

# Stock Investing and Angel Investing

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# Disclaimers

Not a financial or investment advice

Stock and especially angel investing is very risky

Based on my personal experience (27 years stocks, 5+ years angel)

Don't try this at home 😊

No specific companies will be mentioned to protect the innocent and the guilty

# Angel Investing

Now accessible to everyone (not just accredited investors)

[www.seedinvest.com](http://www.seedinvest.com)

[www.wefunder.com](http://www.wefunder.com)

Mostly growth mindset

Worst case not complete failure but walking dead – tax consequences

There are value angel investments (RE-based) but not covered here

Long-term: 5-7 years

Cannot exit with 2x-10x, cannot exit with 0.5x (examples)

Exit: mostly M&A

Growing to public company hard and may not be best ROI

Very small companies

Very limited financials

Limited history

# Angel Investing

Can talk (extensively) with management, employees, other investors

Can “activist” to limited extent (CTO change example)

Can join the company and do it yourself (better ;))

# Common for Angel and Stock Investing

Diversification

Due diligence

# Stock Investing

Financials available

Stocks quoted all the time

Limited or no access to management

Large and complex businesses

Monopolies

Moats

# Nano/Micro Caps

Similarities to Angel Investing:

Limited financial history

Limited liquidity

May be open to private placements

May be open to input

May talk to you

Limited/no moat

# You are Pro

*“I am a better investor because I am a businessman and I am a better businessman because I am an investor.” ;)*

You might know sales/accounting/terms/product/business better than the team

If you don't know: learn!

Your input may be valued and listened (example travel company)



# Lessons: Product and Sales

## Product, market, moat still matters

- Due diligence matters

- Can evaluate market / projections (example from agriculture)

## Sales

- CEO/management networking (media example)

- “Land and expand”

- Big name “contracts” (example from SaaS advertising)

- Limited sales force

- High cost

# Lessons: Team and Execution

Team matters hugely – way more than in most large caps

- Experience of CEO/management

- Fly by night CEOs (SaaS security co top management example)

- Pushy investors/management (crypto example)

- “Do whatever comes to my mind” CEOs (cannabis example)

Execution is matter of life and death

- R&D

- Manufacturing: 3<sup>rd</sup> party manufacturing, supply chains (medical device example)

# No Fast Track to Riches

Overpromises: everything takes 2x-5x longer

- Public companies are better in promises

- Large cap investors have wrong mindset about nano cap promises

- Hockey stick is real ... sometimes

- Stock investors more likely to miss or benefit from delayed reaction to hockey stick

Angel returns might be worse than in stock investing

# Non ROI Reasons

Impact

Learning

Networking

Fun

Bragging ;)

You too can syndicate/write/produce  
“Silicon Valley”