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## Forward

Future Capital was created to propel a new cohort of highly-skilled operators into the world of startup investing. By providing low-touch, high-impact experiences that enable investors to participate in an increasingly competitive venture capital economy, we aim to create access to one of the fastest growing asset classes in the world.

Venture capital is a historically difficult industry to break into. The lack of diversity that exists within the ecosystem creates an even higher barrier for minorities and individuals with non-traditional backgrounds. This is why the most important thing we can do for our customers is to create the conditions for them to gain meaningful experiences, drive relevant opportunities and develop their own strategy for startup investing.

## In Brief

**In the last 2 years, we've gone from researching and concept testing a way to activate a new category of angel investors to launching a diverse network of early-stage investors - across two countries. Through a combination of startup investing courses, 'closed door' meetings with founders, strategic industry activations and a number of co-created pre-seed deals, we've managed to establish a 300+ person network of startup investors that invert the demographics in the industry and they're taking an unconventional approach to venture investing.**

**The first 50 investors came in succession in the summer of 2020 with a strict gender and regional focus - 3 back to back cohorts of emerging women investors in Atlantic Canada. We tested a new, proprietary curriculum designed to engage investors with limited access and experience in venture and we credit those initial engagements for creating a roadmap to 300.**

**In the 12 months after that, we've been able to expand the tent to over 300 new and emerging early-stage investors. Some of them came to us with a handful of deals under their belt. Some of them came to us with no knowledge of the space. Some came to us with big plans to launch their own funds, syndicates and angel groups. Rather than apply a one-size-fits-all approach, we've consistently evolved and customized our learning experience to meet each investor where they're at.**

**After leading 27 cohorts across 15 regions across North America, we've been exposed to a wide variety of seed and pre-seed investors. Here's what we've learned from working with them.**

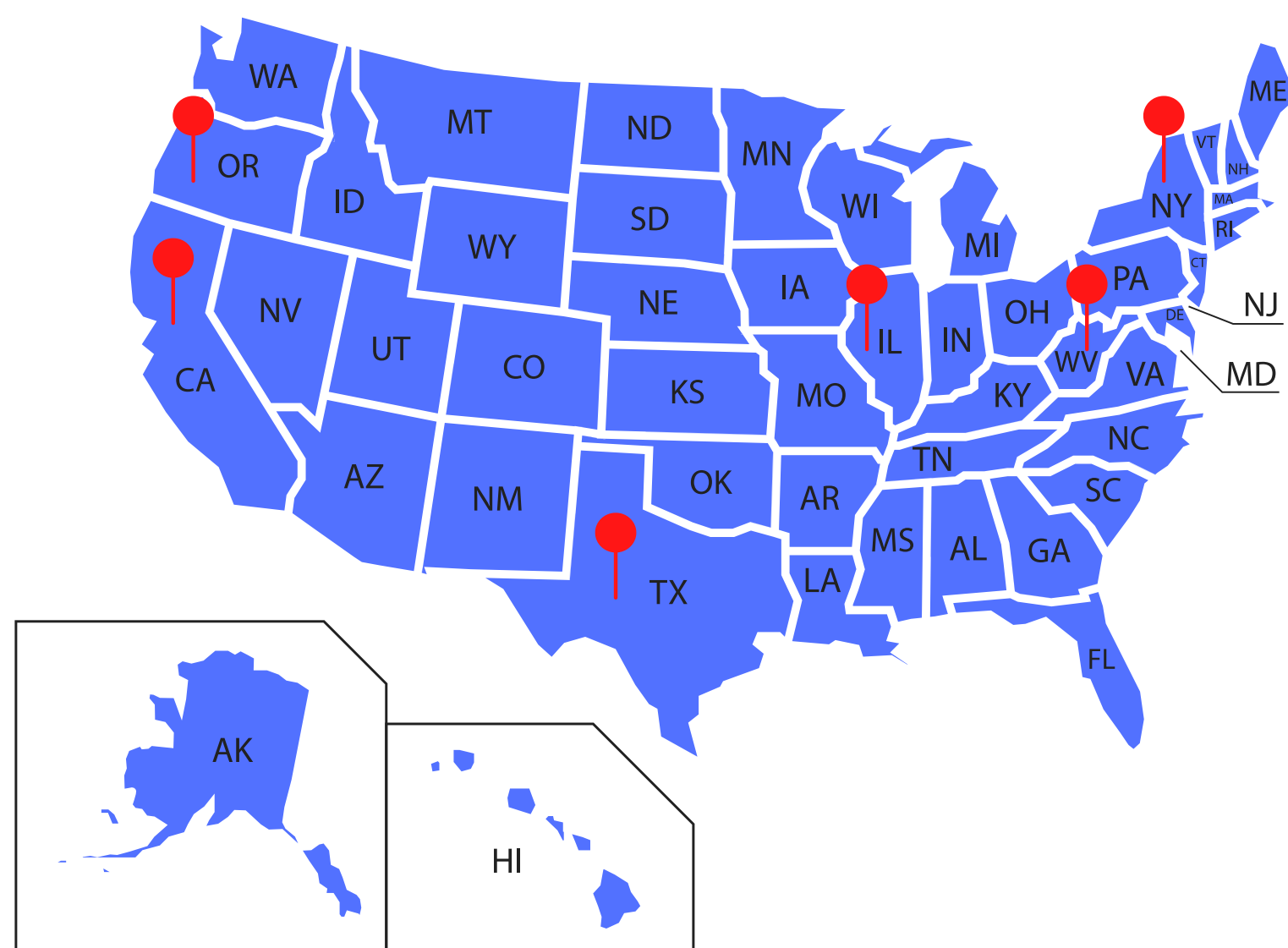
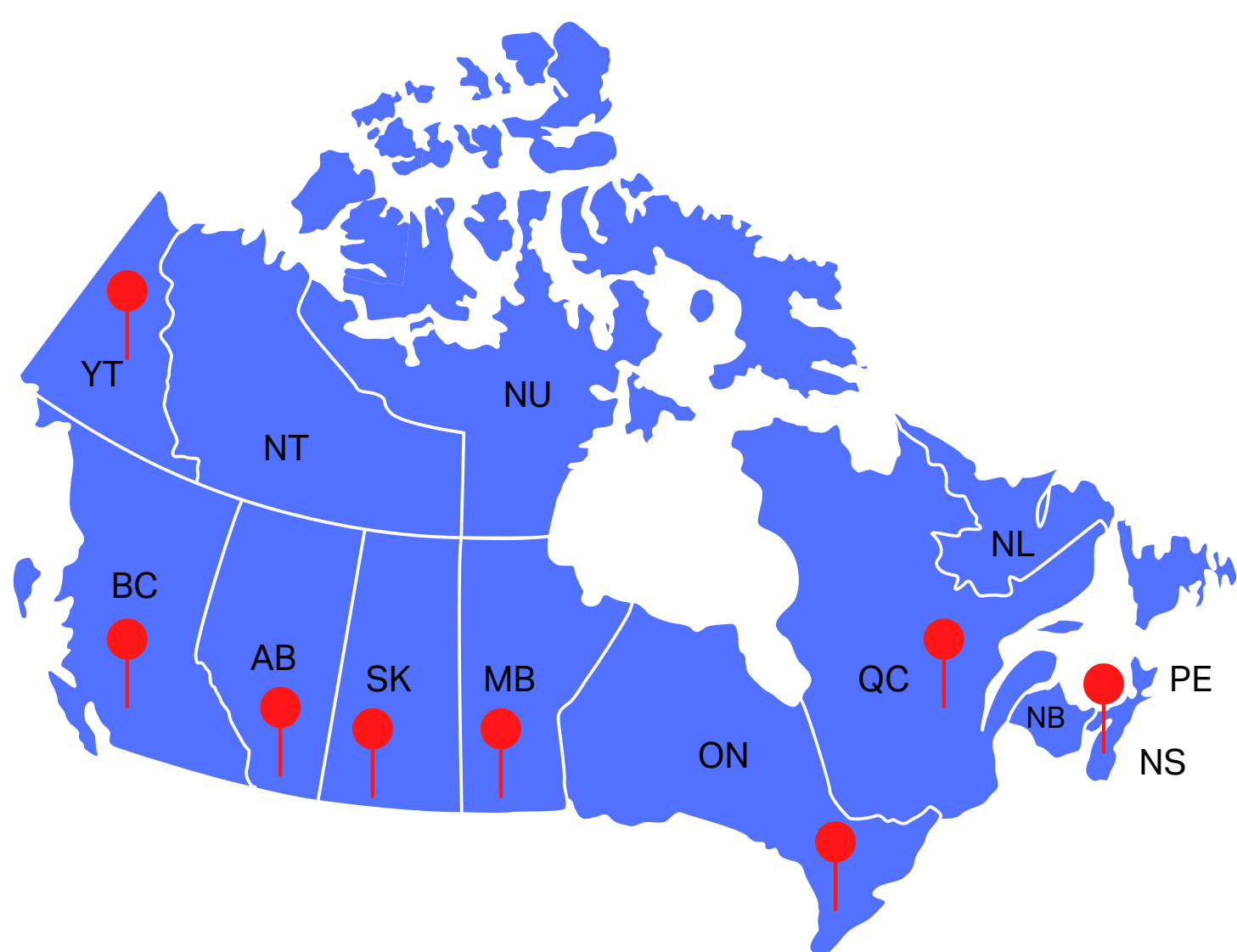
## Methodology

Our data is pulled from Future Capital's proprietary database. For the purposes of this report, we define 'diverse' as any individual who identifies as a member of one of the following groups:

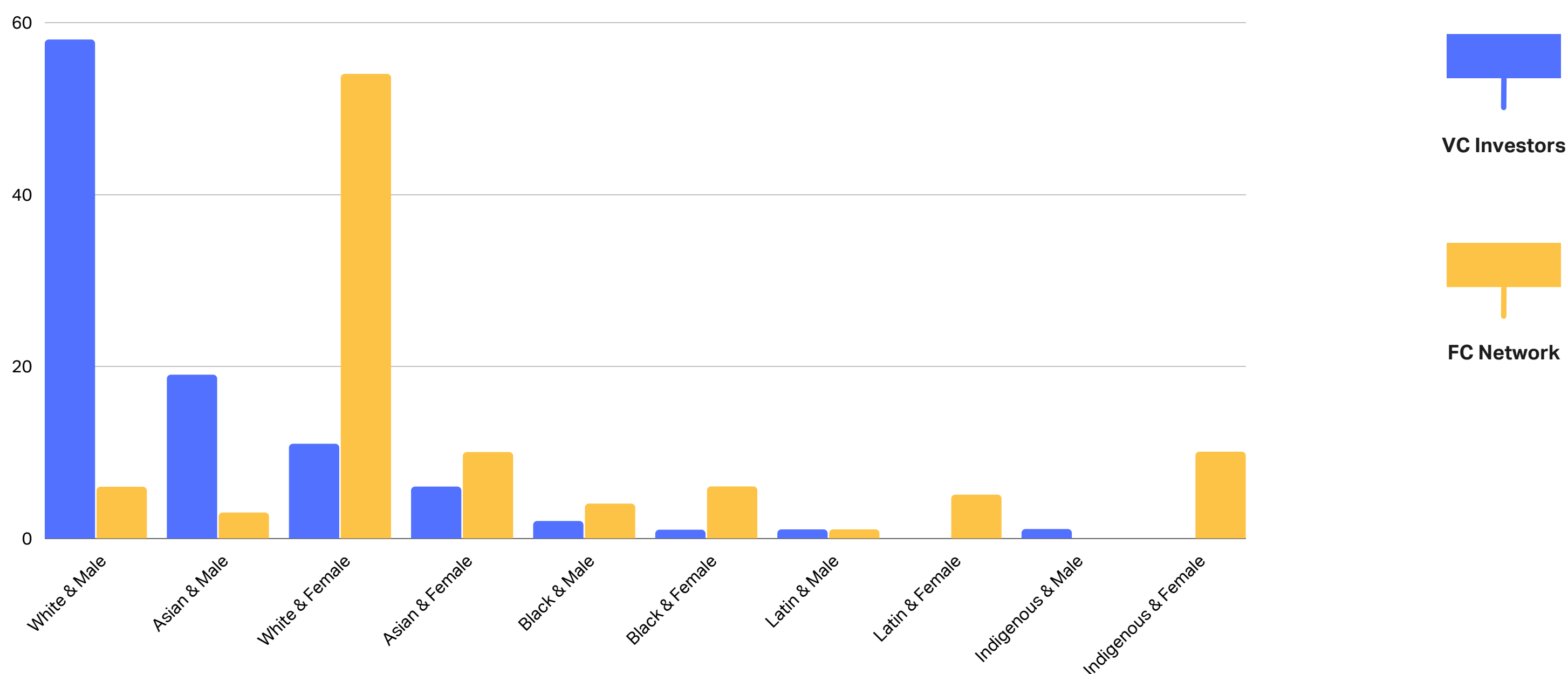
- Women and/or Femme Identifying
- Black/African American
- Asian
- Hispanic or Latina/o
- Native or Indigenous
- Middle Eastern
- Multi-Racial
- Pacific Islander
- Non-binary
- Non-conforming
- LGBTQ+

### *Where our network is located.*

Our network spans across North America with investors, founders and mentors hailing from six states, seven provinces and one territory in Canada and the US.



## Share of investors by ethnicity, race & gender identity.



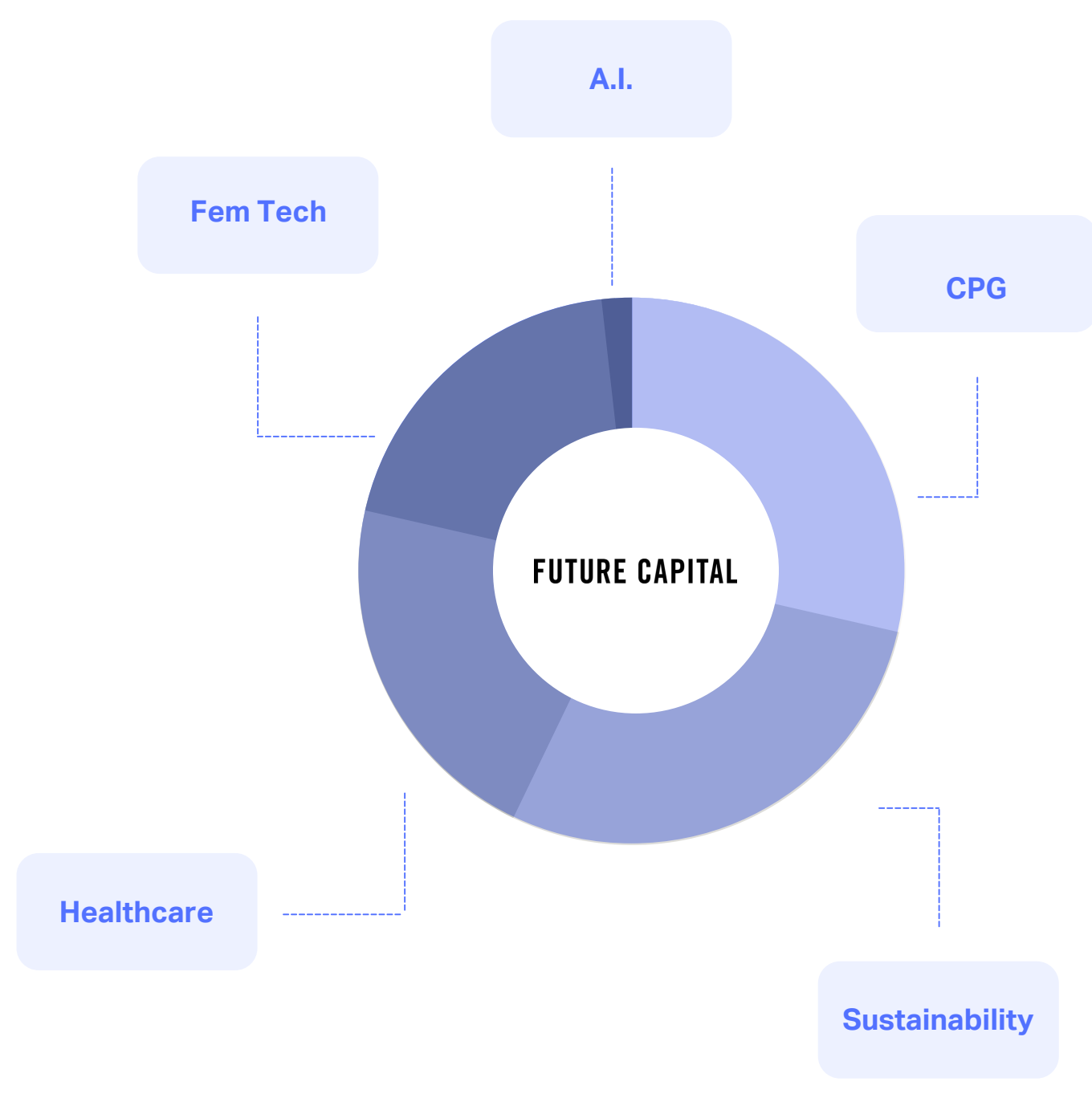
Source: Richard Kerby at Equal Ventures,

### *They index towards companies that focus on consumers*

Conventional wisdom would suggest that investors focus on companies that meet an investment thesis that tracks towards 'low-risk' businesses with very specific unit economics and narrow founder profiles. The activity within our network over the past year has demonstrated that there's a notably different way of decision making that has been severely under-utilized in the market.

Our core role as a team is to provide investors with a steady pipeline of high-potential investment opportunities. Sector agnosticism has been an important caveat for us as we consider who and what to share with our network. Instead of presuming that the people we're working with have aligned interest to the broader VC market, we crowdsourced the sectors, stages and models that our network wanted to engage with. By and large, we've witnessed a shift away from SaaS and enterprise products and an overwhelming interest in products and services that enable the consumer.

According to the North American Venture Capital Association (NVCA), enterprise and technology businesses take up a huge share of the available funding in the broader VC market. This means there is a meaningful opportunity for outsiders to play big in alternative spaces. Moreover, getting involved at the earlier stages, these investors stand to gain hyper-relevant experience, tap into entirely new networks and increase their prospects for follow-on investments and meaningful exits over time.



VC Industry
<b>Top Sectors</b>
Enterprise
Consumer Tech
Fintech
Bio Tech + Pharma

Sources: Pitchbook Venture Monitor

### *They work well in collaboration*

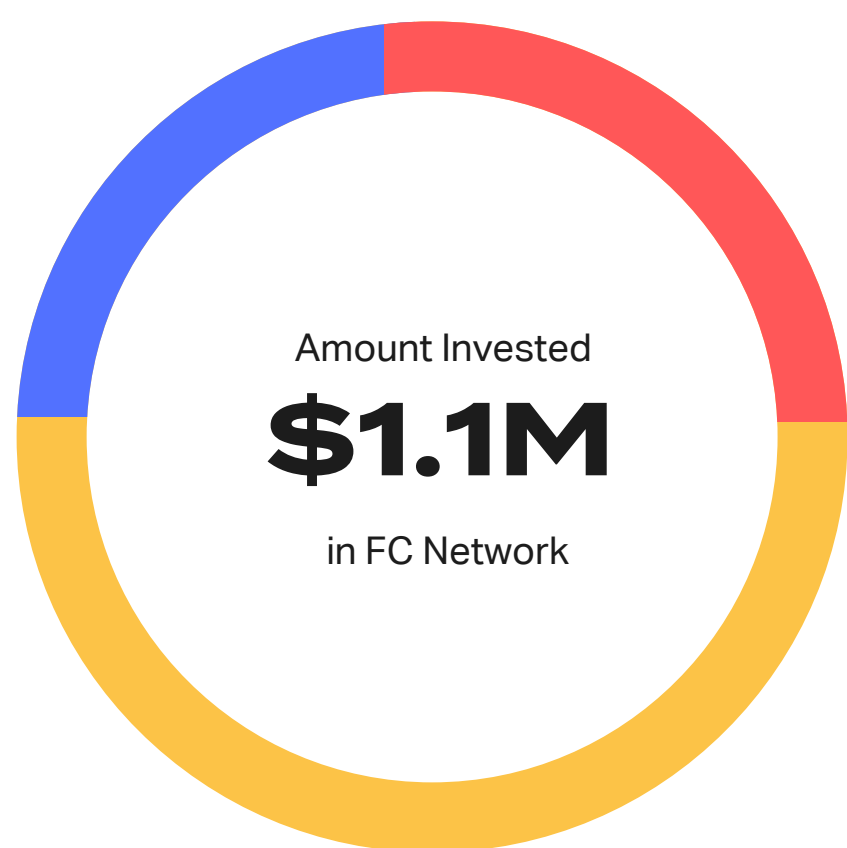
The most rudimentary version of our network would include a spreadsheet, and emails that connect investors to investment opportunities. It would be reasonable to assume that if the biggest barrier to entry - apart from the capital requirements - is access to deal flow. The solution could be as simple as exposing both sides of the marketplace to one another. What this assumption skips over is the social, emotional & psychological parts of investing.

The parallels between angel investing & collecting art are many - but one of the most evident is that you should love and understand what you invest in.

Most competitive seed & pre-seed rounds set a minimum check size at \$25,000. For newer investors, this means a meaningful amount of their own money is going into a new venture, often times run by a founder that they are still learning about and typically with a lack of historical data or financial track record to fall back on.

The nature of fundraising for a large majority of founders is about the quality and volume of investor meetings. There simply isn't enough time or capacity for founders to go on a 2nd, 3rd or 4th date with most of their angel investors. But by taking a collective approach to venture assessment, the opportunity for rich dialogue opens right up.

Our informal, closed-door investor pitches are designed to create a safe and open space for investors to unpack a pitch, form their perspective, talk to the founder and leverage the insights and industry knowledge from a broader community to make an investment decision that feels good.



**29**  
Total Checks Written

**\$32.7K**  
Average Check Size

**36%**  
Pre-Seed Investments

**52%**  
Seed Investments

**12%**  
Limited Partner

**Methodology:**

We track investments through our network through 3 types of transactions.

(1) Direct transactions made into companies featured in our one of our programs.

(2) LP investments facilitated through our programming or made through direct introductions within our network, and

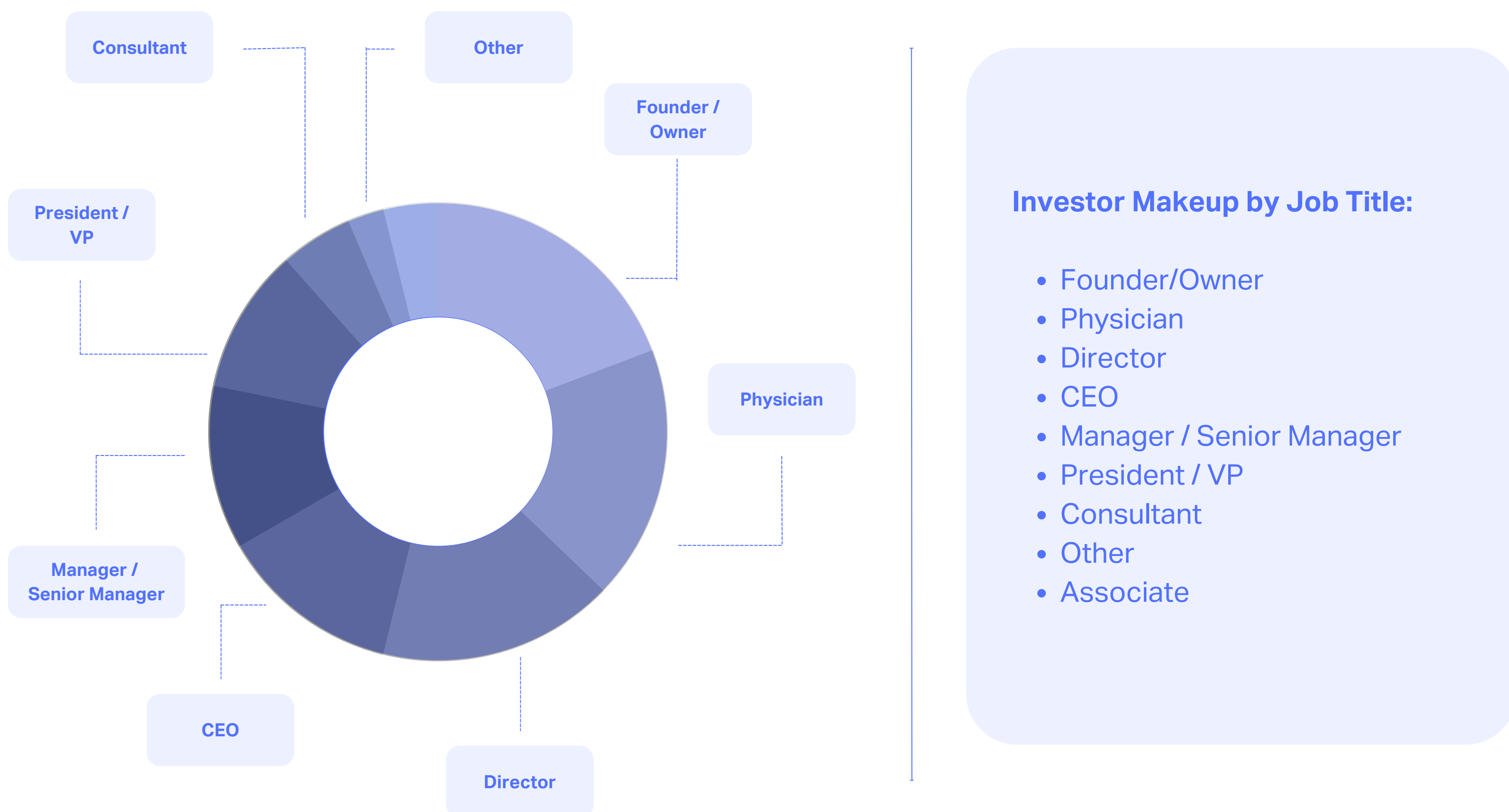
(3) Follow-on investments.

*Their experience should not be underestimated*

Venture investing is not rocket science. It's also not for the faint of heart. The realities of navigating the VC and angel investing are complex, fun, demanding, educational and frustrating all at the same time. Within the FinTech space alone, there are a number dominant subcategories including payments, lending, insurance, equity financing and personal financing. Beyond categorization - there is an even wider range of technologies, applications and go-to-market strategies to sift through and understand.

The level of diversity that exists within any given sector means that even a seasoned venture capitalist or angel investor is in a perpetual state of learning. Yet there is a persistent myth that only folks with a very specific background have the ability to add value and/or drive the growth of a startup. The role that diversity will play in the next phase of venture is barely even recognizable at this stage because of the stagnant diversity metrics in the industry. That said, we are already seeing unexpected synergies and wells of expertise as we tap into brand new talent pools within an emerging class of new investors.

You don't have to look too far beyond basic human behaviour to understand why. A more diverse group of investors are going to be more likely to invest in products and services that resonate with a broader group of consumers.





## They invest in diverse founders

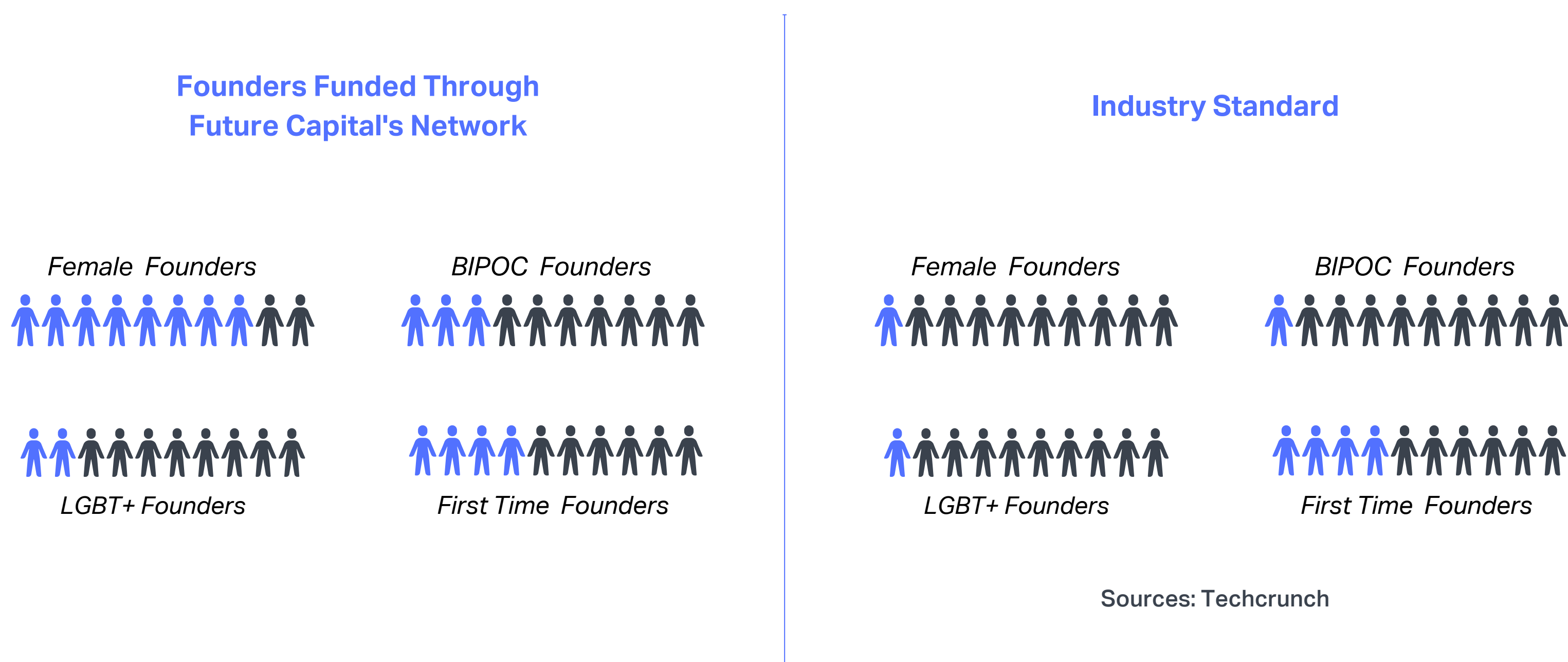
Diversity has been one of the most difficult needles to move in venture. There is an overwhelming abundance of data and reporting that will tell you just how difficult the broader VC and angel investing landscape is for founders that aren't a) male identifying b) highly-educated c) white d) well connected out of the gate. This systemic problem has persisted - and in some cases worsened - despite the an increased number of funds, initiatives, accelerators and government programs aimed at the problem.

One of the key insights that our work with a new, emerging community of diverse investors is able to provide is that there is, in-fact, a direct correlation between decision-makers in venture and the demographic makeup of startup leaders.

Our growing portfolio of companies that have been funded through the network looks very different from the rest of the industry. Cis-generated caucasian men makeup only 11% of our founder pool, while women identifying founders makeup 78%, LGBT+ founders makeup 22% and BIPOC founders are represented at 33% of the founders that our network has funded.

The most interesting piece of this puzzle is that our organization has no mandate on funding founders from any distinct background. Instead, we've placed an emphasis on enabling smart, ambitious business leaders from diverse backgrounds with the foundational skills to capture opportunities that matter to them.

## The Demographics



## *They're just getting started*

Of 300 investors in the FC network only 12% had written an angel check before joining. Moreover, 30% of our investor partners have referred someone from their network into the Foundations in Startup investing. It's hard to project the future of venture while the industry is in such a rapid period of growth and evolution. But what is abundantly clear to us is that there is a huge pool of untapped potential sitting amongst a new generation of investors.

If you or anyone you know are interested in joining our network, please reach out to our the Future Capital team directly at [hello@myfuturecapital.com](mailto:hello@myfuturecapital.com).

To stay up to date on Future Capital Capital news, subscribe to our monthly newsletter.

Stay connected with our us on LinkedIn.

## ***Disclosures***

This report was last updated in February 2022.

The statements contained herein are the opinions of Future Capital. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

Information was obtained from third-party sources, which we believe to be reliable but not guaranteed for accuracy or completeness. The information provided should not be relied upon as investment advice or recommendations, does not constitute a solicitation to buy or sell securities, and should not be considered specific legal, investment or tax advice.

The information provided does not take into account the specific objectives, financial situation, or particular needs of any specific person.

## *Related Resources*

[The Future of Capital: Women.](#)

[How are Black & Latina Women Investors Breaking into VC?](#)

[The Gaingels 100](#)

[Diversifying startups and VC power corridors](#)

[Female founders are crashing the billionaire club](#)

[Funding To Black Startup Founders Quadrupled In Past Year, But Remains Elusive](#)