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Summary:

Angels in British Columbia: Preliminary Survey Results

Summary of preliminary online survey results on Angel investing and the use of the tax credit program in British Columbia.

Prepared in collaboration with UBC Sauder School of Business.

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Executive summary

Investment preferences

- Angel investors focus on technology companies but not on any specific industry sector.
- The preferred stages of the companies receiving angel investments are the pre-launch and beta-testing phases.
- Financial returns are the most important motivators for investment; but other factors are also significant motivators, notably to remain involved with the industry and to help the community and next generation.
- Over the lifetime of one company, most investors (59.4%) invest \$50 to \$500K.
- Approximately half (49.5%) of angel investors invest between \$20K and \$100K per year. A significant number of investors (16.8%) make annual angel investments of \$100K to \$500K.
- Investors invest on average in 2.07 companies per year.
- Most angel investments are made locally; 74.62% of B.C. angel investors invest in B.C.

Investment processes

- Most angel investors (64.8%) rarely or never hold board seats in their investee companies.
- Common equity (81.6%) and preferred equity (62.9%) are the most popular securities used.
- Checking the references of the entrepreneurial team is the most common activity during due diligence (89.6%). Consulting with other investors (81.3%), performing some financial evaluation (79.2%), and consulting with technical experts (68.8%) also figure prominently in the due diligence process.
- Business advice and mentoring (83.3%) is the main value that investors bring to their investee companies.
- Most investors were in contact with their investees at least once a month (34.4%) or once a quarter (33.3%).

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- Investors report a wide range of annual returns on their angel investments.
- The most important source of deal flow is from other angel investors (51.1%).
- Formal angel meetings have become less important as sources of deal flow; yet these meetings continue to be an important source of quality deals and opportunities to pool expertise and resources for co-investing.
- The majority of respondents attend at least some of the angel group meetings. Over two thirds (69.6%) report that at least some of their investments were attributable to angel groups.

Tax credits

- 80% of angel investors said they made use of the tax credits. The most common reason for not using tax credits was that investors invested outside of B.C., or the investee company did not satisfy the sector eligibility requirements.
- Without the B.C. tax credit program, 73.8% of respondents said they would invest less, 11.9% said they would not invest at all. Under that scenario, 41.3% said they would seek to invest more in the US, 23.8% more in Canada outside B.C..
- More than two thirds of angel investors (71.4%) prefer the direct tax credit program (EBC program) over the indirect program (VCC program).

Demographics of angels

- The average number of companies started by angel investors was about 3; with the number of exits (or failures) at about 1.
- The “typical” angel investor is accredited and a self-employed male with a post-secondary degree who has obtained general management experience after an average 25 years in the work force including 16 years on average entrepreneurial experience; and who has been angel investing for about 9.5 years. He is married with children and was born in B.C.
- The majority of the angel investors surveyed rated themselves as mildly risk averse (34.5%) or risk neutral (22.6%); and as mild optimists (41.9%) or big optimists (11.6%).

Introduction

The objective of the BC Angel on-line survey was to gather data on angel investing and to analyze the BC angel investment community, individual and organized investors, their composition (diversity), motivations, investment preferences and modus operandi. The survey also focused on individual and organized angel investors who invest in companies that qualify for the tax incentive schemes of the BC government. The on-line survey was analysed to provide further insight into the economic effects of the BC's Equity Capital Program (ECP), best practices within the program and to provide suggestions for program improvement.

A prior study on the activities of the Vancouver Angel Technology Network (VANTEC) showed that about half of the companies who pitched to these angel investors had raised funds; a very high success rate.¹ Since then, many other angel groups have formed – focusing on specific sectors and established in different geographic areas of BC. This study explores whether the patterns of angel investment have changed and in what ways.

A study commissioned by the Ministry of Small Business, Technology and Economic Development found that companies funded by angels and venture capitalists that made use of the tax credit program consistently created jobs and generated considerable tax revenues to the province.² This complementary study examines the views and experiences of angel investors; many of whom make use of the tax credit program.

Methodology

The BC Angel survey was designed by Thomas Hellmann, Ilkin Ilyaszade and Thealzel Lee, with considerable feedback from select members of the BC angel community. An on-line survey was based on a questionnaire sent to BC angel investors. Unlike some marketing surveys, which have additional complexity that is required to elicit complex customer preferences, the on-line survey was based on relatively simple types of questions that fall into three main categories: (i) Factual questions: objective and quantitative (e.g. number of investments per year, year of investment experience, etc.); (ii) Qualitative questions concerning investment practices: objective, but qualitative (e.g. basis for investment choices, risk preferences); and (iii) Subjective questions concerning respondent's opinions (e.g. on the role of the tax incentives program, on the relationship between angels and venture

¹ Lee, Thealzel, and Dave Thomas, 2006, Survey of the Vancouver Angel Technology Network (VANTEC) Activities, Rocket Builders.

² Thomas Hellmann and Paul Schure, An Evaluation of the Venture Capital Program in British Columbia, Report prepared for the Ministry of Small Business, Technology and Economic Development, October 2010

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capitalists).

We recognized the challenge of identifying a representative sample, given that there is no “master list” of angels in BC. The approach taken therefore relied on contacting the angel investors that were known to the authors through their own networks, and then encouraging them to forward the survey to their contacts. Through Rocket Builders, we also accessed three of the largest angel and early venture networks in BC: VANTEC, Canadian Financing Forum and BC Angel Forum.

Survey respondents were contacted by email. Where appropriate some follow-up phone calls were made. The survey was hosted by SurveyMonkey (www.surveymonkey.com) and implemented from July 2010 to October 2010. There were 98 respondents, with 87 of them (88.8%) actually completing the survey. The survey instrument and the aggregated responses are shown at the end of this document.

Discussion

Most investors prefer to invest when the company is at the pre-launch or beta testing stage (44.8%). The next most frequent stages are when the company has generated sales revenues for less than 2 years (37.5%) or prototype development (36.5%).

Investments span a wide variety of sectors with most investors preferring companies in the Cleantech (65.6%) and IT (62.5%) sectors. A significant number of investors will invest in the Life Sciences (35.4%) and in New Media (32.3%).

Unsurprisingly, 98.9% of investors rate financial return as their most important (83.3%) or somewhat important (15.6%) motivation to invest. However, other motivating factors such as to help the community and the next generation (80.0%), to remain involved in the industry (68.6%) and to obtain social returns or “triple bottom line” (66.6%) were cited as very important or somewhat important.

Investors will typically invest \$50K to \$100K (37.5%) over the life of a company. A number of investors will invest \$100K to \$500K (21.9%). Another significant group of investors will invest \$20K to \$50K (16.7%).

Approximately half of the investors make investments of less than \$100K per year; with 27.4% reporting investments of \$50K to \$100K per year and 22.1% investing \$20K to \$50K per year. A significant number of investors invest \$100K to \$500K (16.8%) annually. Investors make 2.07 investments per year.

Investors tend to stay close to home with their investments with 74.62% of the BC angels making investments in BC. Still, cross-border investments are common with 31.68% of the investments made in the United States. 17.19% invest elsewhere in Canada.

Once an investment is made, most investors do not sit on the boards of their investee companies; with

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45.7% rarely serving as board directors or not at all (19.1%). However, a significant percentage of these investors do serve as board directors most of the time (27.7%) or always (7.4%) after they make their investments.

Equity – either common (81.6%) or preferred (62.9%) – is the main financing instrument for angel investments. Although less common, options and warrants (40.3%) and convertible loans (32.3%) are also used.

During due diligence, 89.6% of the investors will check the references of the entrepreneur and the team. Consulting with other investors (81.3%), performing some financial evaluation (79.2%), and consulting with technical experts (68.8%) also figured prominently in the due diligence process. Consulting with customers, suppliers and competitors (51.0%) shows concern for future sales revenues to the company and with patent attorneys (26.0%) shows a concern for protecting the company assets.

Business advice and mentoring (83.3%) is the main value that investors bring to their investee companies. Contacts and networking (62.5%), fundraising expertise (41.7%), market development expertise (37.5%), and product development expertise (29.2%) are also significant skills and assets from the investors. A significant percentage of angels are passive investors (21.9%). Most investors were in contact with their investees at least once a month (34.4%) or once a quarter (33.3%).

Angel investments as an asset class are high risk investments. The investors reported annual returns ranging from negative returns (9.4%) to greater than 20% (11.5%). However, many of the investors either didn't know (17.7%) or preferred not to disclose (19.8%). It is likely that because of the long time periods for investment returns and the general lack of exits or other liquidity events in the past few years, it may be difficult to calculate the returns of angel investments.

The most important deal sources for angel investments were other angels (51.1%). Angel networks (38.1%) and personal networks of family and friends (25.0%) were other sources of deal flow. Yet, the majority of the angels surveyed either rarely or never attended formal angel meetings. Even so, the main reason for joining angel groups was to take advantage of other angels' expertise (51.1%). Getting access to deals (48.9%) – especially better quality deals (42.4%) – are other major reasons for joining angel groups as well as to learn from experienced angels (46.7%) and to pool resources by co-investing (38.0%). None (30.4%) or less than 25% of the angels' investment activity (26.1%) was attributable to angel groups. Still, 43.5% of the investors reported that a quarter or more of their investments were attributable to angel groups.

Most of the investors (65.5%) applied for the BC tax credit with the majority of these application approved (69.3%). If tax credits were not obtained, the main reason was either they had invested outside of BC (40.0%) or that the investment did not satisfy the sector requirement (33.8%). Most angel investors (71.4%) prefer to invest directly via Eligible Business Corporations (EBC) under the Equity Capital Program (ECP).

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The fact that the majority of these investors (63.1%) would decrease their investments by 30% or more if the tax credit program were to be eliminated demonstrates how significant a role these tax credits play for early stage investments. Even if the tax credit were merely reduced, there would still be a majority (albeit smaller at 54.1%) who would decrease their investments. If the tax credit were increased, 61.6% of the investors would increase their investments by 30% or more. Furthermore, an increase in tax credits would also affect the investment styles of the investors with investors reporting that they would invest greater amounts per company but keeping the numbers of investees the same (32.9%) or invest greater amounts per company and increase the number of investees (27.1%) or keep their investment amounts the same and increase the number of investees (23.5%). Interestingly, about one-fifth to one-quarter of the angels surveyed reported the tax credit program would have no effect on their investments.

In addition, in the absence of the BC tax credit, 47.5% of the angel investors surveyed would not change their investment patterns but they would seek investments either outside Canada (41.3%) or elsewhere in Canada (23.8%). 63.2% would invest 30% or more if angel investments were exempt from capital gains tax. Raising the tax credit cap from \$200K to \$300K would have no effect on 61.2% of the angel investors surveyed as they report that they have never reached the maximum. 67.4% of the angel investors surveyed reported that they would invest more if the holding period under the Equity Capital Program (ECP) were to be shortened.

The majority of the angel investors surveyed had post-secondary education with undergraduate (41.9%), Masters (37.2%) or with Doctoral (16.3%) degrees. The largest group of these angel investors were self-employed (41.4%). Some of these angels were employed (31.0%) or retired (21.8%). The average time in the workforce was about 25 years; and entrepreneurial experience was about 16 years.

The majority of the angel investors have had general management experience (77.9%); but finance (53.5%), operations (45.3%) and sales and marketing (41.9%) were other main work experiences. R&D accounted for 29.1% of the work experience of these angel investors.

Most of the angel investors surveyed are accredited investors (83.1%). The average number of years of angel investing experience is about 9.5 years. The average number of companies started by angel investors was about 3; with the number of exits (or failures) at about 1.

As a group, it is not surprising to find 38.1% rate themselves as risk seeking in the angel investments they make; considering the high risk nature of this asset class. Surprisingly, the majority of this group rate themselves as mildly risk averse (34.5%) or risk neutral (22.6%). Reflecting their attitudes toward risk in their angel investments, 45.3% rate themselves as realists but the majority either see themselves as mild optimists (41.9%) or big optimists (11.6%).

Most of the angels are male (94.1%). The majority are married with children (69.8%). Most of the angels are Canadian born; either in B.C. (32.2%) or elsewhere in Canada (25.3%). Europe (17.2%) or the U.S. (13.8%) are the other main birthplaces for the angel investors surveyed for this study.

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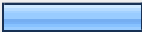





About Rocket Builders:

Rocket Builders is a consulting group focused on helping technology companies identify and capitalize on market opportunities. Based on past success in driving the growth of technology companies, Rocket Builders are experts in market research and strategic planning and helps companies in building revenue through proven sales methodologies, building market capabilities through partnering programs, and building processes that lead to winning products. For more information, visit <http://www.rocketbuilders.com>.








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1. At what stage do you prefer to make your first investment in the company? Please check all that apply.

	Response Percent	Response Count
Idea / Concept stage 	20.8%	20
Prototype development 	36.5%	35
Pre-launch / beta testing 	44.8%	43
Sales (for less than 2 years) 	37.5%	36
Sales (more than 2 years) 	10.4%	10
In all stages 	14.6%	14
<i>answered question</i>		96
<i>skipped question</i>		2



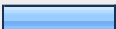
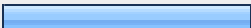
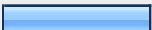


2. In what sectors do you like to invest? Please check all that apply.

	Response Percent	Response Count
IT 	62.5%	60
New media 	32.3%	31
Life science 	35.4%	34
CleanTech 	65.6%	63
Low Tech 	15.6%	15
Real Estate 	19.8%	19
Other 	9.4%	9
<i>answered question</i>		96
<i>skipped question</i>		2

3. Concerning your motivation to invest, how important are the following?

	Not Important	Somewhat important	Very important	Response Count	
Financial Return	1.0% (1)	15.6% (15)	83.3% (80)	96	
To remain involved in my industry	31.4% (27)	51.2% (44)	17.4% (15)	86	
To help community and next generation	20.0% (18)	53.3% (48)	26.7% (24)	90	
Social returns (e.g. triple bottom line)	33.3% (28)	47.6% (40)	19.0% (16)	84	
			Other (please specify)	5	
				answered question	96
				skipped question	2

4. How much do you typically expect to invest over the life of a company? Please check the most appropriate.

	Response Percent	Response Count	
\$0 - \$10K 	1.0%	1	
\$10 - \$20K 	13.5%	13	
\$20 - \$50K 	16.7%	16	
\$50 - \$100K 	37.5%	36	
\$100 - \$500K 	21.9%	21	
More than \$500K 	4.2%	4	
I prefer not to disclose 	5.2%	5	
		answered question	96
		skipped question	2

5. On average, how much do you typically expect to invest as an angel per year? Please check the most appropriate.

	Response Percent	Response Count
\$0 - \$10K <input type="checkbox"/>	4.2%	4
\$10 - \$20K <input type="checkbox"/>	11.6%	11
\$20 - \$50K <input type="checkbox"/>	22.1%	21
\$50 - \$100K <input checked="" type="checkbox"/>	27.4%	26
\$100 - \$500K <input type="checkbox"/>	16.8%	16
More than \$500K <input type="checkbox"/>	7.4%	7
I prefer not to disclose <input type="checkbox"/>	10.5%	10
<i>answered question</i>		95
<i>skipped question</i>		3

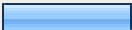



6. On average, how many new investments do you plan to make per year.

	Response Average	Response Total	Response Count
Please indicate the number.	2.07	195	94
<i>answered question</i>			94
<i>skipped question</i>			4

7. Where do you make your angel investments? Please use approximate percentages of total angel portfolio: (Please indicate as a whole number)

	Response Average	Response Total	Response Count
British Columbia	74.62	6,865	92
Rest of Canada	17.19	550	32
USA	31.68	1,299	41
Rest of the World	20.42	490	24
<i>answered question</i>			96
<i>skipped question</i>			2

8. When you make an angel investment, do you sit on the board of directors? Please check the most appropriate.

	Response Percent	Response Count
Never i.e. 0% 	19.1%	18
Rarely i.e. less than 50% 	45.7%	43
Mostly i.e. between 50% and 100 % 	27.7%	26
Always i.e. 100% 	7.4%	7
<i>answered question</i>		94
<i>skipped question</i>		4

9. What type of financial instruments do you use when investing? Please check all that apply.

	Never (0%)	Rarely (Less than 50%)	Mostly (Between 50% and 100 %)	Always (100%)	Response Count	
Common Equity	2.2% (2)	16.3% (15)	62.0% (57)	19.6% (18)	92	
Preferred equity	8.1% (5)	29.0% (18)	58.1% (36)	4.8% (3)	62	
Simple Loan	63.4% (26)	26.8% (11)	9.8% (4)	0.0% (0)	41	
Convertible Loan	20.6% (14)	47.1% (32)	29.4% (20)	2.9% (2)	68	
Options and warrants	11.5% (6)	48.1% (25)	36.5% (19)	3.8% (2)	52	
			Other (please specify)		1	
					answered question	96
					skipped question	2

10. Prior to investing, what type of due diligence do you conduct? Please check all that apply.

		Response Percent	Response Count	
Consult with other investors		81.3%	78	
Consult with customers, suppliers and competitors		51.0%	49	
Consult with patent attorney		26.0%	25	
Consult with technical experts		68.8%	66	
Check the references of the entrepreneur and the team		89.6%	86	
Perform some financial evaluation		79.2%	76	
Other (please specify)		14.6%	14	
			answered question	96
			skipped question	2








**11. What value do you intend to bring to the company you invest in?
Please check all that apply.**

	Response Percent	Response Count
I am a passive investor <input type="checkbox"/>	21.9%	21
Business advice / mentoring <input checked="" type="checkbox"/>	83.3%	80
Contacts and networking <input checked="" type="checkbox"/>	62.5%	60
Fund-raising expertise <input checked="" type="checkbox"/>	41.7%	40
Product development expertise <input checked="" type="checkbox"/>	29.2%	28
Market development expertise <input checked="" type="checkbox"/>	37.5%	36
Other (please specify) <input type="checkbox"/>	8.3%	8
<i>answered question</i>		96
<i>skipped question</i>		2

12. How often are you in contact with companies you invest in? Please check the most appropriate.

	Response Percent	Response Count
At least once a week <input type="checkbox"/>	8.3%	8
At least once a month <input checked="" type="checkbox"/>	34.4%	33
At least once in 3 months <input checked="" type="checkbox"/>	33.3%	32
At least once in 6 months <input checked="" type="checkbox"/>	14.6%	14
At least once a year <input type="checkbox"/>	9.4%	9
<i>answered question</i>		96
<i>skipped question</i>		2

13. What do you estimate to be the annual rate of return on your angel investment portfolio? Please check the most appropriate.

	Response Percent	Response Count
I don't know 	17.7%	17
I prefer not to disclose 	19.8%	19
Negative return 	9.4%	9
0% to 10% 	13.5%	13
10-20% 	16.7%	16
20% to 30% 	11.5%	11
Greater than 20% 	11.5%	11
answered question		96
skipped question		2

14. How important are the following deal sources for your angel investments?

	Not Important	Somewhat Important	Important	Response Count
Family and Friends	33.3% (28)	41.7% (35)	25.0% (21)	84
Other Angels	6.8% (6)	42.0% (37)	51.1% (45)	88
Angel Networks	20.2% (17)	41.7% (35)	38.1% (32)	84
			Other (please specify)	10
answered question				90
skipped question				8

15. What is your participation with the following angel groups? Please check all that apply.

	I never attend	I rarely attend	I regularly attend	I never participated in an investment	I participated in 2-10 investments	I participated in more than 10 investments	Response Count
VANTEC TECH (Advance technology including GreenTech)	29.4% (25)	37.6% (32)	14.1% (12)	4.7% (4)	12.9% (11)	1.2% (1)	8
VANTEC LIFE (Life Sciences)	58.2% (46)	22.8% (18)	7.6% (6)	1.3% (1)	7.6% (6)	2.5% (2)	7
Angel Forum	25.0% (21)	48.8% (41)	15.5% (13)	2.4% (2)	8.3% (7)	0.0% (0)	8
Canadian Financing Forum	68.1% (49)	20.8% (15)	9.7% (7)	1.4% (1)	0.0% (0)	0.0% (0)	7
Other Canadian angel forums	76.8% (53)	21.7% (15)	0.0% (0)	1.4% (1)	0.0% (0)	0.0% (0)	6
US based angel forums	64.7% (44)	19.1% (13)	7.4% (5)	2.9% (2)	4.4% (3)	1.5% (1)	6
						Other (please specify)	
						answered question	9
						skipped question	


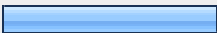
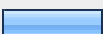
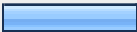
16. What are the main reasons for joining an angel groups? Please check all that apply.

	Response Percent	Response Count
I do not attend any angel group	15.2%	14
To get access to deals	48.9%	45
To find better quality deals	42.4%	39
To pool resources by co- investing	38.0%	35
To take advantage of other angel's expertise	51.1%	47
To learn from experienced angels	46.7%	43
For social reasons	27.2%	25
Other (please specify)	3.3%	3
<i>answered question</i>		92
<i>skipped question</i>		6


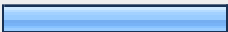





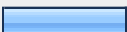
17. What percentage of your angel investment activity is attributable to the angel groups? Please check the most appropriate.

	Response Percent	Response Count
None	30.4%	28
Less than 25%	26.1%	24
25 % - 50%	17.4%	16
50% - 75%	15.2%	14
75% - 100%	10.9%	10
<i>answered question</i>		92
<i>skipped question</i>		6





18. When you invest, how often do you apply for B.C. tax credit? Please check the most appropriate.

	Response Percent	Response Count
Always (i.e. 100%) 	33.3%	30
Most of the time (i.e. more than 50%) 	32.2%	29
Rarely (i.e. less than 50%) 	14.4%	13
Never (i.e. 0%) 	20.0%	18
answered question		90
skipped question		8







19. If you did not obtain tax credits for any of your angel investments, please indicate the reasons below. Please check all that apply.

	Response Percent	Response Count
I did not know about the tax credits 	7.7%	5
Investment did not satisfy the sector requirement 	33.8%	22
Investment did not satisfy the company size requirement 	6.2%	4
I found the application process too cumbersome 	3.1%	2
I had already reached my limit 	6.2%	4
Company had reached its limit 	10.8%	7
I invested outside BC 	40.0%	26
Other (please specify) 	18.5%	12
answered question		65
skipped question		33








20. What percentage of your tax credit applications were eventually approved? Please check the most appropriate.

	Response Percent	Response Count
100% 	69.3%	52
More than 90% 	4.0%	3
Between 50 % and 90% 	10.7%	8
Less than 50% 	16.0%	12
<i>answered question</i>		75
<i>skipped question</i>		23





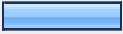

21. If there was no tax credit at all, how would this affect the amount you would invest?

	Response Percent	Response Count
I would invest the same amount 	26.2%	22
10% less 	1.2%	1
15% less 	9.5%	8
30% less 	27.4%	23
60% less 	23.8%	20
I would invest nothing at all 	11.9%	10
<i>answered question</i>		84
<i>skipped question</i>		14


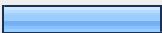


22. If the tax credit was 15% (rather than the current 30%), how would this affect the amount you invest?

	Response Percent	Response Count
I would invest the same amount 	24.7%	21
10% less 	5.9%	5
15% less 	11.8%	10
30% less 	28.2%	24
60% less 	15.3%	13
I would invest nothing at all 	10.6%	9
Other (please specify) 	3.5%	3
<i>answered question</i>		85
<i>skipped question</i>		13







23. If the tax credit was 45% (rather than the current 30%) how would this affect the amount that you would invest?

	Response Percent	Response Count
I would invest the same amount 	18.6%	16
10% more 	4.7%	4
15% more 	12.8%	11
30% more 	44.2%	38
60% more 	17.4%	15
Other (please specify) 	2.3%	2
<i>answered question</i>		86
<i>skipped question</i>		12

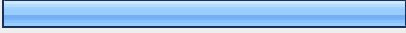


24. How would a 45% tax credit affect the following aspects of your investment activity? Please check the most appropriate.

	Response Percent	Response Count
No change to investments 	16.5%	14
Same investment amount per company but in more companies 	23.5%	20
Greater investment amount per company but in the same number of companies 	32.9%	28
Greater investment amount per company and in more companies 	27.1%	23
<i>answered question</i>		85
<i>skipped question</i>		13




25. If angel investments were exempt from capital gain taxes, how much more would you invest?

	Response Percent	Response Count
I would invest the same amount 	17.2%	15
10% more 	6.9%	6
15% more 	9.2%	8
30% more 	33.3%	29
60% more 	29.9%	26
Other (please specify) 	3.4%	3
<i>answered question</i>		87
<i>skipped question</i>		11



26. Currently any individual can claim tax credit for investments up to \$200K. How would raising the cap to \$300K affect your investment?

	Response Percent	Response Count
Not at all because I never reach my maximum 	61.2%	52
I sometimes reach my maximum but a cap would not change my investment amounts 	27.1%	23
I would invest X% more. Please indicate the number 	11.8%	10
<i>answered question</i>		85
<i>skipped question</i>		13


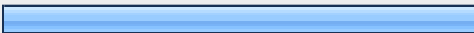
27. In the absence of the BC tax credit, which alternatives would apply to you? Please check all that apply.

	Response Percent	Response Count
No effect on investments 	47.5%	38
Seek more angel investments in other Canadian provinces 	23.8%	19
Seek more angel investments outside Canada (e.g., US) 	41.3%	33
<i>answered question</i>		80
<i>skipped question</i>		18





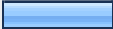

28. Under Equity Capital Program (ECP), investments must be held for at least 5 years. Would you invest more if the required holding period were to be shortened?

		Response Percent	Response Count
Yes		67.4%	58
No		32.6%	28
<i>answered question</i>			86
<i>skipped question</i>			12



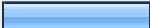

29. Please indicate your preferred approach to investment under ECP. Please select the most appropriate.

		Response Percent	Response Count
Via Venture Capital Corporations (VCCs)		28.6%	24
Direct investment approach (EBCs)		71.4%	60
<i>answered question</i>			84
<i>skipped question</i>			14

30. Your highest educational degree is:

	Response Percent	Response Count
No formal degree 	1.2%	1
High school 	2.3%	2
Undergraduate 	41.9%	36
Masters 	37.2%	32
Doctoral 	16.3%	14
Other (please specify) 	3.5%	3
<i>answered question</i>		86
<i>skipped question</i>		12



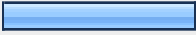

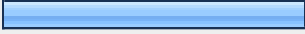
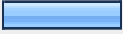
31. What is your current employment status? Please check the most appropriate.

	Response Percent	Response Count
Employed 	31.0%	27
Self-Employed 	41.4%	36
Retired 	21.8%	19
Other (please specify) 	5.7%	5
<i>answered question</i>		87
<i>skipped question</i>		11



32. Please indicate your work experience:(Please indicate the whole numbers and “0” if no experience)

	Response Average	Response Total	Response Count
Years of professional experience	25.36	2,054	81
Years of entrepreneurial experience	16.45	1,316	80
Years of angel investing experience	9.52	800	84
	<i>answered question</i>		86
	<i>skipped question</i>		12

33. Type of work experience. Please select all that apply.

	Response Percent	Response Count	
General Management 	77.9%	67	
Sales and Marketing 	41.9%	36	
R&D 	29.1%	25	
Finance 	53.5%	46	
Operations 	45.3%	39	
Other (please specify) 	17.4%	15	
	<i>answered question</i>		86
	<i>skipped question</i>		12





34. Are you an accredited investor?

		Response Percent	Response Count
Yes		83.1%	69
No		16.9%	14
answered question			83
skipped question			15


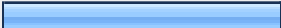


35. Please provide information on companies that you were a founder of. (Please indicate "0" if none)

	Response Average	Response Total	Response Count
How many companies have you started	2.95	242	82
How many of the companies you started had a successful exit?	1.23	96	78
How many companies ended up as a failure	0.88	67	76
answered question			82
skipped question			16

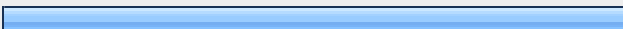


36. Please rate the overall degree of risk aversion with regards to the angel investments you make. Please check the most appropriate.

	Response Percent	Response Count
Highly risk averse 	4.8%	4
Mildly risk averse 	34.5%	29
Risk neutral 	22.6%	19
Risk seeking 	38.1%	32
<i>answered question</i>		84
<i>skipped question</i>		14


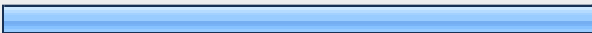
37. How would you describe yourself? Please check the most appropriate.

	Response Percent	Response Count
Big Optimist 	11.6%	10
Mild Optimist 	41.9%	36
Realist 	45.3%	39
Pessimist 	1.2%	1
<i>answered question</i>		86
<i>skipped question</i>		12





38. Please indicate your gender:

	Response Percent	Response Count
Male 	94.1%	80
Female 	4.7%	4
Prefer not to disclose 	1.2%	1
<i>answered question</i>		85
<i>skipped question</i>		13

39. What is your age?

	Response Percent	Response Count
I prefer not to disclose 	10.5%	9
X Years (Please indicate a whole number) 	89.5%	77
<i>answered question</i>		86
<i>skipped question</i>		12

40. What is your current marital status?

	Response Percent	Response Count
Single 	14.0%	12
Married without Children 	11.6%	10
Married with Children 	69.8%	60
Prefer not to disclose 	4.7%	4
<i>answered question</i>		86
<i>skipped question</i>		12

41. Where were you born?

	Response Percent	Response Count
BC	32.2%	28
Canada, not BC	25.3%	22
US	13.8%	12
Europe	17.2%	15
Asia	8.0%	7
Latin America (incl. Mexico)	0.0%	0
Africa	3.4%	3
answered question		87
skipped question		11

42. We will follow-up this questionnaire with individual interviews. Are you available for an interview?

	Response Percent	Response Count
Yes	36.9%	31
No	38.1%	32
Maybe, please call me to discuss the topics the interview will cover (Please provide us with your email address)	25.0%	21
answered question		84
skipped question		14

43. Please provide us with the following information (optional)

	Response Percent	Response Count
Your Name: <input type="text"/>	100.0%	54
Email Address: <input type="text"/>	96.3%	52
<i>answered question</i>		54
<i>skipped question</i>		44

44. In order to allow us to collect more data, we would appreciate it if you could introduce us to other angel investors. We would greatly appreciate it if you could provide us with names and contact information of other angels who would be willing to complete this questionnaire. You may either provide contact information of other angel investors by filling in the box below or by sending us information at ilkini@hotmail.com (Note: all records are kept confidential)

	Response Count
<input type="text"/>	6
<i>answered question</i>	6
<i>skipped question</i>	92