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# Angel groups still making investments

Portland Business Journal - by [Aliza Earnshaw](#) Business Journal staff writer

Angel investors say the chaos in financial markets makes it a great time for deal hunting.

“Over the past couple of weeks, the fear has subsided,” said Angela Jackson, director at **Emergent LLC**, a firm that advises and invests in startup companies. “People are realizing there are opportunities here.”

Although many investors are sitting on their hands, the stock market’s volatility is rattling some people’s long-held ideas.

“People are realizing, ‘If this could happen to the blue chip arena, I might be at less risk and much higher reward taking a swing at a local company, where I can see and touch the management team, and where I have a far better chance of steering an outcome,’” Jackson said. “Risk is the new safe.”

Angel investors put money into a company at a very early stage, often after the founders have tapped out family and friends and their own credit cards.

Angels invest in much smaller amounts than venture capitalists, usually somewhere between \$10,000 and \$100,000 per investor. Despite the small size of the investments, they’re considered risky. Early-stage companies have no track record, usually no revenue and often novice management teams.

In recent years, both in Portland and around the country, angel investors have been banding into groups to help one another make good investment decisions. Together, they perform the pre-investment due diligence. They often invest as a group, which means they can put more dollars into a company, giving them more influence with executives.

Angel investing is also becoming more popular. The city boasts a larger roster of angel investors now than at any time in its history.

Portland’s angel groups are also still investing quite actively. The **Oregon Angel Fund**, one of the newest and largest local groups, has made three investments this year and plans to make two more by the end of the year.

That’s one more investment than the group made in 2007. This year the group can make an extra investment because it has more money to put into play — \$2.5 million, instead of the \$900,000 it had last year.

There’s also plenty of choice, said Eric Rosenfeld, one of the Oregon Angel Fund managers.

“The economy isn’t cause for us to slow down,” he said. “People know we have money. We feel we are getting the pick of the litter.”

The slowing economy has caused some investors to hesitate. At least two of the fund’s investors are “thinking twice” about investing again next year, Rosenfeld said. That won’t matter to the fund, because it has a long waiting list of prospective members.

If enough investors hold back, however, it could slow the pace of investments citywide.

Between the Oregon Angel Fund and the groups it works with — Portland Angel Network and Women’s Investment Network — there are at least 100 people actively investing, Rosenfeld estimates. Besides these three groups, the Portland area now has a chapter of the **Keiretsu Forum**, a Bay Area-based investment network, and several firms that invest in early-stage companies.

The Women’s Investment Network is seeing some good companies, said Julie Gulla, the organization’s chair and a senior vice president at **Morgan Stanley** in Portland. But she said economic uncertainty has caused some belt-tightening.

“People are investing a little bit less, and in fewer deals,” she said. “The pace is slowing. But there’s still interest and activity.”

It’s difficult to measure angel investing because so many of the deals are private.

The **Center for Venture Research**, based at the **University of New Hampshire**, reports that the dollars invested by angels grew to \$12.4 billion in the first half of this year, up 4.2 percent from the first half of 2007. That represents a slowing pace of growth after two years of bigger increases. The number of companies angels invested in declined 3.8 percent, indicating a growing caution that’s attributable to recent market volatility and economic uncertainty.

That caution is seen much more in venture capitalists than in angel investors, largely because the stakes are higher for the bigger investments made by venture firms.



Cathy Cheney | Portland Business Journal

Julie Gulla, chair of the Women’s Investment Network, says some investors are now cautious.

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**“From casual conversations with VCs, I can tell you they’re getting a lot more conservative and are beginning to conserve capital,” said Dennis Powers, an active angel investor who advises entrepreneurs.**

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