



AUSHORSE

Investors' Guide

Land of Opportunity

Dear Reader,

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

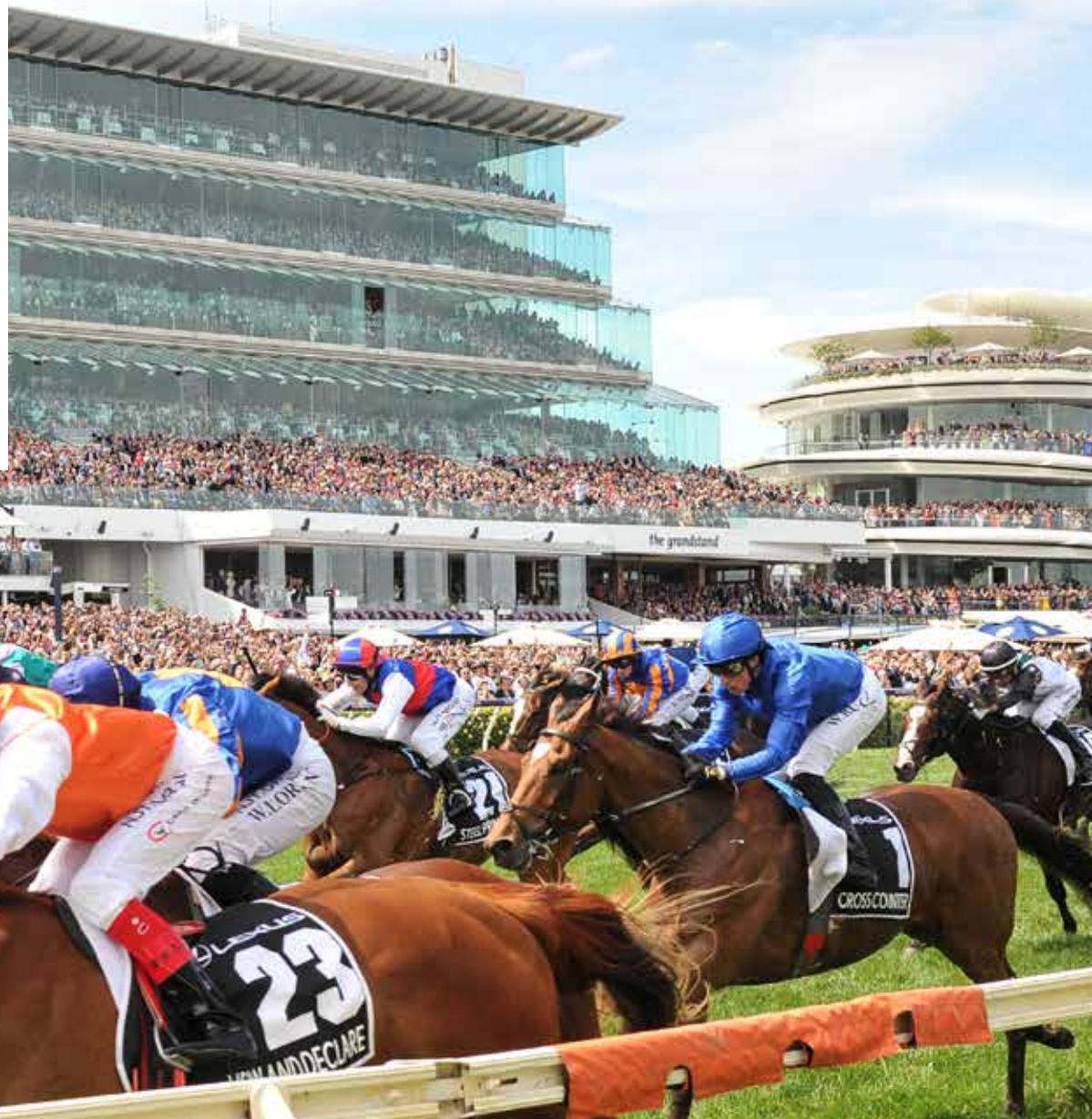
Our prizemoney has soared 84% in the past decade, meaning there is more money on offer here than the UK, Ireland and France combined. Despite these riches, there's a strong argument to say our yearling market is undervalued at the top end, especially for colts. In the past year the Australian dollar has also weakened considerably against major currencies, meaning there has never been a better time to invest.

And if you're considering becoming an owner here - and all are welcome, there are no restrictions on overseas owners - 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

Chief Executive Officer



Vow And Declare repels 12 internationally trained runners in the A\$8 million Melbourne Cup

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.

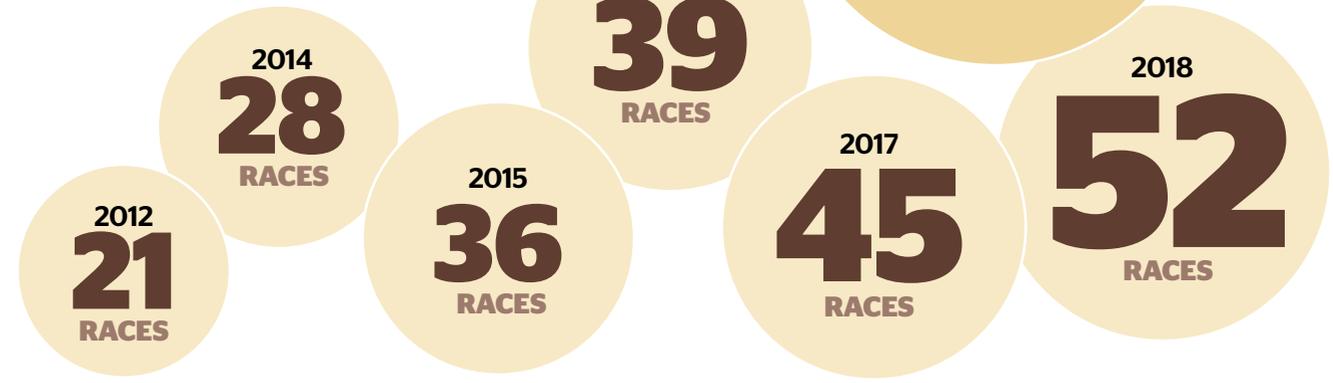
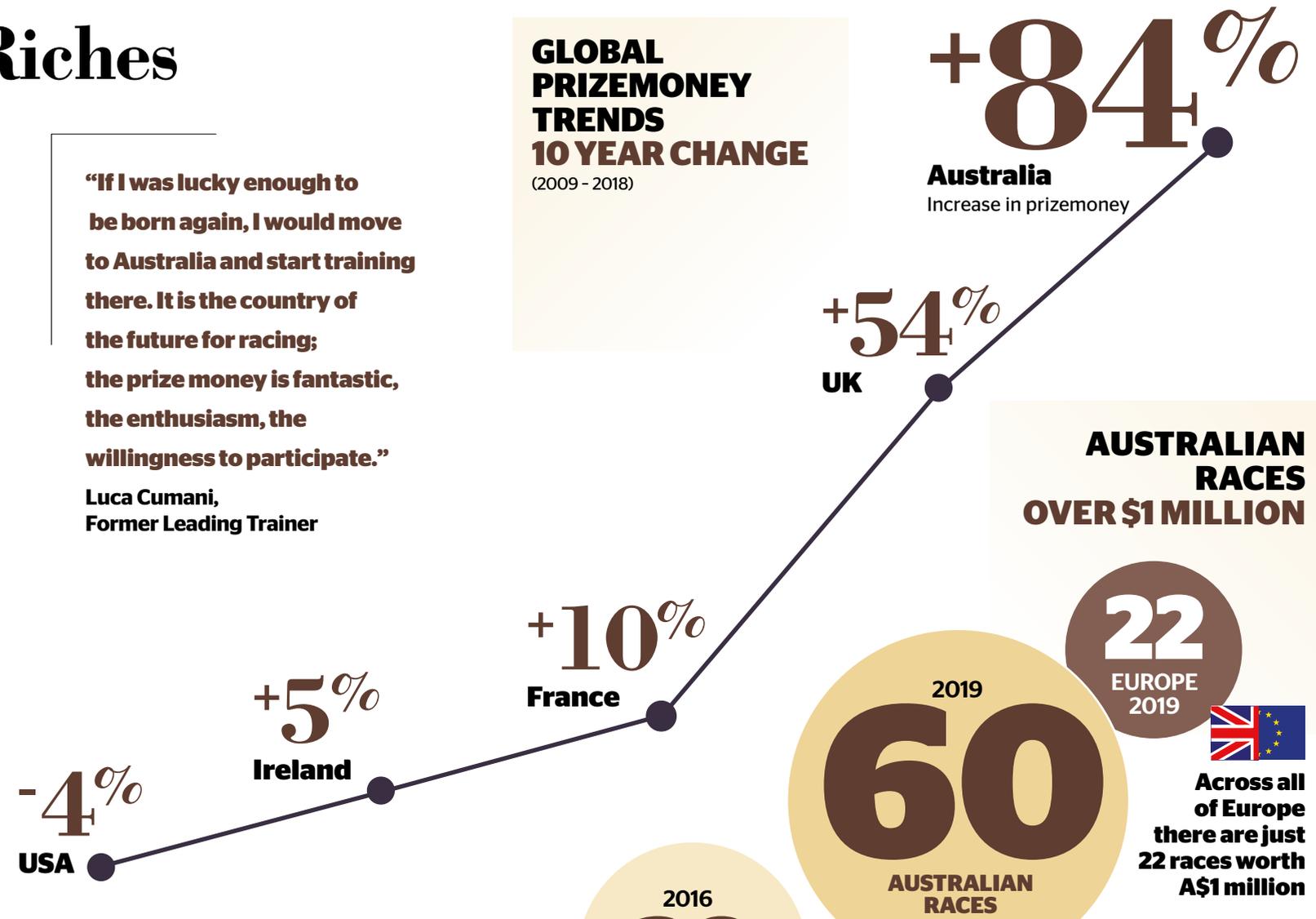
Incredibly, there are now 60 races in Australia worth A\$1 million or more, which compares to just 22 of this value across the whole of Europe.

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.

“If I was lucky enough to be born again, I would move to Australia and start training there. It is the country of the future for racing; the prize money is fantastic, the enthusiasm, the willingness to participate.”
Luca Cumani,
Former Leading Trainer

“The prize money there has just exploded and that’s the sign of a well run and supported industry. It’s supported by the fans, the breeders, the owners and the government.”
Ned Toffey, Spendthrift Farm

GLOBAL PRIZEMONEY TRENDS 10 YEAR CHANGE (2009 - 2018)



AUSTRALIAN RACES OVER \$1 MILLION
22
EUROPE 2019

Across all of Europe there are just 22 races worth A\$1 million

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\$62 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\$180,000 if their eligible horse wins a nominated race.

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

100%

In the past 10 years, every winner of the breed-shaping Blue Diamond Stakes, Golden Slipper, Caulfield Guineas, Golden Rose and Coolmore Stud Stakes have been Australian-bred.

Each state offers generous bonuses for locally bred horses. Together these add up to A\$62 million.

Boomsara wins the Magic Millions 3YO Guineas



PURCHASE PRICE OF TOP 50 COLTS

FIVE YEAR AVERAGE* IN US\$ (2015-2019)

 **\$1.1m**
Europe

 **\$993k**
USA

 **\$650k**
Australia

SERVICE FEES FRESHMEN STALLIONS

TOP 10 SIRE ANNUALLY BY ADVERTISED FEE
10 YEAR AVERAGE IN US\$ (2010-2019)

 **\$6,000**
France

 **\$16,000**
Ireland

 **\$17,000**
UK

 **\$25,000**
USA

 **\$26,000**
Australia

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 ten 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.

“The Australian stallion market is one of the most exciting stallion markets in the world. The returns with Zoustar have been amazing and, obviously the horse has to do it, but if he does, the rewards there are as great as anywhere.”

David Redvers, Qatar Racing

“The reward for developing a high end stallion prospect in Australia is probably greater than elsewhere due to the commercial value placed on them in the market.”

Tom Ryan, SF Bloodstock



Russian Revolution was a A\$320,000 yearling, won A\$1.4 million on the track, and covered 226 mares at A\$55,000 in his first season at stud.

*Freshmen stallion data from Racing Post for European horses, Australian Stud Book for Australian stallions & Bloodhorse Stallion Register for American horses

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.



Leicester
A\$10,000
 PURCHASE PRICE
A\$1 m +
 SOLD TO
 HONG KONG



Extra Brut
A\$100,000
 PURCHASE PRICE
A\$1.5 m +
 SOLD TO
 HONG KONG

**Prince
 of Sussex**
A\$145,000
 PURCHASE PRICE
A\$1.5 m +
 SOLD TO
 HONG KONG



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 shape 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.



**American
 Pharoah**
US\$110,000
 OVERSEAS SERVICE FEE
A\$66,000
 AUSTRALIAN
 SERVICE FEE

**Harry
 Angel**
£20,000
 OVERSEAS SERVICE FEE
A\$22,000
 AUSTRALIAN
 SERVICE FEE



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.

“You go to Australia and you can walk into the ring and know you are getting access to the very best bloodlines that are available there. Up here (Europe), you have incredible breeding operations that are collectors, not sellers.”

Hubie de Burgh, Leading Bloodstock Agent

“In Europe, most of the best yearlings are in private hands and are kept to race by bigger breeders. In Australia, you get a much better opportunity to buy a horse that can end up being a champion or possibly a stallion.”

**David Redvers,
Qatar Racing**

Winx was the highest or joint highest rated horse in the world for 18 consecutive months from January 2018

GROUP ONE WINNERS OFFERED FOR SALE PRIOR TO WIN

2019

71%
Australia

35%
Europe



Jameka, closely related to a Group One Guineas winner, was a A\$130,000 yearling. After winning almost A\$5 million and three Group Ones, she made A\$2.6 million as a breeding prospect.

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.

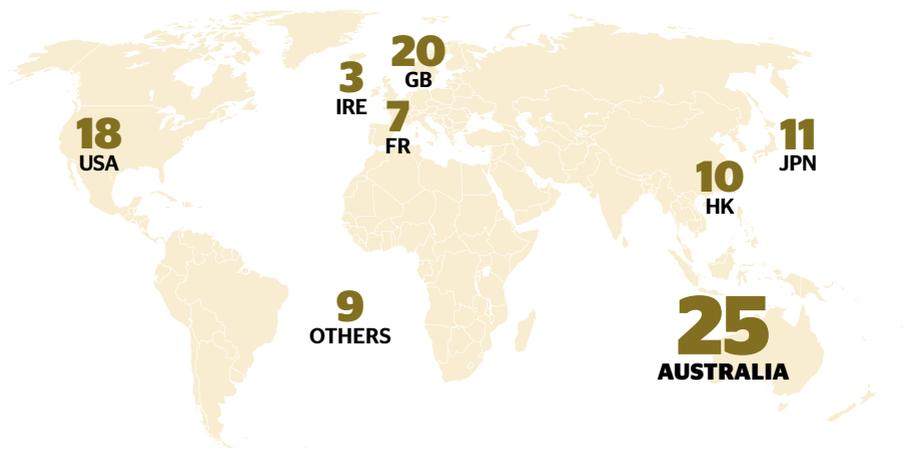
At Royal Ascot Australian horses regularly carry all before them; from the flag-bearer Choisir, back in 2003, through to Takeover Target, Black Caviar and, most recently, Merchant Navy, along with many others.

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.

WORLD TOP 100 RACES BY NATION

FOUR YEAR AVERAGE IFHA RANKINGS (2015-2018)



“Australia produces a world class product. The best go everywhere in the world, whether it be at Royal Ascot with horses like Merchant Navy, to Hong Kong. They produce a fabulous product that can run fast anywhere.”

John Moynihan, Stonestreet Farm

“When you consistently see Australian horses, there are so many with great bones, great strength and they are really athletic horses. One after the other come out and you think, ‘Wow, this is really good.’ They just look like athletes.”

Hubie de Burgh, Leading Bloodstock Agent

ROYAL ASCOT AUSTRALIAN-BRED WINNERS



Choisir

King's Stand Stakes
1st 2003
Golden Jubilee Stakes
1st 2003



Takeover Target

King's Stand Stakes
1st 2006



Miss Andretti

King's Stand Stakes
1st 2007



Haradasun

Queen Anne Stakes
1st 2008



Scenic Blast

King's Stand Stakes
1st 2009



Starspangledbanner

Golden Jubilee Stakes
1st 2010



Black Caviar

Diamond Jubilee Stakes
1st 2012



Merchant Navy

Diamond Jubilee Stakes
1st 2018

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.

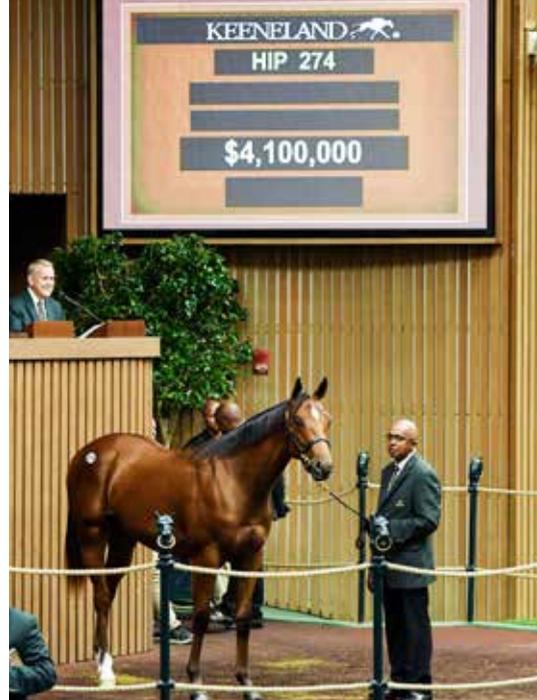
And it is not just on the track where this influence is being felt. At this year's Keeneland September Sale the top priced colt was a US\$4.1 million son of Curlin out of Australian mare Bounding.

In the breeding barns of the northern

Anthony van Dyck, out of Australian mare Believe'N'Succeed, wins the Epsom Derby

“We went down and bought Bounding who was a champion sprinter, we bred her to Curlin, our stallion in America and the first foal brought US\$4.1 million. He was the highest priced colt in this recent September sale. So it definitely can work and you've seen other Australian mares go to Europe and produce extremely fast horses over there when mated to some of the best European stallions.”

**John Moynihan,
Stonestreet Farm**



The US\$4.1 million colt out of Bounding

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.

“We see the Australian thoroughbred becoming more important globally. Australia breeds for speed, precocity, soundness - these are things that every jurisdiction in the world needs more of.”

Tom Ryan, SF Bloodstock

“The reverse shuttling of Australian stallions, is something we are going to see a great deal more of. Australia is a very exciting influence, particularly as a speed influence, and this will increase with more horses moving between hemispheres.”

David Redvers, Qatar Bloodstock



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\$862 a year on horses, compared to US\$274 in the UK, US\$179 in France and US\$45 in America. In fact, in 2018 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.

"On our first trip to Australia, when we saw the racing, the sales, visited some farms and saw the stallions, the enthusiasm that the public has for racing - it's a market that we felt like we had to be a part of and it's been a great opportunity for us."

Ned Toffey, Spendthrift Farm

"You jump off the plane in Australia and everyone is smiling, both at the sales grounds and racetrack. Would I choose anywhere else in the world to race or go to a sale? I wouldn't, I just love it."

Hubie de Burgh, Leading Bloodstock Agent



**Glamorous
racegoers
enjoying the
Melbourne Cup
Carnival**

**WAGERING
ON HORSE RACING
PER CAPITA (US\$)**

AVERAGE AMOUNT
WAGERED ON HORSE RACING PER YEAR

\$862

Australia

\$274
UK

\$179
France

\$45
USA



**Aushorse is the marketing arm of the
Australian breeding industry.**

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.

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Cover Image: Mystic Journey winning the inaugural All Star Mile

There has never been a better time to invest in the Australian thoroughbred industry

Join us in 2020 at our yearling sales

JANUARY 8-14 Magic Millions Gold Coast Yearling Sale QUEENSLAND	FEBRUARY 9-11 Inglis Classic Yearling Sale NEW SOUTH WALES	FEBRUARY 17-18 Magic Millions Perth Yearling Sale WESTERN AUSTRALIA	FEBRUARY 24 Magic Millions Tasmanian Yearling Sale TASMANIA	MARCH 1-3 Inglis Melbourne Premier Yearling VICTORIA
MARCH 10-11 Magic Millions Adelaide Yearling Sale SOUTH AUSTRALIA	MARCH 16-17 Magic Millions Gold Coast Yearling Sale QUEENSLAND	APRIL 7-8 Inglis Australian Easter Yearling Sale NEW SOUTH WALES	APRIL 19-20 Inglis Melbourne Gold Yearling Sale VICTORIA	JUNE 3-5 Magic Millions National Yearling Sale QUEENSLAND

Magic Millions magicmillions.com.au

Inglis inglis.com.au