Roadmap

- CAPITAL IS FLOWING
- WHERE IS CAPITAL GOING?
- WHERE ARE THE OBSTACLES?
- EMPOWERING ENTREPRENEURS TO OVERCOME BARRIERS
CAPITAL IS FLOWING
Angel investors are a significant source of early stage capital.

- **334,680** active angel investors (3.5% increase from 2019)
- **19 deals** on average per angel investor (up from 14 deals in 2019)
- **30% of deals** included an angel seat on the board of the portfolio company
- **6x leverage** of angel investments by portfolio companies in follow-on funding
- **<$200,000 per investment** for over 70% of angel deals
Angel and Seed Financings

By deal count and value, angel and seed activity increased in 2021.

Source: Q4 2021 PitchBook NVCA Venture Monitor
Q1 year-over-year angel and seed activity saw a similar increase in 2021.
Venture capital activity increased considerably in 2021, by deal count and value.

Source: Q1 2022 PitchBook NVCA Venture Monitor First Look

* As of March 31, 2022
In Q4 2021, venture capital funding hit an all time high.

In Q1 2022, venture capital activity dipped slightly year-over-year from 2021 but still well above prior years.

Source: Q1 2022 PitchBook NVCA Venture Monitor First Look
WHERE IS CAPITAL GOING?
Investments Remain Localized

The distance between lead angel investor and the target company averages only 37 miles.

Investments Beyond Traditional Hubs

Venture capital investment outside of Silicon Valley, Boston and New York continues to increase.

Source: Rise of the Rest, "Beyond Silicon Valley: Coastal Dollars and Local Investors Accelerate Early-Stage Startup Funding Across the US".
Women Business Owners and Investors

Underrepresentation by gender persists.

For every dollar raised by men-CEOs in 2020, women-CEOs raised 93 cents.

Women Business Owners and Investors

Investment yield rate among women seeking angel funding has trended up.

Women constituted **33.6%** of entrepreneurs seeking angel capital in 2020 (up from 27.6% in 2019)

and had an investment yield rate of **28.1%** (up from 21.4% in 2019), compared to a baseline rate of 30.8%.

Women remain underrepresented among angel investors.

29.5% of angel investors in 2020 were women, unchanged from 2019.

Minority Business Owners and Investors

Investment yield rate among minorities seeking angel funding has trended up.

Minorities constituted **5.3%** of entrepreneurs seeking angel capital in 2020 (down from 9.3% in 2019) and had an investment yield rate of **33.0%** (up from 22.0% in 2019), compared to a baseline rate of 30.8%.

Minority Business Owners and Investors

Minorities remain underrepresented among angel investors

5.5% of angel investors in 2020 were minorities, down from 7% in 2019.

WHERE ARE THE OBSTACLES?
Capital Needs

Running out of cash and an inability to raise new capital is the number 1 reason startups fail

1/2 of newer entrepreneurs report challenges with networks and connections compared to 1 in 3 entrepreneurs with mature businesses.

1/2 of new entrepreneurs report challenges with information, education, or knowledge – more than 2x the rate for entrepreneurs with mature businesses.

Download a copy of our FY2021 Annual Report

https://www.sec.gov/oasb
EMPOWERING ENTREPRENEURS TO OVERCOME BARRIERS
Resources and Tools

www.sec.gov/capitalraising
Resources and Tools

Navigating Your Options

When raising capital, a business may not offer or sell securities unless the offering has been registered with the SEC or falls within an exemption from registration. Each exemption has specific requirements that a company must meet.

This interactive tool can help you navigate the many regulatory pathways to raise capital, based on the criteria that matter most to you. While this tool does not provide legal advice, it can help you better understand your options so that you make informed decisions. Let's get started!

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Does your business already exist?

Have you formed your business under applicable state or territorial law and finalized organizational documents (such as bylaws or operating agreements)?

Yes
No

Cutting through the jargon

Fundamentals

Whether you are looking to raise financing or are an investment opportunity or you are forming your own fund, a familiarity with these commonly used terms will help guide your way.

3(c)(1) Fund

A 3(c)(1) fund is a pooled investment vehicle that is excluded from the definition of investment company in the Investment Company Act because it has no more than 100 beneficial owners or, in the case of a qualifying venture capital fund, 250 beneficial owners and otherwise meets criteria outlined in Section 3(c)(1) of the Investment Company Act.
Resources and Tools

Building Blocks

Explore the fundamentals of capital raising with the Office of the Advocate for Small Business Capital Formation.

- What pathways are available to raise capital from investors?
- What is the role of accredited investors?
- What is general solicitation?
- How do private funds provide capital to early-stage companies?
- How do I know when I am ready to raise capital from investors?
- What different types of securities are issued to startup investors?

Capital Trends

Mapping Investment in America: Where are Companies Raising Capital?

Regulation D

WHERE
States

HOW
Regulation D

WHEN
July 2020 to June 2021
ENGAGE WITH US

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