

## **Backgrounder**

The National Angel Capital Organization (NACO) is Canada's industry association for Angel investors. It acts on behalf of more than 30 formal Angel groups and 4,000 individual Angel investors, and has counterparts in the US, EU, Australia and elsewhere. It was founded in 2002 as a non-profit corporation to promote a vibrant Angel community and culture in Canada. This is accomplished through the development of formal Angel investor groups, best practices education and mentoring programs, and the formation of collaboration and co-investment mechanisms, to encourage an efficient risk capital market in Canada.

The NACO's mission is to increase the quantity, quality, and success of Angel investments in Canada, thus creating a greater pool of capital for innovative early stage companies.

### **About Angel Investors**

Angel investors are high-net-worth individuals, often entrepreneurs, who have successfully founded and/or operated one or more companies themselves. They **invest their own personal capital** in exchange for equity in seed- and early-stage companies. Key catalysts in the commercialization of innovations, Angels invest in early-stage high-risk ventures. Complementing their financial investment, Angels often provide mentorship and access to strong relationship capital networks to their investee companies. They are the oldest, largest, and most available source of outside funds for entrepreneurial firms.

### **Why are Angel investors important to Canada?**

Angel investors in Canada, individually and via formal Angel groups, invest approximately \$2.2 billion annually in seed- and early-stage companies, in contrast to the estimated \$871 million invested in Canada annually by venture capital firms.

Angels are key to the commercialization of innovation by small- and medium-size companies which, in turn, are the primary source of employment growth in Canada.

### **The Vision of NACO**

NACO envisions the further development of an entrepreneurial culture in Canada where more companies become investor-ready, and more individual investors band together while adopting standards and best practices to maximize the potential scale, effectiveness, and returns of their investments.

The realization of this vision would guarantee Canada's international competitiveness and prosperity well into the future.

### **The Mission of NACO**

The mission of NACO is to increase the quantity, quality, and success of Angel investments in Canada, thus creating a greater pool of capital for the use of innovative early stage companies for national benefit.

NACO is dedicated to increasing the effectiveness and activity of Angel capital in Canada, in order to:

- Commercialize Canada's leading-edge technologies;
- Promote world-class excellence in our high-potential, emerging growth companies through mentorship, networks, and financing; and
- Develop the regional, national, and international partnerships necessary to attract foreign direct investment into Canadian firms, via co-investment mechanisms.

### **The Services of NACO**

The National Angel Capital Organization:

- Hosts an annual National Angel Summit with world-class speakers and panellists discussing the latest developments in Angel investing.
- Hosts Co-investment Summits that allow the best Angel-backed companies to pitch for second-round investment from alliances of Angel investors and Angel groups.
- Produces best-practices for Angel investment and Angel group formation, which most Angel groups in Canada have agreed to follow. Canada is the first country to have adopted a national standard for Angel investing.
- Organizes communication between governments, researchers, entrepreneurs and investors.
- Hosts workshops on best practices for Angel investors and their regional or sectoral groups.
- Encourages the formation of Angel groups by regions and by sectors, as a means of overcoming barriers to investment in early-stage companies by accredited investors.
- Mentors and organizes "boot-camps" for the executives of seed- and early-stage companies in order to improve their readiness for Angel investment.
- Facilitates cross-jurisdictional co-investment in opportunities, via increased investor communication and both national and international networking among Angel investor groups, to bolster the possible scope of individual early stage companies.

## **The Accomplishments of NACO**

### **Events**

- Nine annual **National Angel Summits**, in Toronto, Ottawa, Banff, Halifax, Montreal and Markham, hosting hundreds of Angel investors and presenting world-class keynote speakers and panellists such as The Hon. Jim Flaherty (Minister of Finance), David Berkus (“Start-Up Director of the Year”), The Hon. Dalton McGuinty (Premier of Ontario), Dr. Tony Rahilly (Director-General of NRC’s Industrial Research Assistance Program), and many more!
- Two Canadian **Co-Investment Summits** in Toronto, presenting forty high-potential growth-oriented early stage companies seeking second-round funding from over 500 attendees, including over 300 Angel investors from Canada and around the world.

### **Programs and Agreements**

- The **Angel Network Program** in Ontario, operated by the National Angel Organization-Ontario (NAO-O) funded by the Ontario Ministry of Research and Innovation, which has so far started up 12 Angel groups in that province, as well as delivering several educational sessions and Angel Investment Showcase events, and referring hundreds of businesses to Ontario’s business resources.
- **Memoranda of Understanding** with the Ontario Centres of Excellence and MaRS Discovery District (via NAO-O).
- **Memoranda of Understanding** with Angel associations worldwide:
  - European Business Angel Network
  - Angel Capital Association (United States)
  - Australian Association of Angel Investors

### **Educational Initiatives**

- The handbook titled ***The Primer for Angel Investment in Canada***, developed with the support of the Royal Bank of Canada, which introduces Angel investing to accredited investors.
- The Angel group handbook titled ***Age of the Angel***, which is the compendium of best practices for Angels in Canada and has been translated into Russian and Japanese as well.
- The entrepreneurs’ handbook titled ***Taking Your Business To The Next Level***, which shows early stage executives how to turn their business from a “lifestyle” concern to a growing, investor-ready, world-challenging organization.
- **angelinvestor.ca**, the hub of Canadian Angels’ internet presence, with a wide variety of resources for Angels, entrepreneurs, government, media and the general public.
- An **introductory Angel investing webinar** delivered to Canada’s Trade Commissioner Service.
- A **cross-border Angel investing webinar**, outlining its challenges and rewards for American Angel investors, in co-operation with Gowling Lafleur Henderson LLP, Cooley Godward Cronish LLP, and the Angel Capital Association.