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CAPITAL ADVISORY

INVESTOR GUIDE

What Makes a Great Investment Memo

The elements institutional investors expect in a concise, credible investment memorandum.

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A strong investment memo distills a complex business into a clear thesis, supported by evidence and honest risk disclosure. It is not a marketing deck, it is the document that earns a second meeting. The distinction matters because the two artifacts do different work: a deck performs in the room with management present to carry it, while a memo circulates alone, gets forwarded to the skeptical partner who was not in the meeting, and is read on a train with no one there to defend it.

Write for that reader. The forwarded-to partner has seen a thousand of these, allocates minutes rather than hours, and is looking for a reason to stop reading. The memo that survives is the one whose first page makes the thesis falsifiable, whose numbers reconcile with each other on every page, and whose author visibly anticipated the objections rather than hoping they would not come up.

KEY FINDINGS

01 Lead with the opportunity in one paragraph: what the company does, why it wins, what capital enables.

02 Replace adjectives with metrics: retention, payback, cohorts, and capital efficiency.

03 Pairing each material risk with a mitigant builds credibility; omission signals evasiveness.

SECTION 01 OF 04

Structure That Works

Lead with the opportunity in one paragraph: what the company does, why it wins, and what capital will enable. If those three clauses cannot be written plainly, the problem is the thesis, not the prose. Follow with market context, business model, financial profile, use of proceeds, and risks, in that order, because it mirrors the order in which an investment committee actually interrogates an opportunity.

Discipline in each section matters more than length. Market context should size the reachable market from the bottom up, customers, pricing, and penetration, rather than quoting a headline TAM no one believes. The business model section should make the unit economics do the arguing: how the company acquires a customer, what that costs, what the customer is worth, and how those numbers have moved over the last eight quarters. Use of proceeds should tie every dollar to a milestone that changes the company's risk profile, because "eighteen months of runway" is a budget, not a plan.

Length itself is a signal. A memo that cannot make its case in roughly ten pages is usually hiding a weak argument inside a long one, and sophisticated readers know it. Depth belongs in the appendix: full cohort tables, model output, and pipeline detail, referenced from the body so the committed reader can verify and the scanning reader is not obstructed.

SECTION 02 OF 04

Evidence Over Adjectives

Replace superlatives with metrics: retention, payback, cohort performance, pipeline conversion, and capital efficiency. Investors discount narrative without supporting data, and the discount compounds: one unsupported claim licenses skepticism toward every claim that follows it. "Best-in-class retention" is an adjective; "117 percent net revenue retention across the last six quarterly cohorts, calculated on the definition in Appendix B" is evidence.

Definitional hygiene is where credibility is won or lost. Every metric in the memo should carry a consistent, stated definition, because sophisticated readers test exactly this: whether churn is logo or revenue, whether CAC includes salaries or just media spend, whether gross margin absorbs customer success. A memo whose metrics survive definitional cross-examination reads as the product of a company that manages by those numbers rather than one that assembled them for the raise.

Present the trend, not the snapshot. A single strong quarter proves little; six quarters of cohort payback improving from nineteen months to eleven proves a machine is being tuned. Where a number moved the wrong way, show it and explain it, because the reader will find it anyway, and finding it disclosed builds precisely the trust that finding it hidden destroys.

SECTION 03 OF 04

Risks and Mitigants

Acknowledging risks builds credibility. The best memos pair each material risk with a mitigant or management plan, stated with the same specificity as the opportunity: not "competition is intense" but "two funded competitors are discounting into our mid-market segment; our response is the enterprise-tier migration described in Section 4, where win rates have held at 61 percent." Omission of obvious risks signals inexperience or evasiveness, and the reader cannot tell which, so both are priced in.

Choose the honest three or four rather than the defensive ten. A litany of boilerplate risks reads as legal cover; a short list of the risks management actually loses sleep over, customer concentration, key-person dependency in engineering, a regulatory review with an uncertain date, reads as self-awareness. The purpose of the section is not to disarm every objection but to demonstrate that the people asking for capital see their business as clearly as the people being asked to provide it.

SECTION 04 OF 04

Before It Goes Out

The final test of a memo is adversarial reading. Have someone unaffiliated with the company, ideally someone who evaluates deals professionally, read it cold and mark every claim they doubted, every number they could not reconcile, and every question it raised without answering. Then fix the document, not the reader. A memo that survives one honest adversarial pass before it circulates will survive the twenty it receives after.

NEXT STEP

Discuss this with our team

Keningford Partners is a New York-based, principal-led capital advisory and M&A firm advising companies from Series A through the pre-IPO stage, alongside institutional investors, on equity, debt, and strategic transactions. Every mandate is led directly by senior bankers from origination through close.

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