

## Karen Contet of AngelHub

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Interested in learning more about investing in startups, launching a new startup need to raise funding, the startup Funding Espresso is a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso. You can learn about startup funding to subscribe, go to Invest, Connect Dog and put your email into the pop box. Hello. This is Hall Martin of an investor connect. Today we're here with Karen Contet, co-founder and CEO of Angel Hub. Angel Hub is a tech investment platform enabling investors to co-invest on a deal by deal basis alongside their fund and institutional investors. Karen, thank you for joining us.

**Speaker2:** [00:00:55] Thank you. It's a pleasure to be with you.

**Speaker1:** [00:00:58] All right. So what was your background before investing in early stage companies?

**Speaker2:** [00:01:03] Actually, I started my my career in Japan, working at J.P. Morgan as an equity derivative trader. So totally different from investing into into tech companies. And then after I switched totally my my career to launch my my own company was my co-founder, Karinna, that I've known for like 15 years. And and I started by actually building the website myself and go back to my engineering studies where I did computer science. Great. So quite, quite a long way.

**Speaker1:** [00:01:39] Yes, that's good. Well, tell us more about your angel network. What's it all about?

**Speaker2:** [00:01:45] So basically, what we are hearing in Hong Kong enabling China's first individual to invest into tech companies that are skilling or established in the region, our aim is really to provide or network with opportunities with a ticket size of minimum of 10000 thousand. US Dollar and Angel Network is mostly made of China's first individual and family

office that are here in Asia, Middle East or Europe, and that want to directly invest into the tech companies and choose to build their own portfolio.

**Speaker1:** [00:02:24] All right, well, let's talk about the state of angel investing. How do you see the industry evolving for angel groups? Where is it going from here?

**Speaker2:** [00:02:33] So, you know, we are in Asia and it's totally different from from where you're based in the US. When we started our first company, W Hub, which is now its biggest tech community and power connector in the region here in Asia. We started at about 20 in twenty fourteen. There were like one tech event per week, you know, 10 coworking spaces, maybe like like three hundred tech companies here in Hong Kong. So it was just starting out and super small. So in just a few years actually we we've been a very long way. We know having like nine unicorns just here in Hong Kong, which is actually the highest density of of unicorn per capita in the world. And it's been booming quite a lot. Six years ago, when when someone managed to raise one million US dollars, he was like a rock star. And now we have series at one hundred million dollars. So definitely a lot of involvement here. And and it goes with the same with the Angel Network. I think, you know, five, six years ago, it was very difficult to find angels or individual to invest into tech companies. And I think now that we see successful entrepreneurs really coming up and having successful exits, it really fosters the ecosystem of angel investors. And we see more and more people that maybe have been before that investing through v.C and now want to manage it by themselves and have access to deal flow to really pick and choose. So there have been a lot of changes in the ecosystem. And I think it's a it's a very good thing as it brings more capital power to the tech companies.

**Speaker1:** [00:04:22] Right. Well, what is the biggest change you think we'll see in the next five years?

**Speaker2:** [00:04:26] I definitely will see more and more individuals investing in tech companies, I mean, right now we can only have NGOs such as professional investors or kind of similar to to what you call it in the US as sophisticated investors. So it's not totally open to retail. So I think as we go, you know, more as we evolve in the next five to six years, definitely we'll see more investment and more awareness in the community. And that's definitely a good thing, a good thing as well.

**Speaker1:** [00:05:03] And so what's the biggest challenge you face today?

**Speaker2:** [00:05:07] You know, we use like everybody else, but I mean, especially here in Asia and especially here in Hong Kong, we used to travel so much. I mean, you're definitely at the center of Asia. So many things are just like three or four hours of travel and used to take the plane just to go to visit a tech company like in Thailand or, you know, go and do some due diligence in Indonesia and in Malaysia and Singapore, sometimes in China and Korea. And it's true that we discovered it's getting more and more difficult. Right. So I think that's the biggest challenge that really disrupts investor behaviors as well. And in a way, it's it's kind of a good thing because maybe all this trouble, we're not actually necessary. So you learn new ways to do due diligence and to rely more on tech.

**Speaker1:** [00:06:00] That's great. So what is your investment thesis? What exactly do you look for to make an investment?

**Speaker2:** [00:06:08] So we are looking for tech companies that are either established or skilling here in the region because that's definitely where we can bring the most value to to the companies we're looking for at 80 percent. There is a type of companies raising between one million to five million US dollar. And so we see for about 20 percent in order to diversify the risk for investors. And also to see that actually when you're used to do PE, you can also come earlier on to invest into this kind of stage companies. We are looking for companies that can skills really fast B2C or B2B. Any sector is that is actually on the rise as well. So for example, last year we invested into block chain and gaming into EdTech as well and food tech. The thing is that we have a small team of about 15 persons, but we have actually a huge network and we definitely leverage or 500 partners across the world as well as our investment committees that is comprised of successful entrepreneurs, experience investors and industry leaders from like a Fortune 500 companies. So on our investment committee, we have people that have about two billion dollars of of, um, or have invested into more than one hundred companies. And we leverage all this network in order to make a very strong due diligence and vetting process on the company that we put on the platform. And that really enable us not to be focused into one industry only because at some point, how many fintech can you invest in?

**Speaker1:** [00:07:59] You mentioned one or two portfolios that fit that thesis.

**Speaker2:** [00:08:04] Yeah, so, for example, last year we invested into a blog and gaming company that is called The Sandbox, just in one year, they have a lot to actually just in the last two, three days, they have sold for about five million U.S. dollars of NSD on their gaming platform. So definitely benefiting from from from the trends. So that's for sure. We invested into another company, which is one of our Hong Kong fintech unicorns that is called Rila. It's actually a lending company in China, Hong Kong and Malaysia as well. But it's also one of the virtual banks in in Hong Kong, which means that you have these tech companies that just exist for like six, seven years and actually have a real banking license, same as a Standard Chartered or JP Morgan to actually be here in Hong Kong. So that's that's quite amazing, actually.

**Speaker1:** [00:09:06] Right. Well, do you have a fund? And if so, how does it work?

**Speaker2:** [00:09:11] So we also have a fund. So I think what really differentiates us from other equity crowdfunding platform is actually that we invest into all the companies that we put on our platform. So the aim is not only to tell you, hey, look at this company, it looks great. It's like, hey, look at this company, it looks great and we are actually investing in them. And I think that's actually very, very key difference. And when we say that we do a strong due diligence in vetting and only select the one in which we really believe, I think this is key.

**Speaker1:** [00:09:48] All right. So what excites you right now?

**Speaker2:** [00:09:52] So I think, you know, right now, of course, we see a lot of things in block chain, definitely. But I think one thing also that has been there for about one year to 18 months is everything related to sustainability and ethics, whether it's in finance or other type of of industry, because actually now you have access to so many data points for a company that you can monitor their behavior, whether it's in fashion or any other type of industry. And I think we really see a change in customer behavior that will enable this type of tech companies to monitor closely the industry for more sustainability across the world. And I think that's really great because it's not necessarily not for profit companies.

**Speaker1:** [00:10:41] Great. So what's your advice for people investing in startups? What do you tell them to do before they write that check?

**Speaker2:** [00:10:49] They need to do their homework. I think that's one thing that is definitely key. I mean, for example, we provide on the platform all the information related to the company or the due diligence that we do, the analyses of the conference, market financials and everything. And and I think one thing that is key is that, you know, it's a long term investment and it's it's risky. So so think about it. And then after when you're ready to to invest a part of your investment portfolio, just just just definitely go for it. But it takes time.

**Speaker1:** [00:11:29] Good. And then on the other side of that table, what's your advice for people running startups? What do you tell them to do before they go out to raise funding?

**Speaker2:** [00:11:37] So I'm saying do your homework and get prepared, because there is nothing worse than a company coming but not being ready, not having a big deck that are ruining their financials, ready their their business, then where do they want to go? That is definitely key. And then after to take the feedback to to iterate and to see what they can improve in their business.

**Speaker1:** [00:11:58] Right. When the last few minutes that we have here, what else should we cover that we haven't?

**Speaker2:** [00:12:04] You know, I think one thing that really excite me that we have or major tech conference actually happening end of May. So it's called a scale up in vaccinates. It's one of the biggest that conference in Asia last year. So we organize it every year. And last year it was online as well. And we had over twenty thousand participants, two hundred seventy four speakers across the world. I mean, from from from the US. We had Tim Draper and Jason Calacanis, for example, this year we have some she likes Google X, we have the unicorn's founders as well. We have shown OSullivan and and we're going to cover a lot of the tech topics. But also we are going to have about 100 restaged stage companies, founders that are going to come and to present actually what they do so that you can actually learn on the business itself.

**Speaker1:** [00:12:59] Great, but how best for listeners to get back in touch with you?

**Speaker2:** [00:13:04] You know, I think on LinkedIn, it's actually quite, quite efficient. And I do reply to messages, right?

**Speaker1:** [00:13:12] We'll include those in the show notes. Want to thank you for joining us today and hope to have you back for a follow up soon.

**Speaker2:** [00:13:18] Thank you very much for being there.

**Speaker1:** [00:13:25] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect. Doug Alti Martin is the director of Investor Connect, which is a 5.1 C3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.