

# UPDATED INVESTORS' GUIDE

## **Section 1: Australia, An Investors Guide**

### **Section 2: The Land Of Opportunity**

Dear Reader,

Welcome to the Aushorse Investors' Guide. We believe Australia is one of the most vibrant and rewarding places to breed, trade or race a horse in the world.

Our prizemoney has soared 84% in the past decade, meaning there is more money on offer here than the UK, Ireland and France combined. Despite these riches, there's a strong argument to say our yearling market is undervalued at the top end, especially for colts.

And if you're considering becoming an owner here, you'll have plenty of company: one in every 244 Australians owns a share in a racehorse, showing just how popular the sport is Down Under.

We hope you enjoy this guide,

Tom Reilly

### **Section 3: Unrivalled Riches**

Australian prizemoney growth has easily outstripped every other nation in the last 10 years – soaring some 84%.

As well as a host of new races – among them the A\$14 million The Everest and the A\$5 million All Star Mile, the richest 1200 and 1600 metre events in the world – purses at all levels have been growing significantly. In the two biggest racing cities, Sydney and Melbourne, minimum race values are A\$125,000 at the weekend and A\$50,000 on weekdays, and even at provincial tracks minimum values are A\$22,000.

Incredibly, there are now 59 races in Australia worth A\$1 million or more, which compares to just 22 of this value across the whole of Europe.

And owners contribute much less to prizemoney than overseas. In 2017 entry fees in Australia accounted for just 4.5% of total purses, compared to 15.3 % in the UK and 23% in Ireland.

### **Section 4: Home Advantage**

In addition to standard prizemoney, there are a host of valuable state breeding schemes and restricted sales races. Combined, these incentives mean there is an extra A\$55 million on offer for locally bred or sold horses.

The generous VOBIS (Victorian), QTIS (Queensland) and BOBS (NSW) breeding schemes offer owners bonuses of up to A\$35,000 if their eligible horse wins a race as a two or three year-old.

The Magic Millions series includes some 22 races and A\$12.7 million of prizemoney, with a A\$10 million raceday in January, while their rivals Inglis offer A\$8 million in bonuses across eight races.

And for the most important races it pays to buy Australian.

In the past five years all the winners of the breed-shaping Group One races the Blue Diamond, the Golden Slipper, the Golden Rose, the Caulfield Guineas, the Randwick Guineas, The Everest and the Coolmore Stud Stakes have all been born and raised in Australia.

### **Section 5: A Strategic Play**

Purchasing an elite colt at the Australian yearling sales is more affordable than in other parts of the world.

Over the past five years, the average price for the top 50 yearling colts in Australia was 40% less than Europe and 35% less than America.

And in addition to the fact they are racing for more prizemoney, Australian colts are often worth more as stallion prospects at the end of their racing careers.

Over the last eight years the average first season stud fee for top 10 freshman sires in Australia was higher than in the USA, Ireland, France and the UK.

This means that owners of top colts have very valuable commodities. In the past five years horses such as Merchant Navy, Vancouver, Russian Revolution and The Autumn Sun, have been sold or syndicated for stud duties at valuations between A\$20 million and A\$40 million.

### **Section 6: Secondary Markets**

As well as stallion potential, there is a lucrative market for tried horses into Asia.

Although some yearlings are bought specifically for export, many owners and trainers prefer to source stock that has raced or trialed publicly.

It is rare for a horse to be sold to Hong Kong for less than A\$200,000 and there are many horses sold each year for well in excess of A\$1 million. In 2018 some 238 horses were exported from Australia to Hong Kong, along with 182 to Singapore, where sale prices are slightly lower.

For those racing fillies, there are also handsome dividends if successful. In the past five years 139 stakes winning fillies or mares have been sold at auction immediately after their careers for an average price of A\$544,000, compared to an average yearling price of A\$117,000.

### **Section 7: Access To The Best**

In Australia the vast majority of breeders are sellers, so there is a big pool of horses at all levels of the market.

And this means more top class horses go through a sales ring than almost any jurisdiction in the world.

In 2019 alone 71% of all Group One winners were offered for auction before their win - this compares to just 35% in Europe.

The majority of elite colts are also available to buy. Since 2013, nine of the 10 most expensive first-season sires in Australia have been offered for sale as a yearling.

### **Section 8: The Best Of Bloodlines**

Australia offers a mix of bloodlines unmatched anywhere else in the world, with breeders having access to the best sire lines from across the globe.

From the early shuttle sire experiment with Bluebird and Last Tycoon, through to the dominance of Danehill, northern hemisphere bloodlines have helped shaped the Australian breed, with modern-day greats More Than Ready, Medaglia d'Oro and Street Cry creating their own legacies here.

In 2019 there were 21 shuttle stallions in Australia, including sons of Tapit, Scat Daddy, Galileo, Deep Impact, Dubawi and Invincible Spirit.

And many of those were available at a fraction of their northern hemisphere fee.

### **Section 9: The Highest Standards**

When it comes to quality, there is no doubt Australia's stars can match it with the best in the world.

Recent champion Winx dominated the world rankings for years, while a horse carrying the AUS suffix has been champion sprinter in eight of the past 10 years.

At Royal Ascot Australian horses regularly carry all before them; from the flag-bearer Choisir, back in 2003, through to Takeover Target, Black Caviar and, most recently, Merchant Navy, along with many others.

And our racing is also recognised for its excellence. In 2018, 31 of the races ranked in the world's top 100 were run in Australia.

In Hong Kong half the equine population is sourced from Down Under, with legends Rapper Dragon, Able Friend, Sacred Kingdom and Silent Witness among the many to have hailed from Australia.

### **Section 10: A Global Impact**

The influence of the Australian breeding industry is growing every year, a fact highlighted by Anthony van Dyck's win in the English Derby.

The son of Galileo was bred from Australian mare Believe'N'Succeed, herself a two year-old stakes winner over 1100 metres.

And this wasn't the first time Coolmore had fused Australian and European pedigrees for an excellent result: their globetrotting champion Highland Reel, along with his Group One winning full brother, Cape Of Good Hope, are both sons of the Australian mare Hveger.

And it is not just on the track where this influence is being felt. At this year's Keeneland September Sale the top priced colt was a US\$4.1 million son of Curlin out of Australian mare Bounding.

In the breeding barns of the northern hemisphere 'reverse shuttlers' are also becoming more popular, with young sires Zoustar and Astern booking out in the UK and America, while stalwarts Exceed And Excel and Fastnet Rock continue to breed books of over 100 mares in Europe.

### **Section 11: A Unique Experience**

In 1895 American writer Mark Twain said of the Melbourne Cup: "Nowhere in the world have I encountered a festival of people that has such a magnificent appeal to the whole nation."

Over a century on and the Flemington Carnival still astonishes. And now it has been joined by the likes of The Everest Carnival, the Magic Millions race day and The Championships at Randwick.

Any way you look at the numbers, Australians love racing.

There are more than 101,000 who own a share in a racehorse, meaning there are more owners here than in Europe and America combined.

Aussies bet an average of US\$735 a year on horses, compared to US\$274 in the UK and US\$43 in America. In fact, in 2017 more money was wagered on thoroughbred racing in Australia than the whole of the USA.

There are four cable television stations, and a free-to-air platform, that cover every race on which there is betting, while the biggest selling newspaper in each major city carries a minimum of 12 pages of form every day.

### **Section 12: A Sustainable Path**

Australia is also committed to meeting the challenge of caring for our animals in their retirement. In Victoria, the racing regulator recently announced it was committing A\$25 million for this cause across the next three years.

In NSW racing administrators now own or lease six properties that are given over to the rehoming and retraining of retired racehorses, while there are also schemes running in every other state.

With racing and breeding being such big industries Down Under – combined they support some 80,000 full time jobs – we are grateful of the support of the federal and state governments.

In Melbourne the state racing minister has put millions of dollars into prizemoney, the new Flemington grandstand, plus thoroughbred research. In Queensland the state government pays prizemoney for country racing out of consolidated revenue, while in Sydney the redevelopment of Randwick as well as the launching of The Everest and The Championships were all financially supported by Treasury.

### **Section 13: Ending**

We hope you enjoyed our guide and should you want any further information on the Australian thoroughbred industry please do not hesitate to get in touch.