Research Center. They spoke about space resources and space mining. Originally sceptical, Minister Schneider realised the opportunity in space resources and the surrounding business. In March 2013, Minister Schneider then organised a conference in Luxembourg, which was a success, and convinced him to develop space business in Luxembourg. The government since developed the SpaceResources.lu initiative.

Mining resources and space travel are not Luxembourg's first involvement in space. In 1985, a public-private partnership effort launched Société Européenne des Satellites, today known as global satellite operator SES. Luxembourg's proactive approach has made it home to an increasing number of companies developing products and systems in the space and ground segments, and delivering services and downstream applications. Among them are recently established startups from the space mining industry that have set up European operations in Luxembourg with the support of the government.

What is behind the SpaceResources.lu initiative?
Of course, the long-term view of this initiative, as with any economic development, is to earn money and ensure that our economy will be successful in the future.

We are all aware of the eventual scarcity of certain resources on Earth. The SpaceResources.lu initiative provides the legal, regulatory, and business environment that will allow private investors and companies to explore and utilise the resources in space.

"Space resources is a good fit for Luxembourg, a country that has had to reinvent itself over and over again for most of its existence."

At the same time, Luxembourg was looking for ways to diversify its economy and explore new sectoral avenues. So space resources is a good fit for Luxembourg, a country that has

had to reinvent itself over and over again for most of its existence.

For example, when the steel industry collapsed in the 1970s, that was when you first saw the real rise of the finance industry here. We had to invent something new. At that time, we only had a small number of banks, and few people believed that we would become a financial centre. Then in 1990, we started to really succeed in the fund industry, and look where we are now. Luxembourg is the second largest investment fund center in the world after the US and the premier private banking center in the Eurozone. It was the same when we launched our SES initiative.

Can you give us some background?
In 1985, a public-private partnership effort launched the Société Européenne des Satellites, today known as global satellite operator SES. SES operates a network of satellites that delivers TV and radio, internet connections, data, and voice to homes and workplaces around the world.

I was recently reading the discussions from the 1960s when we first launched that initiative. At that time, we had to go to parliament in order to give a guarantee because no insurance company would underwrite

this strategy, meaning that the government had to do it to the tune of 5% of their total budget. Now that was a huge risk. The plan was for SES to launch the Astra satellite network. At that time people were asking, "Why do we need satellite TV? We have TV. We have our antennas on the roof." Some people even said that the plan was dangerous, because the satellites would fall down from space, damaging Earth and putting people at risk.

And the result?
The government launched it with enormous success. Today SES is the biggest satellite operator in the world. Space business now accounts for 1.8% of our GDP. This is the biggest percentage of space business to GDP for any country in the EU. Perhaps it sounds like nothing, but actually this is huge. That is EUR 1.8bn every year.

What is the ultimate goal for Luxembourg?
The long-term goal, of course, is to earn money to ensure that people will have good jobs, and to develop research activity. I want Luxembourg to become a hub for space-related research and business. This is why we call it space 'resources', because it encapsulates everything that you can do with space.

What can Luxembourg offer that another country cannot?
The commitment of the government. I think that is the most important thing. When I am speaking with various players, entrepreneurs, engineers, etc., sometimes it is not instantly obvious that they have such a thrilling idea. But what they need is someone who listens and believes in them and in their initiative; and that is exactly what they get in Luxembourg, someone who listens and offers a clear commitment. That is why so many companies are looking at us, and not just from the US.



ÉTIENNE SCHNEIDER
Deputy Prime Minister & Minister
of the Economy, Luxembourg

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GUEST EDITORS



BAYBARS ALTUNTAS
Chairman of WBAF

ANGEL INVESTING SUCCESS

WBAF Chairman, **Baybars Altuntas**, shares his six fundamental principles of Angel Investing to help guide you to investment success.

Governments around the world agree that Angel investment is an important factor in boosting economies; and as a result many have incentivised this kind of investment. In 2017, G20 leaders announced a focus on Angel investment as a necessary measure to stabilise economies, and pointed out that there is still a shortage of investors. If you are considering making the transition to Angel investing, experienced investor and chairman of the World Business Angel Investment Forum, Baybars Altuntas, offers his six key principles.

1 UNDERSTAND WHAT AND WHO YOU ARE INVESTING IN
There is much more to the investment evaluation process than a quick binary choice of 'yes' or 'no'; and there are several approaches to considering teams that have been tried and tested in real-life business situations by experienced investors. Investors should consider the proposal from different angles. How much importance does the entrepreneur place on the investor's background and

character? How much due diligence should go into evaluating the startup's team? Should third party corroboration be sought, and how much?

2 UNDERSTAND THE DIFFERENCE BETWEEN STARTUPS AND SCALE-UPS
Statistics from the OECD reveal that a mere 1.2% of startup businesses manage to attain Angel investment;

and that only one in ten scale-up projects that gain investment actually make a successful business out of it. So what can prospective investors take away from these facts to apply in their own careers? Would it be wiser to invest small amounts and deal only with startups that achieve lower success rates, or to take the risk of putting up more money for scale-ups which have higher chances of success? It can often be a case of deciding on investing less with more attached risk, or investing more with less attached risk.

3 KNOW WHAT YOU BRING TO THE TABLE

The fact that Angels often consider themselves 'value-added investors' means that they frequently find being involved in getting a new business off the ground just as satisfying as they find helping it financially. A significant portion of Angel investors are previous business owners themselves, and have a good understanding of what goes into making a company work. Angels add value in several ways, often including industry experience, entrepreneurial knowhow, creative thinking, mentoring, and industry contacts. When entrepreneurs value investors for more than the finances they bring to the table, they enable Angel investors to support their business in more meaningful and impactful ways.

4 DON'T UNDERESTIMATE THE VALUE OF MENTORING

Recognise that a significant part of the job that an investor does for

entrepreneurs is mentoring. That said, it is essential for investors to neglect seeking their own mentor, a shortfall that should be avoided. Having a thorough understanding of the principles of investment, and how exactly they are relevant to businesses of different kinds and ages, is crucial for a strong investment partnership. Becoming familiar with the experiences of investors who aren't new to the game is a great way of boosting this understanding. Placing an experienced investor at the top of a mentorship chain that Angel investment inevitably involves is a wise move for newcomers.

"Investing in the right startups - that's how you win. It is so much more important than anything else."

5 BE AWARE OF EXIT EXPECTATIONS

Many startups expect the involvement of an Angel investor to speed up the exit process, but the impact of an investor on exit - and exits in general - tend to be misunderstood. Much emphasis is placed on the formation and growth of business relationships, and often business exit strategies are aimed at those approaching retirement. Awareness and training on exit transactions for venture capitalists (VCs) has become more common in recent times, which is well worthwhile, as the majority of venture capital agreements give VCs full discretion over the outcome - if any - received by shareholders. However, exit strategies have transformed significantly in

recent times. More companies than ever are being sold without ever having received investment from an Angel, and this is happening sooner in a company's lifetime than it used to. Many modern exit transactions are worth less than \$30 million, and these usually take place a mere two or three years after the business's startup.

6 SEE THE BIGGER PICTURE

A former CEO who went on to be an experienced Angel investor explained: "It turns out to be much easier than I expected, and also more interesting. The part I thought would be hard, the mechanics of investing, really isn't. You give a startup money and they give you stock. But it really doesn't matter, don't spend much time worrying about the details of deal terms, especially when you first start Angel investing. That's not how you win at this game. When you hear people talking about a successful Angel investor, they're not saying, 'We got a 4x liquidation preference'. They're saying, 'We invested in Google'. That's how you win - by investing in the right startups. That is so much more important than anything else."





WBAF Publication House

The World Business Angels Investment Forum aims to contribute to development of early-stage equity and investment markets through its U.K.-based publication house, which provides individuals and companies with online and offline publications.

- Qualified Angels Investors Course Book
- Elementary Level: Entrepreneurship Course Book
- Pre-Intermediate Level: Angel Investment – Background Course Book
- Intermediate Level: Angel Investment – Practice Course Book
- Upper-Intermediate Level: Angel Investor Groups Course Book
- Advanced Level: Governments and Policymakers Course Book

G20 Global Partnership for Financial Inclusion (GPFI)

The Global Partnership for Financial Inclusion (GPFI) is an inclusive platform for all G20 countries, interested non-G20 countries, and relevant stakeholders to carry forward work on financial inclusion, including implementation of the G20 Financial Inclusion Action Plan endorsed at the G20 Summit in Seoul. Queen Maxima of the Netherlands is the Honorary Patron of the GPFI.

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