Breakdown of SAFEs as an Investment Vehicle

By:Elizabeth A. Resteghini
August 19, 2022

There are a number of ways that a company can raise funds from investors, such as doing an equity financing, a convertible note financing, or a Simple Agreement for Future Equity (SAFE) financing. SAFEs can be a great investment vehicle for both companies and investors by quickly providing companies with the funds they need to operate and grow their business, while providing the opportunity for investors to potentially convert their SAFE in a future preferred stock equity financing round for an increased number of shares than other new investors at the time of the financing would receive by way of the SAFE discount or valuation cap.

In this article, we break down what SAFEs are, some of the risks and benefits of investing with SAFEs, and how a SAFE differs from a convertible note.

Read the full article, originally published for Scroobious, here.