

## **Houston Angels Launch New Fund**

HOUSTON—(July 7, 2012) The Houston Angel Network's first sidecar fund, Texas Halo Fund I, has reached its minimum subscription level of \$2 million, and is commencing operations.

The Houston network of high net worth private investors began accepting subscriptions for the fund in March 2012, culminating a two year process of planning and fund design. "We talked to Dave Berkus, who helped create the second fund sponsored by southern California's Tech Coast Angels, and John Huston, the chairman-emeritus of the Ohio Tech Angels," said David Steakley, President of the Houston Angel Network, and a founding board member for the Texas Halo Fund I. "They gave us a lot of help, and we used their documents as a starting point."

Texas Halo Fund I will invest alongside Angel deal teams from all over the state of Texas. Deals are eligible to apply to the Fund if they raise at least \$150,000 in committed capital from a qualified Angel deal team and are organized as a C corporation. The Fund's board reviews eligible deals and selects deals for recommendation to the Fund's members who then vote on whether to invest in the deal.

A typical deal funded by Houston Angel Network members raises \$400,000 to \$500,000 in a single round. Increasingly, a company's round cannot be filled by one Angel group acting alone. The Texas Halo Fund increases the ability of the state's angel networks to get a company's round filled, and helps avoid a common source of company failure: under capitalization. The Texas Halo Fund will also be a catalyst for deal syndication across the state, where Angel groups work together to conduct due diligence, provide funding, and oversee a company's operations and governance.

The Fund will invest in a minimum of ten deals over a three to five year period, and is targeting fifteen to twenty deals over that period. "Research shows that a portfolio of at least ten deals is needed to have decent odds of success," said Victor Elgohary, Houston Angel Network's Treasurer, and a founding Board member of the Fund. "Most Angel deals are not successful, but the ones that work more than make up for the duds. You really have to spread your bets to have a chance of success."

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