

## PEDIGREE ANALYSIS *by Renée Geelen*

# \$1M YEARLINGS

## - rewards are worth the risk

**T**HE sales season is nearly upon us again, and once again there will be a few yearlings who sell for astronomical money. Consider this; in June, 2015, the median house price across Sydney hit \$1m. Not the central city suburb of Sydney, but the whole Sydney basin.

There is some risk when you buy real estate, but compared to other investments, the risk is fairly low. For the same money as the median house in Sydney, you can buy a top-line yearling, but this 'investment' comes with a bit more of a risk. While not everyone who buys a yearling does it for the long-term investment, the purchase of a \$1m yearling is, in most cases, part of a long term investment strategy. The risks in buying a horse are obvious to anyone who has been in racing for a while but alongside risk comes reward.

What are the potential rewards for someone buying a \$1m yearling? A recent article rather hysterically called these horses 'cursed' after the sad demise of Emaratee (Fastnet Rock–River Dove by Hurricane Sky). The \$4m yearling in 2013 was placed second in both his starts but unfortunately for connections, he had a heart attack while resting at his stable. The same article used the death, from complications of laminitis, of Black Caviar's unnamed \$5m brother (Redoute's Choice–Helsing by Desert Sun) as its only other example of this invented curse.

Instead of buying into any hyped up story, a more rational approach would be to look at the entire collection of \$1m yearlings over time and determine their outcomes as a group.

Arion Pedigrees ran a query of their database and found that between 1998 and 2015, 177 yearlings sold for a \$1m or more across Australia and New Zealand. Twelve sold last year and have only just turned two, so we will take them out of the following discussion.

First we need some context, a statistical baseline, for this group. If you look at every yearling offered at the three big sales across ANZ in 2011, there were 2149 yearlings catalogued and 28 won at Gr.1 level. That gave you a one in 77 chance of acquiring a Gr.1 winner. The average at those three sales in 2011 was \$140,000.

The reason for selecting the top tier sales is that buyers at those sales expect to do better than a random selection from the whole foal crop (and they do indeed get what they expect). Therefore, buyers who purchase a \$1m yearling should expect to do better than the whole foal crop AND better than the other yearlings at the top tier sales. There are 165 \$1m yearlings who are now aged three and up, and of those, 12 are Gr.1 winners. That's one in every 14 yearlings purchased. This is significantly better than buying at the top tier sales, and astronomically better than the entire foal crop.

By most measures, the best of those 12 Gr.1 winners is All Too Hard (Casino Prince–Helsing by Desert Sun). He sold at the 2011 Inglis Easter Sale for \$1.025m and earned \$2.29m on the track. Now at stud, he keeps on earning for his owners and his first crop sell in 2016. Another Gr.1 winner of note is Don Eduardo (Zabeel–Diamond Lover by Sticks and Stones) who broke records when he sold in 2000



*All Too Hard*  
(Casino Prince–Helsing by Desert Sun (GB))

at NZB's Premier Sale for NZ\$3.6m. Winner of the AJC Derby–Gr.1 and \$A1.6m, he retired to stud and has been a solid success with 10 stakes winners headlined by Gr.1 winner Booming (ex Beautiful Sea by Grosvenor). His earnings at stud are hard to calculate, but it's fairly safe to say he's done well for his owners.

Samantha Miss (Redoute's Choice–Milliyet by Zabeel) and Darci Brahma (Danhill–Grand Echezeaux, by Zabeel) both won more on the track than they cost and the latter is one of NZ's leading young sires; while Sunday Joy (Sunday Silence–Joie Denise by Danhill) made \$1m at the 2001 Magic Millions Gold Coast Yearling Sale, won an Oaks and \$673,000 before producing one of the best mares of her generation in eight time Gr.1 winner More Joyous (by More than Ready). The other Gr.1 winners are Wandjina (Snitzel–La Bamba, by Last Tycoon), Rock 'n' Pop (Fastnet Rock–Popsy by Sir Tristram), Master of Design (Redoute's Choice–Urge to Merge by Last Tycoon), Seventh Rock (Rock of Gibraltar–Ruby Clipper by Rubiton), St Reims (Zabeel–l'Quiz by l'Enjoleur), Shower of Roses (Zabeel–Marquise by Gold and Ivory), and Viking Ruler (Danhill–Tristalove by Sir Tristram).

If you extend this out to black type winners, an astonishing 62 \$1m yearlings gained black type and that's almost 40% of purchases.

If you are buying an expensive yearling in the hope you will gain black type and get a chance at stud, those odds look pretty good. Among the non-Gr.1 winners who ended up at stud are stallions like

Danbird, Musket, Von Costa de Hero, Burgundy, Shovoff, Keep the Faith, and then there are the broodmares too. Of the 165 \$1m yearlings, some 75 went to stud, and a further 22 are aged three to five. That leaves 67 yearlings who didn't end up at stud in ANZ, and most of them are geldings. They include horses like Dynamic Blitz (Elusive Quality–Assertive Lass by Zeditave), sold at 2006 Inglis Easter Sale for \$1.4m, who won three races in Victoria before being exported to Hong Kong where he won another seven including the Meydan Al Shindagha Stakes–Gr.3 in Dubai. All up he raced in four countries, and won approximately \$A1m.

Extending further to winners, only 22 horses raced and didn't win (some of those are still racing, so that might improve). Only 14 horses were unraced, and only two were unnamed. The rest, 129, won at least once, that's 78% of \$1m yearlings. Only 54% of yearlings offered at the top three sales in 2011 were winners.

The \$1m yearlings are performing well as a group. Horses with these price tags will always come with probably unrealistic expectations.

It would be foolhardy to expect them all to be Gr.1 winners and equally crazy to suggest that they aren't worth the money. The figures show as a group \$1m yearlings are quite rewarding, given the risk associated with the high level of investment. Even if an investor had purchased a small shareholding in each of the 165 \$1m yearlings, that shareholder would have a very tidy long-term portfolio with many good broodmares and proven stallions to utilise for the next generation of racehorses. ■