

From this...



MIX BUSINESS WITH PLEASURE

THE WAY IN TO THOROUGHBRED BREEDING

The Cape racing season is always a flurry of activity and excitement, so it was most pleasant to take a bit of a breather (and a cocktail or two) at Mano's in Green Point, as part of the CTS Premier Yearling Sale week. An ideal opportunity to see the familiar faces of the industry in a relaxed environment away from the racecourse for a change, and to catch up with connections we don't see that often.

By Johan Blom

Having dipped our toes into the pool that is Thoroughbred ownership, we have had a great couple of years, getting to experience the thrill that is racing. The thrill of the track, hosting friends and ultimately leading in that champion, all make up Thoroughbred Racing.

Having been involved in other equine sports for quite a bit longer, it has always been the breeding and genetic side that has struck me as particularly fascinating. Analysing bloodlines, determining pre-potent genetic traits, digesting vast amounts of information in order to try and squeeze out the percentage difference. This is a side of the business where masters are at work but few can claim to have mastered it. It's an ongoing learning curve but must deliver the ultimate thrill to breed success on the racetrack. We are not even talking about leaving lasting legacies that forever change the direction breeding takes place in future.

There are few as knowledgeable and passionate as David Allan when it comes to bloodstock. He manages for a range of clients from new and keen to a global owner/breeder, so my musings about breeding were enthusiastically received. David immediately mentioned that this is exactly what he is working on so I asked him if he could outline what it would take to become actively involved in breeding:

"Where racing is high octane on a raceday or out on the gallops, breeding has a different power to create year round passion as well as a more coherent financial equation whether on international stock markets or investing in a few mares. Creating these beautiful animals is both commercial and a lifestyle contributor with much related racing to follow as well. Mingling with the mares and

foals, pedigree study, the atmosphere of the sales – they all offer excitement. We are fortunate to be managers for experienced and inexperienced players and it is always very satisfying bringing new people into breeding activities guiding them in the enjoyment, planning and the targeted returns on investment.

This is not low cost entry in the sense of racing clubs or small percentage ownership. We are looking now for an investment of around R 2 million in 50% of a band of young mares in foal plus foals, yearlings and new fillies – over 20 in all – an investment in potential with good credentials.

If this were an investment in proven high level success, 20 million would not get you very far, let alone 2 million. The idea is to build towards those higher levels with good young stock and a successful track record of, in our case, breeding winners with almost every first foal, then second foal and so on.

Just as we are the investment manager – looking after the interests of the person or people putting in the money - with all the proper accounts and projection reporting, as well as the breeding theory then sales placement and management through the ring, so we are also there to make it exciting – even glamorous – and above all to engender contact with mares and foals in a way that enchants first timers and brings them back time and again.

We may make matings recommendations with budgetary rationale, but we never do so without going into the whys and the wherefores and offering alternatives for the investors to consider. If people do enough of this, they then have a lot of racehorses to follow.

Stud farms that mostly have their own stock are not suitable places to board, but may host thrilling visits to see their stallions. Our



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boarding farms must be – and are – geared to entertaining guests and going out of their way to help the involvement”.

I put it to David that the South African bloodstock markets are down at the moment. His response was:

“Exactly! Now is the time to come in! Cash flow is causing some breeders to produce less now which in practice means fewer yearlings to buy in 2020/21 by which time our “Three Upsides” would have kicked in, creating much stronger demand than right now.

I talk constantly about the “Three SA Upsides” of (1) government change – that has happened and international markets have reacted positively (2) a more streamlined, less fragmented, more ordered sales structure partly through my and Andreas Jacobs’ seven months mediation effort in 2017 and perhaps further due to the 2018 removal of Mayfair Speculators. There is much fall-out yet to happen, but the landscape will be reshaped and advantage can be taken now.

Number (3) is “Exports”. After a few years of infinitely higher quality work than before, South Africa has impressed the world with our

science, systems, personnel and government support. Thus we may achieve freedom of export movement later this year to and via EU, then next year to “third party” importers all keen to import directly. The whole thing is credible and tangible for the first time for decades. Values would increase dramatically.

Not only may direct exports shoot upwards, but also global bloodstock players in the likes of UK, Ireland, France, USA, Australasia and, South America will reassess South African multi-directional opportunity.

At the premium SA sales, the Frankels and Camelots will vanish. That trade is done and gone other than a few currently at foot until we arrange different imports or shuttle stallions. The late super stallion Captain Al has few remaining, Silvano, Dynasty and Trippi will supply fewer. The new guard will take over along with more imported pedigrees refreshing the South African gene pool. Yearling experts will soon be buying from a wider range.

Is 2 million rand too much? On the contrary. It is time for funding expansion and surely nowhere else can people “come in” to going concerns with the Welcome Mat laid out and experienced management in place.”

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