

# What Drives the Returns of Business Angels' Investments? An Empirical Analysis of the Italian Informal Venture Capital Market

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**Abstract**—The aim of this study is to analyze the returns of business angels' investments and their determinants. In this research the author wants to investigate the relationship existing between the performance of business angels' investments and a series of explanatory variables widely used in the literature dealing with formal venture capital investments. Thanks to the data provided by surveyed business angels about their exits, it has been possible to build a dataset containing the details of about 90 disinvestments made in Italy during the 2007-2010 time periods. This study shows that the most important features business angels look for when financing new firms is the management team, followed by the potential growth of the market. Furthermore, the exit strategy and the industry financed have a significant impact on the IRR of angels' investments.

**Keywords** - Business angels, informal venture capital, IRR, exit strategies, small firms equity gap.

## I. INTRODUCTION

A fundamental aspect when dealing with occupational and economic development of a Nation is the existence of an institutional and financial context capable to favor the creation and development of new companies. However, making reference to the Italian market, the financial system isn't able to allocate capital to entrepreneurs, who often demand for debt capital, mainly because of their lack of knowledge about the different sources of capitals. Thus, they find it hard to raise the funds necessary for start-ups because banks know that debt capital doesn't fit early stages investments: as a matter of fact, firms in the early stages shouldn't demand high shares of debt because it's costly and requests covenants that these firms can't afford. Furthermore, their core business doesn't generate the financial resources (unlevered cash flows) needed to refund the debts. Therefore, the appropriate funds for start-ups is represented by risk capital: this kind of capital is offered by specialized institutions (i.e. venture capital funds) and is more flexible, because its cost is strongly dependent on the economic results of the firm, and its payback is consistent with the cash flows' volatile pattern typically undertaken by a new entrepreneurial venture. However, several studies show that

venture capitalists prefers to invest in highly innovative firms, and that the minimum investment amount is usually one million euro [1]. Because of VC investment policies, young SMEs are cut off from their investments because they require smaller amount of capital (usually 50,000 – 300,000 euro), their evaluation is time consuming and generates yields only in the long run [2]. It's possible to argue that exists a gap – called “funding or equity gap” – between the demand for capital from start-ups (early stage) and supply offered by venture capitalists [3]. The economic player who is capable to fill this gap is the business angel: a private investor who finances start-ups with his private savings buying shares of the financed firms and is very flexible about amount and exit strategy. Just like venture capitalists, his purpose is to realize a capital gain when selling his shares of the company (usually after 3-7 years). This economic player has evolved during the past years and now can be considered a professional investor, associated to networks of angels and able to invest in syndication with other investors in order to supply financed firms with higher amount of capital (more than 1 million euro); this kind of professional angels finance firms in different stages, not only the earliest.

The aim of this study is to analyze the returns of business angels' investments and their determinants, thus extending to the informal venture capital market research areas and methodology widely applied in the formal venture capital market. Thanks to a unique dataset generated through the information provided by surveyed business angels about their exits, it has been possible to build a dataset containing the details of about 90 disinvestments made in Italy during the 2007-2010 time periods. Through the analysis of the data, it has been possible to test the following hypothesis: *H1: Is there a relationship between exit strategy and IRR? H2: Is there a relationship between duration of the investment and IRR? H3: Is there a relationship between financed industry and IRR? H4: Is there a relationship between IRR and business angel's experience? Is there a relationship between the full set of selected variables and IRR?*

Data analysis shows that the first four hypotheses can't be demonstrated univocally: while there's support for stating that all variables considered contribute to the IRR, the regression shows that the contribution of some determinants is not statistically significant. Regarding the fifth hypothesis, the whole model allows to significantly explain the investigated phenomenon.

## II. BUSINESS ANGELS AND INFORMAL VENTURE CAPITAL

The informal venture capital is an important vehicle for the development of new firms: the market for informal venture capital finances more small firms than the formal venture capital market [4]. This market developed in the US and UK at the beginning of the 80s, grew steadily during the 90s and slowed down after the dotcom bubble burst in 2000. After 2002 the market began to grow at fast pace and is reaching high levels not only in terms of invested capitals, but also in terms of specialization and professionalism of business angels. The main actor of the informal venture capital market is the business angel: he is an informal investor (not institutional) who finances small and newly constituted companies buying minority stakes. He not only provides financed firms with equity capital, but also with knowledge at managerial and industrial level and his personal network [5]. He assists the financed firm strategically and on the operative field. A major contribution conducted by BVCA in 1999 on the British market highlighted the key features of the business angel: he is wealthy, with an entrepreneurial, managerial or consulting background, almost exclusively male and between 40 and 65 years old. Like venture capitalists, also business angels' aim is to realize capital gains through the sale of the shares after some years (usually from 3 to 7). However, business angels and venture capitalists are deeply different investors. The first, and maybe most important, difference is that business angels invest their own capital. This influences angels' investments behavior: they are responsible only to themselves and don't have to guarantee minimum returns to other investors: thus they are more inclined to finance risky companies, while venture capitalists prefer other kind of investments. The second difference is that business angels have a small amount of capital to invest compared to those at venture capitalists' disposal, thus they prefer small companies (even though, in the last years, business angels finance larger projects thanks to syndication investments). In order to correctly evaluate investment opportunities, business angels have to undergo a ripening process [6]. The third difference is represented by the reason for which they invest: venture capitalists invest exclusively for financial reasons, with evaluation models, risk/gain profiles and diversification strategies. Business angels have financial reasons too, but they invest also for other reasons: develop new technologies, play an entrepreneurial role, leverage on their relationship network, protect intellectual property rights etc. Because of the limited amount of capital they can invest and the different utility function underlying their investments, they usually don't have diversification strategies.

Several researches in the Anglo-Saxon market show that Business Angels usually invest the equivalent of 100,000-250,000 euro, a range considered unattractive by venture capitalists because of fixed costs [7]. In order to invest in bigger firms, the most professional angels invest in syndicates (called angel syndicates). Furthermore, differently from the institutional investors acting in the financial system, angels' investments are not reported to surveillance authority and thus are not regulated. The match between angels and entrepreneurs is often casual: angels, given their nature, are not visible and prefer the anonymity [8].

The bankruptcy and reputational costs are high also for individual investors: an unsuccessful venture could result in lower reputation and credit standings with negative consequences on reputation and fundraising capacity of other businesses and investments.

Angels invest very close to their domicile because of the difficulty to follow a distant firm and the source of the deal flow: friends, other investors, etc. These features make hard the quantification of the total invested capital. Because of the scarce light on angels, the research of investment opportunities is inefficient: differently from formal venture capital, where venture capitalists are visible and the match between them and entrepreneurs is easy, in the informal venture capital market information costs are very high. Also the evaluation process is longer; furthermore, the scarce visibility of the angels is problematic for entrepreneurs too. This gap of information has been filled all around the world (at least partially) by BANs (Business Angels Networks).

## III. THE ITALIAN INFORMAL VENTURE CAPITAL MARKET: ACTORS, KEY TRENDS AND INVESTMENT BEHAVIORS

Italian informal venture capital market is characterized by the difficulty to find data about the deals and their size. During the previous years, several studies were undertaken about Italian business angels, but those researches considered only a limited number of informal investors. In this paper will be analyzed data gathered during the analysis of the Italian informal venture capital market in the early months of 2008, 2009, 2010 and 2011 (making reference to transactions closed in the previous year). Results will be analyzed in order to reckon the size of this market in Italy, to remark a trend in business angels' behavior and to extrapolate their key features. In Italy business angels aren't recognized as a specific economic player, so doesn't exist a public register nor a track record of their transactions. Moreover, business angels have a preference for privacy that makes difficult to find them for both entrepreneurs and researchers.

IBAN (Italian Business Angel Network) carries out yearly a survey that studies the activity of Italian business angels. The data were gathered forwarding an internet-based survey through different channels to a large number of individuals believed to be business angels operating in Italy. An important role was played by IBAN, who submitted the survey to a vast number of individuals thanks to its wide network. Business

angels are the primary source of capital for seed and start-ups. Moreover, they are very important in Italy, given its economy founded on SMEs [9]. This analysis confirms the expansion of the Italian informal venture capital market: it rose hugely in the past 10 years, from €400,000 in 2000 to €33,334,000 in 2010. This exponential growth can be explained with the constant rise of market organization, which was first measured from IBAN in 2000. The average investment has declined from €183,000 in 2007 to €145,000 in 2010, while the number of investments has climbed from 105 in 2007 to 229 in 2010. About half of the 2010 investments involved the financing of a company with no revenue at the time of the investment. In the time horizon considered, Italian investors have showed a preference for the ICT industry: in 2007 and 2008 it received most capitals from business angels. In 2009 the most financed firms were in the biotechnologies/med-tech industry, while in 2010 ICT was again the most financed business (reckoned as the number of financed firms, not the actual amount provided). The most important determinant for business angels investments is the management team of the company, followed by the potential growth of the market. Surprisingly, the most important contribution business angels provide to financed firms is strategy, followed by capital and personal network. The typical Italian business angel is a man aged between 44 and 49 and lives in Northern Italy. He has a University degree and is or has been an entrepreneur, has a private wealth (excluding his principal residence) between several hundredths and 1.5 million euro, of which less than 10% is invested in unlisted firms. He involves at least another angel in his investments and is an IBAN (or one of its regional BAN) affiliated. These features converge to those of the Anglo-Saxon business angels. In addition, Italian angels' investment behavior is closer to the one of other European business angels. The most common investment in the Italian market is smaller than 60,000 euro, is aimed at financing a seed or start-up firm and its holding period is smaller than four years. Usually, Italian business angels own 20% of the share capital of the financed firms.

#### IV. EMPIRICAL ANALYSIS

Business angels are often considered "atypical" investors: they finance newly constituted firms providing risk capital, but they are not venture capitalists because they invest their own money. Furthermore, their approach is often informal and their contribution to the financed firms goes beyond the capital provided, consisting also in managerial competences and relationships to share with the entrepreneur. However, business angels are investors whose main purpose is to obtain appropriate returns when compared with the entrepreneurial risk undertaken. This issue has not received much attention from researchers until recently, thanks to the fact that business angels are being seen ever more as financial investors [10]. In the US and UK the topic has been studied, among all, by Mason and Harrison [11] and Wiltbank, Read, Dew and Sarasvathy [12]. Mason and Harrison found that venture capitalists returns are not comparable to those of business angels because of different risk management strategies. Wiltbank, Read, Dew and Sarasvathy shed light over the

prediction and control process, showing that investors who emphasize "financial forecast based approach" make larger investments, but do not experience above the average returns, while investors who emphasize due diligence experienced few moderate returns (thus more higher than average returns or loss). In Italy there are no researches on business angels returns and their determinants, but just a few contributions providing descriptive analysis of the informal venture capital market.

##### A. Goals and research questions

In the following empirical analysis the approach chosen is to investigate the features and the determinants of the performance of the Italian informal venture capital market by making direct reference to the major research areas, projects and methodology characterizing the most legitimated and rigorous stream of literature dealing with venture capital and, more in detail, with the determinants of business angels' investments returns. In particular, the determinants of profitability of informal venture capital investments have been selected by a 2-step process: selection of a wide set of variables from venture capital literature and screening process and choice of a short list of determinants making reference to the output of the survey. Therefore, consistently with the aim of this study, the author analyzes the returns from business angels investments and tries to answer the following questions:

- H1: Is there a relationship between exit strategy (ES) and IRR?
- H2: Is there a relationship between duration (D) of the investment and IRR?
- H3: Is there a relationship between financed industry (I) and IRR?
- H4: Is there a relationship between business angel's experience (E) and IRR?
- H5: Is there a relationship between the full set of variables and IRR?

Consistently with major theoretical explanations making reference to formal venture capital investments, the author expects a relationship between these variables and IRR (either positive or negative) which explains the variability of the returns of business angels investments [13].

##### B. Data and methodology

Data have been collected referring to the 2007-2010 time horizons with an on-line survey: they include details on 119 exits made during those years. For this analysis, only fully detailed disinvestments have been selected, thus the sample is 90 exits. Data on exits have been processed in order to reckon the IRR and to group the disinvestments by industry, duration, exit strategy and experience of business angels. The following tables include data obtained by crossing the answers given by surveyed business angels. In order to obtain the relationship between the IRR and the chosen variable, an econometric model has been set up (OLS univariate and multivariate

regressions). In the case of the relationship between holding period and experience and IRR, actual data have been used, while in the case of the exit strategy and the industry financed, a dummy variable (i.e. 1 or 0) has replaced the quantitative variable. The equations for the first four variables have been written as follows:

$$Y = \alpha + \sum_{i=1}^n \beta_i X_i + \varepsilon \quad (1)$$

where  $Y$  = IRR,  $\alpha$  = constant,  $\beta_i$  = value of the variable (either quantitative or dummy),  $X_i$  = independent variable (ES, D, I, E),  $\varepsilon$  = random error with zero mean. In regressions with dummy variables,  $\alpha$  has been set to zero (according to Gujarati). Differently from data shown in descriptive tables, the sample of the econometric model is 80 exits because not significant variables (with less than three data) have been excluded from the sample.

Business angels often evaluate their returns as a multiple of their initial investment. However, to better compare different investments, it's useful to reckon the yearly return of an investment (i.e. the IRR). Table 1 shows the total returns of business angels investments (not adjusted for the duration). Once adjusted for duration (i.e. IRR), the distribution of the returns changes as shown in table 2.

TABLE I. TOTAL RETURNS OF BUSINESS ANGELS INVESTMENTS

Total return	Percentage of total exits
Total loss	8.9%
Partial loss	25.5%
0-19%	25.5%
20-49%	16.7%
50-99%	6.7%
≥100%	16.7%

Source: Author's elaboration

TABLE II. TIME ADJUSTED IRR OF BUSINESS ANGELS INVESTMENTS

IRR	Percentage of total exits
Total loss	8.9%
Partial loss	25.5%
0-19%	45.6%
20-49%	8.9%
50-99%	7.8%
≥100%	3.3%

Source: Author's elaboration

Of course, the number of total and partial losses is unchanged, but the number of higher than average returns (i.e. IRR of at least 20%) is smaller. This is owed to the fact that higher returns could require more time to ripe, thus curbing the IRR. About one third of business angels' investments results in a loss (partial or total). Considering only investments whose return is higher or equal to zero, the average total return is 107%. However, once adjusted for the duration, the average IRR is 25%.

### C. Results

The exit strategy is one of the most important variables to consider when investing in the share capital of an unlisted company. Table 3 shows the percentage of different exit strategies and their average IRR, while table 4 shows the regression data.

TABLE III. IRR AND EXIT STRATEGY

Exit strategy	Percentage of total exits	Average IRR
Closed activity	16.7%	-75.10%
Buy-back from Management team	28.9%	-1.75%
Sale/acquisition to other firm	35.6%	24.23%
Sale to other investors	16.7%	12.75%
Stock listing	2.2%	20.65%

Source: Author's elaboration

TABLE IV. IRR AND EXIT STRATEGY - REGRESSION

Exit strategy	Coefficient	Significance
Closed activity	-0.75***	0.00
Buy-back from Management team	0.01	0.88
Sale/acquisition to other firm	0.25***	0.00
Sale to other investors	0.22	1.81

$R^2 = 0.466$   
 $F\text{-prob} = 0.000***$   
 $Y = \beta_{ES}(ES) + \varepsilon_t$   
 \* $p < 0.10$   
 \*\* $p < 0.05$   
 \*\*\* $p < 0.01$

Source: Author's elaboration

As expected, closed activities have the lowest IRR. Sale/acquisition to other firm has the highest IRR, while sale to other investors and stock listing have positive returns. The buy-back from management team has a negative IRR, but it is positive (+16%) if not adjusted for the duration of the investments. This suggests that buyback is the "last-best" option chosen by business angels usually after the failure of the other exit strategies. One explanation could be that the buy-back is a kind of stop loss clause (i.e. the investor has the option to sell the stake to the management team at a fixed price if firm's results are lower than expected). The econometric model shows that the exit strategy is important for determining the IRR: it explains close to 50% the volatility of IRR. Closed activity gives negative contribution to the final outcome, while the other exit strategies have positive coefficients. However, the hypothesis is not significant as far as both the options "sale to other investors" and "buy-backs" are considered.

Thus, H1 is partly supported by data.

The average duration of investments is 3.3 years (3.7 years once excluded partial and total losses). Table 5 shows the IRR

and the duration of investments with zero or positive returns. Table 6 shows the regression data (which include losses).

TABLE V. IRR AND DURATION (LOSSES EXCLUDED)

Duration (years)	Percentage of total exits	Average IRR
≤ 1	20.3%	48.33%
2	22.0%	34.70%
3	15.3%	23.02%
4	11.9%	5.49%
5	10.2%	6.38%
> 5	20.3%	14.31%

Source: Author's elaboration

TABLE VI. IRR AND DURATION (LOSSES INCLUDED) - REGRESSION

Variable	Coefficient	Significance
Duration	0.01	0.57
$R^2 = 0.004$ $F\text{-prob: } 0.568$ $Y = \alpha + \beta_D(D) + \varepsilon_t$		
<p>*p&lt;0.10  **p&lt;0.05  ***p&lt;0.01</p>		

Source: Author's elaboration

Consistently with theoretical predictions, the IRR dramatically falls as years rise, though showing an increase after the fifth year. Making reference to the Author's database, 63% of the total losses occur within the second year of the investment. Although it's not possible to figure out the ideal duration for business angels investments, data show that after the third year of investment the average IRR drops of more than 50%, compared with the highest IRR (registered at the second year). However, business angels can't capitalize their investments at any time (they must wait for the firm to increase its value and then find a buyer for their shares), so the duration is hardly a variable dependent solely on investor's preferences. Furthermore, different investments (e.g. industry) require different time to ripe, thus confirming the relevance of the durations as a driver for business angels' performance. Studying the econometric model, the holding period doesn't determine the IRR: both the  $R^2$  coefficient and the hypothesis are not statistically significant. One possible explanation is that there is not enough data in the database to make the regression output statistically significant.

For this reason, H2 is not fully supported by the regression analysis.

Another variable is represented by the financed industry. In order to understand if there is a relationship between financed industry and IRR, it's important to include the average duration of investments for financed businesses in order to make data on IRR homogeneous. Table 7 shows the average IRR and duration for financed industries (only industries with at least three exits), while table 8 shows the results of the regression.

TABLE VII. IRR AND INDUSTRY

Industry	Average duration (years)	Average IRR
Biotech/Medtech	3.2	31.72%
Business Services	2.8	-21.89%
Construction	5.7	4.19%
Electronics	2.6	-29.62%
Energy	1.6	8.82%
Entertainment	2.6	-30.67%
Finance/Insurance	4.0	13.45%
Food & Beverage	4.2	-17.38%
ICT	3.6	25.97%
Manufacturing	3.1	15.11%
Retail	4.6	19.62%

Source: Author's elaboration

TABLE VIII. IRR AND INDUSTRY - REGRESSION

Industry	Coefficient	Significance
Biotech/Medtech	0.32	0.18
Business Services	-0.22	0.16
Construction	0.04	0.89
Electronics	-0.30	0.12
Energy	0.09	0.71
Entertainment	-0.31*	0.07
Finance/Insurance	0.13	0.57
Food & Beverage	-0.17	0.42
ICT	0.26	0.11
Manufacturing	0.15	0.42
Retail	0.19	0.34
$R^2 = 0.18$ $F\text{-prob} = 0.153$ $Y = \beta_I(I) + \varepsilon_t$		
<p>*p&lt;0.10  **p&lt;0.05  ***p&lt;0.01</p>		

Source: Author's elaboration

The best performing industry is biotech/medtech. In the sample, only one investment in this business resulted in a loss. The perspective returns and the potential growth of this market make biotech/medtech the most financed industry by Italian business angels in 2009. ICT (the most financed industry in 2007, 2008 and 2010) is the second best performer, averaging an IRR of 25.97% in 3.6 years. Also in this case, only one investment in the sample resulted in a loss. The third best performer is retail, with an average IRR of 19.62% in 4.6 years. Also in this case, only one investment in the sample resulted in a loss. Energy is the industry which gives positive returns in the shortest period of time (1.6 years). At the other end there are entertainment and electronics, with an average IRR of -30.67% and -29.62% respectively. There's no exact explanation for this negative result, and deeper data analysis (e.g. location of the firm, investor's background and experience, IRR variance, etc.) shows that 70% of investments in the entertainment industry results in a loss, but the remaining 30% experienced an average IRR of about 20%. Electronics has a different IRR distribution: about half of the investments resulted in a loss, but the remaining investments experienced

an average IRR of just 6.3%. The econometric model shows that the industry financed is not the most important determinant of the IRR: it accounts for 18% of its variability, but the coefficients are not significant at the 10% level for all but one industry (entertainment).

Thus, H3 is only partly supported by data.

Returns might be linked to the experience of the investor. To measure the experience, it has been taken into consideration the number of past angel investments made by the business angel. For this variable, the sample is 60 exits. Table 9 shows the average IRR and the past investments of business angels, and table 10 shows the results of the regression.

TABLE IX. IRR AND EXPERIENCE

Number of past investments	Percentage of total exits	Average IRR
0-3	38.3%	-14.89%
4-8	33.3%	12.35%
>8	28.4%	1.12%

Source: Author's elaboration

TABLE X. IRR AND EXPERIENCE - REGRESSION

Variable	Coefficient	Significance
Experience	0.009	0.70

$R^2 = 0.004$

\* $p < 0.10$   
\*\* $p < 0.05$   
\*\*\* $p < 0.01$

$$Y = \alpha + \beta_E(E) + \varepsilon_t$$

Source: Author's elaboration

As expected, angels with less experience have the lowest (even negative) IRR. However, the most experienced angels obtain, on average, lower IRR than angels with an intermediate experience. About one third of the investments of more experienced angels results in a loss, compared with just one fourth of intermediate experienced angels. Furthermore, the number of investments is not influenced by the angel's experience. The econometric model shows that the experience, as measured by the selected proxy, is not an important variable in determining the IRR: its contribution seems to be very marginal and the coefficient is not significant.

For this reason, H4 is only partly supported.

Finally, all the variables have been placed in the econometric model in order to understand their overall contribution to the IRR (the sample is 54 exits): only one variable considered is statistically significant, but the  $R^2$  coefficient shows that the model accounts for 55% of the variability of the IRR, and the F-test confirms that the model as a whole is statistically different from zero (thus it's significant). Table 11 shows the results of the regression.

TABLE XI. WHOLE MODEL REGRESSION

Variable	Coefficient	Significance
Duration	-0.022	0.41
Experience	-0.001	0.94
Closed activity	-0.868**	0.02
Buy-back from Management team	0.024	0.95
Sale/acquisition to other firm	0.29	0.46
Sale to other investors	0.231	0.61
Biotech/Medtech	0.13	0.76
Business Services	-0.067	0.87
Electronics	0.211	0.67
Energy	-0.333	0.40
Entertainment	-0.032	0.94
Finance/Insurance	0.083	0.86
Food & Beverage	-0.081	0.84
ICT	0.145	0.72
Manufacturing	0.332	0.41
Retail	0.135	0.75

$R^2 = 0.55$   
F-prob = 0.002\*\*\*

$$Y = \beta_1(D) + \beta_2(E) + \beta_3(ES) + \beta_4(I) + \varepsilon_t$$

\* $p < 0.10$   
\*\* $p < 0.05$   
\*\*\* $p < 0.01$

Source: Author's elaboration

## V. CONCLUSIONS

The Italian informal venture capital market is experiencing a steady growth since 2000. However, determinants of Italian business angels investments and their returns have not yet been studied. This study shows that the most important features business angels look for when financing new firms is the management team, followed by the potential growth of the market. This is hardly a surprise because human capital is the most important asset for newly constituted firms. Analyzing data on exits, about one out of three investments results in a loss (partial or total). However, the average IRR for non-negative investments is very high: 25%. Regarding the tested hypotheses, it's possible to state that H1 is partly supported by data: it can be demonstrated that closed activity is the worst possible exit strategy (it's usually the result of a total loss), while stock listing is the best, but other exit strategies have different outcomes. H2 is not fully supported by evidence: longer duration means, on average, lower IRR. Among non-negative returns investments, after the third year the investors experience under the average yield rate. However, very low duration (under two years) have high probability of obtaining negative outcomes: about half of total losses have a duration of less than two years. H3 is partly supported by data: there's a link between financed industry, duration and IRR (of the three best performing industries, only three investments resulted in a loss), but it's not possible to state that a certain industry produces either positive or negative returns for its investors. H4 is not fully supported: less experienced angels obtain under the average returns (even negative in this study), but the most

experienced angels obtain under the average returns too (though positive). One possible explanation could be that more experienced angels are financing riskier firms in order to achieve higher than average returns.

This study shed light over a still opaque issue like the returns of business angels investments and their determinants. Future researches could focus on the differences between business angels and venture capitalists returns and their determinants, the relationship between angel investments and future financing from venture capitalists and the features business angels look for when financing a new firm.



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