

A STABLE INVESTMENT

Many of us dream of owning a thoroughbred racehorse and experiencing the thrills and excitement that make up the sport of kings. Bloodstock agent Kern Lillingston is there to make sure you saddle up with a winner, reports **VHAIRI WALKER**



xxxxxxxxxx

“ONE OF THE WONDERFUL ASPECTS OF HORSERACING IS THAT IT DRAWS TOGETHER PEOPLE FROM ALL WALKS OF LIFE, ALL LEVELS OF SOCIETY ALL OVER THE WORLD. AS A SPORT IT IS ALMOST UNIQUE IN THIS RESPECT”

F

or the briefest of moments there is a hushed calm – an intake of breath – a willing of victory, before the gates go up, horses bolt and thundering hooves toss up dirt. The winners of the Epsom Derby (UK), the Breeders Cup (USA), the Melbourne Cup, the Dubai World Cup and the Hong Kong Cup, weren't chanced upon – they were cherry picked. And thorough investigations ensued before money and horses exchanged hands.

In truth, finding a high-performing racehorse is not an exact science – but the chances are significantly bettered when comprehensive research is undertaken and expert knowledge is applied. That's where leading bloodstock agent Kern Lillingston comes into play. At the forefront of the industry, the bloodstock agent is enlisted to help prospective buyers realise their racing aspirations by researching, advising, finding and buying horses on behalf of their clients.

The company emerged in 1995 from a partnership between established businesses Lincoln Collins' 'Kern Thoroughbreds' based in Kentucky and Luke Lillingston's European-based 'Lillingston Bloodstock'.

With a family stud in South West Ireland and a jump jockey father (a former winner of the highly prestigious Champion Hurdle at the Cheltenham Festival no less) co-owner of the Kern Lillingston bloodstock agency, Luke became accustomed to racing at a young age and has since “lived and breathed horseracing.”

Today, the company operates in the international market and clients hail from much of Europe and the US, as well as Canada, Argentina, Brazil, Columbia,



Top: Luke Lillingston of bloodstock agency Kern Lillingston greets a yearling before inspecting at the sales. Left: Hong Kong-based Viva Pataca, a six times Group 1 winning performer has earned over US\$6 million during his race career. Above: Viva Pataca's owners celebrate a win

South Africa, Kenya, Zimbabwe, Japan, Hong Kong, Korea, Australia, New Zealand and the UAE. “Their professions vary widely,” explains Luke, unable to classify his customers. “One of the wonderful aspects of horseracing is that it draws together people from all walks of life, all levels of society all over the world. As a sport it is almost unique in this respect.”

In spite of the economic downturn, there are opportunities in the bloodstock industry at the moment, especially with the weakening pound, thoroughbreds for sale in the UK market are proving increasingly attractive to overseas buyers.

For those looking to invest, Kern Lillingston will do the legwork. Purchasing a racehorse requires contacts, experience, and often a passport, as horses are sourced from around the world.

It is the company's extensive knowledge of pedigrees that helps determine the calibre of a racehorse, as does their examination of family bloodlines and race history. Conformation – the physical make-up of the horse – is also appraised along with their performance on the racecourse. While much of the information on a horse's pedigree and race history can be found online, a horse's conformation must be judged in person with a physical inspection. “This is definitely the most time consuming aspect of the job,” says Luke. “On average I inspect 2,500 yearlings [an inexperienced horse aged one year] in a year across England, Ireland, France and the US.”



Red Evie has proved a highly successful European performer

"IN 2007, ART CONNOISSEUR WAS PURCHASED ON BEHALF OF THE NOTABLE ART DEALER RICHARD GREEN AND LATER WON THE MOST PRESTIGIOUS TWO-YEAR-OLD RACE AT ROYAL ASCOT WITH AN US\$80,000 PURSE"

According to Luke, there is a degree of gut instinct that leads to the purchase – this is particularly true when judging younger horses that have not yet raced.

There are two main channels of sale – private and public auctions. A well-connected bloodstock agent is imperative for the former. An agent will not only source the horses but identifies those that meet the specific needs of an individual and determines their suitability to a particular country or racing environment. The agent also handles negotiations on behalf of the client and helps organise the veterinary examination and shipping if necessary.

Three years ago, Viva Pataca was purchased privately from the UK by Kern Lillingston for Hong Kong-based trainer John Moore and racehorse owner Stanley Ho Hung Sun. Since his arrival in Hong Kong he has competed at world class level and won six Group 1 races, and during his career, has accumulated over US\$6 million in prize money. Indeed, a number of the highest quality horses in training change hands on a private basis.

Buying a horse through public auction however, proves an alternative and popular

avenue of sale. Keeneland in Kentucky, US, Newmarket-based Tattersalls in the UK, Goffs in Kildare, Ireland and William Inglis & Son in Sydney, Australia, are among the bloodstock auctioneers that host thoroughbred sales. Here, the horses will vary in age and experience for which they are categorised. 'Horses in training' refers to exactly that. Notably the horse will be of racing age, which is two years and over. 'Breeze Up Sales' are where two years old, who are being ridden but have not yet raced, are galloped publicly for potential buyers to inspect before they are auctioned. Yearlings meanwhile are un-raced at one-year-old, and foals are younger still.

Kern Lillingston has proved successful by these means too. Bought two years ago in Kentucky from the yearling sales for US\$200,000 for a UK-based trainer, Square Eddie was sold in a private deal back to the US the following year, where he went on to win the Grade 1 Lane End Futurity and then finished a close second in the Breeders Cup at Santa Anita in Los Angeles at the end of 2008. His high profile wins saw him become one of the leading

two-year-olds in the US and secure US\$540,000 in winnings during his first year of training.

In 2007, Art Connoisseur was purchased by the bloodstock agency as a yearling for the notable art dealer Richard Green. The following year he won the Coventry Stakes, a prestigious two-year-old race at Royal Ascot with a purse worth US\$80,000. Thereafter, he was considered one of the leading two-year-olds of his generation in the UK. Like Art Connoisseur, Red Evie was purchased through Kern Lillingston from yearling sales, so had yet to prove herself. But prove herself she did – winning four group races during her European career and more than US\$550,000 in prize money.

UK trainer Michael Bell had the fortune of working with both these horses and continues to use Kern Lillingston for all matters regarding bloodstock. "I like to focus the majority of my attention on training our horses to ultimately win races, so when it comes down to purchasing them the advice and input I receive from a bloodstock agent is essential to me," he explains from his Newmarket-based training establishment. "Kern Lillingston have been

closely involved with the purchase of some of the best horses we have produced, including Art Connoisseur and Red Evie, to name but two.”

In agreement is Terry Neill, former owner of Red Evie: “It was down to Kern Lillingston’s knowledge that they spotted Red Evie’s racing potential when she was a yearling at the bloodstock sales. Even though she was un-raced at the time, they advised me that she would be a worthwhile purchase and assisted me throughout buying her.”

Testament to their talent, Kern Lillingston’s success stories are many. This could be in part attributed to their ongoing role with several of the horses they have purchased. In addition to finding a suitable racehorse, using their extensive worldwide contacts, the group can select a trainer and co-ordinate racing careers if required, managing racehorse and breeding stock portfolios for international clients. The firm appreciate individual requirements vary and thus offer a bespoke racing management service tailored to the needs of their customers. Their role can be more weighty if needs be – some clients time will be limited, leaving Kern Lillingston to shoulder more responsibilities.

Managing breeding is another area of the business in which they are involved which sees them planning matings, suggesting stud farms, and deciding when and where to sell a foal/ yearling or where to train it.

Training is part and parcel of owning a racehorse and ownership, of course, requires further outgoings than the initial purchase price. Several investments are required to maintain its upkeep and expenses include training and racing fees. According to Kern Lillingston, on average it costs around US\$29,000 to keep a horse racing in the UK, US\$26,000 in France and Ireland and US\$40,000 in the US.

That said, there are considerable amounts of money to be made. In 2007, there was a combined racing pot of US\$3.4 billion across Australia, France, the UK, Japan, the US and the UAE – a total exclusive of Hong Kong, which is home to one of the world’s most lucrative racing calendars.

In addition to prize money, there is potential to make money through resale – either to continue racing, or as a good breeding prospect, which largely depends on the success of their past racing career. However, Luke dispels illusions that owning a racehorse is necessarily a profitable pastime. “Owning racehorses, owing to the capital cost and cost of keeping them, makes profitability unlikely. While some racehorses do make money and plenty of it, we usually make anyone considering ownership aware that financial motivation is usually misplaced.”

For some owners, costs can be more



Purchasing a racehorse from the thoroughbred sales is a popular route into ownership

“OWNING RACEHORSES AND HORSERACING IN GENERAL CAN PROVIDE UNIQUE BUSINESS NETWORKING OPPORTUNITIES, AS OWNERS CAN MEET OTHER SUCCESSFUL AND WEALTHY PEOPLE IN A NON-BUSINESS ENVIRONMENT”

manageable when shared among several parties and today many racehorses are co-owned. Winnings are, however, similarly split.

Kern Lillingston manage professional racing syndicates, including the American co-ownership Three Chimneys Racing. The syndicate was set-up two years ago and has around 25 members who paid an all-inclusive fee to join. Six racing fillies from Europe were purchased to race for the syndicate in the US. Since, there have been a number of prominent wins (inclusive of the high profile performer Diamond Diva) that have amassed a shared winning bounty of US\$1 million.

Aside from the potential of winnings, the social aspect is what often draws people

to racing. “It is perhaps the best sport in the world for ‘en famille’ participation,” explains the bloodstock agent. “Owning racehorses and horseracing in general can provide unique business networking opportunities, as owners can meet other successful and wealthy people in a non-business environment.”

The competitive nature of horseracing and the sense of fostering an up-and-coming talent is a further enticement. “The challenge of trying to find and develop a good racehorse can become a fascination for a lot of people. People who have been very successful in their lives enjoy something which poses different and immeasurable challenges, as you are working with and nurturing a living animal which has a mind of its own.”

Of course, finding a promising horse is half the battle. “That’s where we provide a vital service to our clients, in locating the right horse for them at the right price and hopefully increasing the owner’s chances of experiencing that winning feeling, but most importantly having a lot of fun along the way,” says Luke. “We assist and provide our expert opinion with the entire buying process and generally throughout our client’s ownership journey, working closely with the horse’s trainer.”

Kern Lillingston’s expertise has taken many an owner to the winners’ enclosure, and those fortunate enough to find themselves there would agree there is nothing on earth quite like the elation of winning ♦