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Creating a compelling investment memo using a practical checklist



Introduction

Investment professionals can view dozens of opportunities every day, but only a handful move from first look to final approval. One of the most important tools for securing initial interest is an investment memo.

An investment memo helps summarize the investment opportunity, highlight the core risks, and explain why a deal is worth pursuing – or why it isn't.

In fact, [97% of professional investors](#) use a formal memo process, which only highlights the importance of an investment memo for decision-making.

This whitepaper outlines what should be included in an investment memo and explains its role in the investment process. Inside, you'll find practical guidance, a detailed investment memo checklist, and a list of the key mistakes to avoid.

What is an investment memo?

An investment memo (or investment memorandum) is a document that explains an investment opportunity in a clear, structured way. It brings together the key facts about a company, its market, and its numbers so decision-makers can determine whether the deal is worth pursuing. In most firms, the memo becomes the central source of truth during early due diligence and later internal discussions.

Financial stakeholders use investment memos within various sectors of the industry.

- Venture capital firms write them to evaluate early-stage startups.
- Private equity firms use them to review more mature businesses with stable cash flow.
- Family offices, corporate investors, and even angel investors rely on memos to compare deals and keep internal teams aligned.

While the style of an investor memo may differ from one investor type to another, the goal is the same: present the information needed to make a clear, confident decision.



Investment memo vs. pitch deck vs. business plan

While an investment memo might seem similar to a pitch deck or a business plan, it is a different document.

- The founder creates a pitch deck to attract potential investors, usually in a visual, marketing-driven format.
- A business plan is longer and covers operations, strategy, and long-term planning.
- Investors typically write the memo, which focuses on facts, risks, market analysis, financial projections, and the investment thesis. It helps teams review the deal quickly.

The following is a simple comparison that shows how these documents differ.

Document	Created by	Purpose	Typical length	Best for
Pitch deck	Founder	Present the story and attract interest	10–20 slides	Early conversations with investors
Investment memo	Investor team	Evaluate an investment, outline key numbers, risks, and thesis	3–10 pages	Internal decision-making and partner meetings
Business plan	Founder or management team	Explain long-term strategy, operations, and detailed planning	20–50+ pages	Deep review of business model and future roadmap

The investment memo's role in the decision-making process

An investment memo helps teams evaluate a deal in a transparent, consistent way. It brings structure to the early assessment, keeps everyone aligned during partner discussions, and creates a written record for teams to return to later.

Structured thinking

A memo forces the team to organize the target's core information in a plain format. It includes, but is not limited to, the market opportunity, financials, risks, and the management team data. An investment memo is a fact-based — rather than emotional — decision-making process.

Stronger internal communication

Partner meetings move faster because the memo shows areas that have already been checked, those that still need work, and highlights gaps.

Transparency

With a well-structured investment memo, all parties have access to the same facts, including key performance metrics, market trends, and the logic behind the investment opportunity.

Accountability

A memo captures why the team believed the deal was attractive, how it evaluated potential risks, and which mitigation strategies they planned. This record helps track the reasoning behind each potential investment.



A repeatable framework

An investment memo allows firms to compare deals consistently. This makes reviewing investment memos easier, especially when working with multiple analysts or sourcing multiple opportunities simultaneously.

Historical documentation

After an exit or a failure, teams can revisit past memos to understand what worked, what didn't, and how to improve future assessments.

Anatomy of an investment memo

An investment memo should follow a distinct structure. The goal is to give decisionmakers a quick but complete view of the deal, without long explanations or unnecessary detail.

The following is a typical outline used in most investor teams.

1. Executive summary

This short synopsis outlines the major points, including a direct company overview, the problem it solves, the market opportunity, and why the deal deserves attention.

Pro tip:

Keep it to one page. Decisionmakers often read this first to decide if the rest is worth reviewing.



2. Market overview

This provides a snapshot of the total addressable market, current demand, growth signals, and where the company sits among competitors.

Pro tip:

Focus on evidence, not big promises. Add only the numbers that support your view of the market.



3. Business model and product

This demonstrates how the company makes money, how the product works, and what makes it different. This section explains the value proposition, scalability, and defensibility.

Pro tip:

Highlight one or two clear differentiators. Avoid long product descriptions.



4. Management team

This section provides short overviews of the founders and key leaders, including experience, track record, and ability to execute.

Pro tip:

Investors care more about execution than credentials. Show what the team has already achieved.



5. Financials and metrics

This portion provides key numbers such as revenue, margins, unit economics, past performance, and the company's financial projections. It also includes the most relevant KPIs for the business model.

Pro tip:

Use clean, simple tables. Partners should be able to understand the numbers at a glance.



6. Risks and mitigations

This clause highlights the top 3–5 potential risks that could affect the deal, along with realistic counterpoints.

Pro tip:

Be honest. A memo that hides risks signals weak thinking and reduces investor confidence.



7. Deal terms

This section summarizes areas such as company valuation, proposed ownership, target check size, use of funds, and potential exit paths.

Pro tip:

Keep this section factual. Save persuasion for the thesis.



8. Investment thesis and recommendation

Finally, present a clear explanation of why the deal makes sense, supported by the company's strengths, growth potential, and competitive advantages.

Pro tip:

End with a direct recommendation. For example, "Proceed," "Pass," or "Proceed with conditions."



How to write an investment memo

Follow these five key steps to ensure your investment memo is properly structured and helps to make the best investment decisions.

1. Define your goal and audience

Decide who will read the memo and what they need to know. Investment committees often look for deeper analysis, while partners may focus more on the core reasoning. Clarifying the purpose helps you choose the right level of detail.

2. Gather reliable data and financials

Collect up-to-date numbers, product details, benchmarks, and independent research. Verify sources, validate assumptions, and make sure all key metrics about the target are accurate before drafting.

3. Follow a consistent format and tone

With a well-structured investment memo, all parties have access to the same facts, including key performance metrics, market trends, and the logic behind the investment opportunity.

4. Visualize data for clarity

Use straightforward tables and charts to highlight the most critical insights. Visuals should make the data easier to understand.

5. Conclude with a clear decision rationale

End the memo with a direct recommendation. Support your determination with the strongest analytical arguments, i.e., move forward, pause, or decline.



Investment memo checklist

Many industry specialists refer to ready-to-use investment memo templates when crafting investment memos. It helps to keep the structure consistent and avoid missing important details. Having a good investment memo example also makes it easier to compare different deals, since it presents every opportunity in the same format.

We've created a practical investment memo checklist as a starting point, but feel free to adapt it to your firm's workflow.



Section	What to include	Section	What to include	Section	What to include
Executive summary	<input type="checkbox"/> One-sentence description of the company <input type="checkbox"/> Problem and solution <input type="checkbox"/> Target customers <input type="checkbox"/> Size of opportunity <input type="checkbox"/> Traction highlights (revenue, users, milestones) <input type="checkbox"/> Big-picture financial snapshot <input type="checkbox"/> Short recommendation	Market overview	<input type="checkbox"/> Market size (TAM/SAM/SOM) <input type="checkbox"/> Demand indicators <input type="checkbox"/> Relevant market trends <input type="checkbox"/> Main competitors <input type="checkbox"/> The company's position in the landscape <input type="checkbox"/> Evidence of adoption (contracts, repeat usage)	Product and business model	<input type="checkbox"/> Product or service description <input type="checkbox"/> Key features and value proposition <input type="checkbox"/> Pricing model <input type="checkbox"/> Revenue model <input type="checkbox"/> Scalability and operational structure <input type="checkbox"/> Technology or IP strengths <input type="checkbox"/> Product roadmap and priorities

Section	What to include
Management team	<input type="checkbox"/> Founder backgrounds <input type="checkbox"/> Leadership structure <input type="checkbox"/> Past achievements <input type="checkbox"/> Execution track record <input type="checkbox"/> Identified skill gaps or hiring needs
Financials and metrics	<input type="checkbox"/> Founder backgrounds <input type="checkbox"/> Leadership structure <input type="checkbox"/> Past achievements <input type="checkbox"/> Execution track record <input type="checkbox"/> Identified skill gaps or hiring needs
Financials and metrics	<input type="checkbox"/> Historical revenue and margins <input type="checkbox"/> Operating expenses and burn rate <input type="checkbox"/> Unit economics and payback <input type="checkbox"/> Core KPIs for the business model <input type="checkbox"/> Forward-looking projections <input type="checkbox"/> Funding needs and allocation

Section	What to include
Risks and mitigations	<input type="checkbox"/> Operational risks <input type="checkbox"/> Competitive risks <input type="checkbox"/> Product or technology risks <input type="checkbox"/> Regulatory risks (if applicable) <input type="checkbox"/> Mitigation plans <input type="checkbox"/> Sensitivity outcomes
Deal terms	<input type="checkbox"/> Approximate size and structure <input type="checkbox"/> Valuation and ownership targets <input type="checkbox"/> Proposed check size <input type="checkbox"/> Use of funds <input type="checkbox"/> Timeline to next milestone <input type="checkbox"/> Exit scenarios
Investment thesis and conclusion	<input type="checkbox"/> Strengths <input type="checkbox"/> Weaknesses <input type="checkbox"/> Strategic fit <input type="checkbox"/> Clear final recommendation



Common mistakes in writing investment memos

Even the most experienced teams fall into the same traps when preparing memos. Here are four of the most common issues and their solutions.

1. Overly narrative or biased tone

Some memos sound more like a story or a pitch than an objective assessment, which makes the analysis feel less credible. This is common when the draftee is too optimistic or tries to “sell” the deal internally.

How to fix:

Stick to facts, use simple language, and avoid emotionally influenced opinions.



2. Missing sensitivity analysis

A memo may present strong numbers, but without testing assumptions, it's difficult to be aware of and understand a model's shortcomings. Investors need to understand what happens when churn increases, revenue slows down, or margins shift. Without this view, the memo hides critical downside risks.

How to fix:

Stick to facts, use simple language, and avoid emotionally influenced opinions.



3. Poor structure or inconsistency across deals

When each memo uses a different layout, partners must search for information instead of focusing on the decision. Inconsistent formatting also makes deals tricky to compare and slows down committee meetings. This often leads to confusion, duplicated work, and missed details.

How to fix:

Use a standard structure and order and format comparably across all memos.



4. Weak connection between data and recommendation

Some memos include a lot of data, but never explain what the numbers actually mean for the investment case. When the logic is unclear, partners struggle to understand why the deal should move forward. This results in slow decisions and repeated conversations.

How to fix:

Summarize the reasoning clearly and show how the evidence supports the final recommendation.



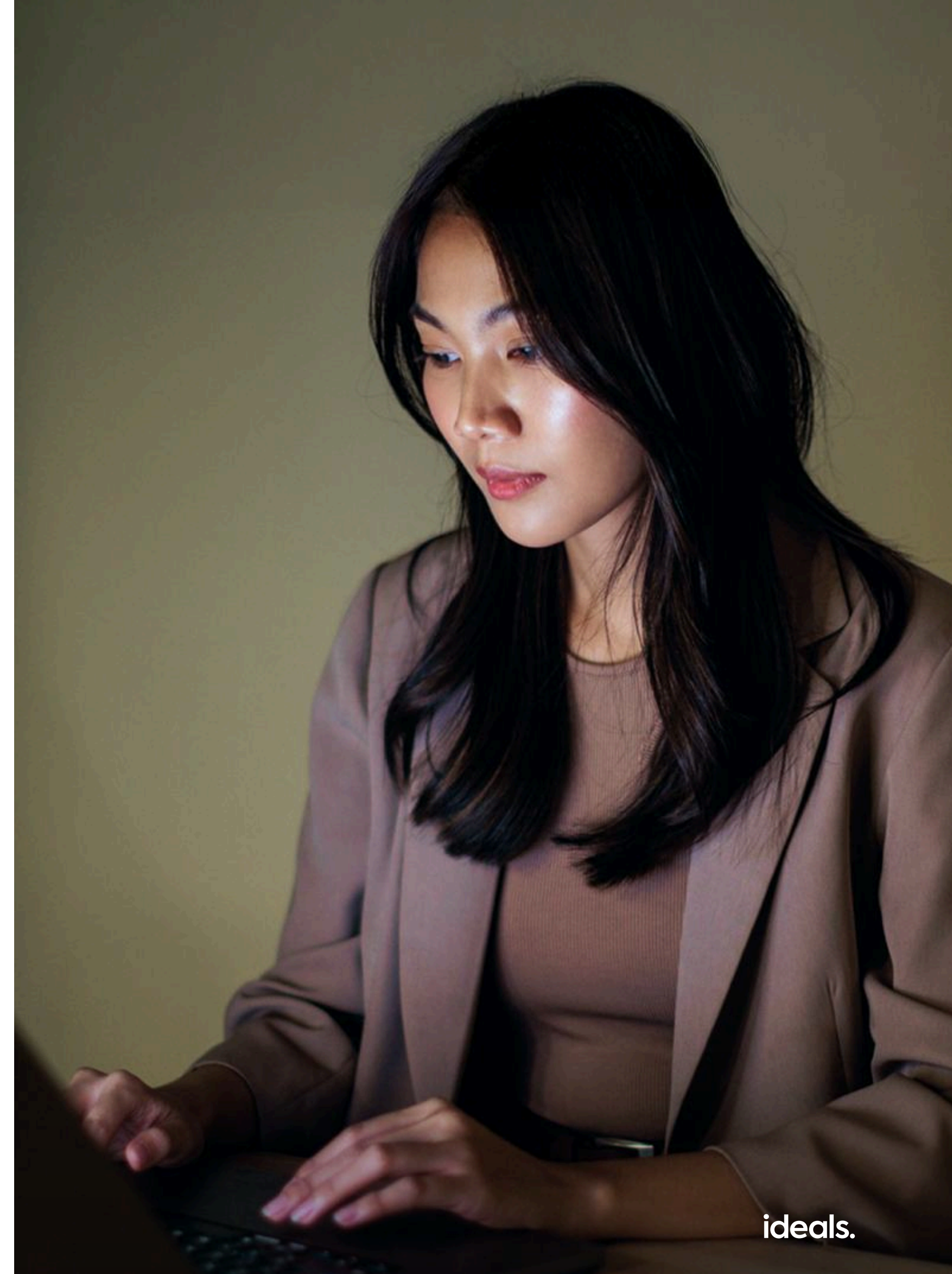
Best practices for creating compelling investment memos

These recommendations will help you communicate an investment thesis clearly and present the deal in a way that resonates with decisionmakers:

- **Focus on what moves the decision.** A strong memo highlights only the insights that shape the outcome: the business model logic, the depth of demand, and the signals that matter. Avoid long explanations and keep the analysis tied to the core question: Is this a good investment? Why or why not?
- **Show the rationale behind your judgment.** Readers want to understand how you reached your conclusion. Walk them through your reasoning in a simple, transparent way, using facts as anchors.
- **Use consistent visual cues to guide the reader.** Section headers, short paragraphs, clean tables, and simple layouts make the memo easier to read and discuss. Rely on investment memo templates to keep formatting smooth and predictable.
- **Only include visuals that clarify the conclusion.** A few well-chosen charts or comparisons do more than a long list of numbers. Use visuals that make complex points easy to grasp, especially when illustrating complex data, such as market trends or financial patterns.
- **Add short “insight statements” in key sections.** These one-sentence takeaways highlight a section’s core message. They help readers quickly absorb what matters most and improve the memo’s flow.
- **Improve your writing by studying example memos.** Looking at an effective investment memo or reviewing published investment memos from other firms is one of the fastest ways to refine your approach. You can learn how different teams frame arguments, present data, and shape recommendations while crafting your own investment memos.

Key takeaways

- A well-written investment memo is a strategic tool that brings clarity, discipline, and consistency to every stage of the investment process.
- When teams follow a structured approach, they make decisions based on evidence rather than instinct.
- Download an editable investment memo checklist to add structure to your workflow to create clear, decision-ready memos.



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