



**DRIVING LESSONS:** Howard Saltzman (left) got some hands-on horse experience when he attended the USTA Driving School in 2009.

is not for you.

I liken ownership with a syndication group to investing in a mutual fund. You purchase your share and entrust all the decisions to a “stable manager.” For an annual fee (usually 5 percent), the manager takes care of the business dealings with trainers, vets, tack, shipping, entries, stakes payments, insurance, etc. For this reason, it is important that you talk to any group before investing to see if you are in synch with their approach to managing harness horses.

There are two key investment criteria that I apply when buying race-horse shares via a syndicate group.

## Due Diligence

Partnerships and preparation can make for fun ownership experience

**L**iving in the Dallas, Texas, area poses some challenges to a life-long fan like me who wanted to become a Standardbred owner.

Just mentioning “harness racing” to someone who is not from the Northeast or Midwest brings blank stares. One Texan asked if I was referring to “those chariot races.”

Despite the logistical hurdles such as distance and lack of a “harness community,” I found a way to experience the unique thrill of ownership. That opportunity came via a syndication group that brings prospective small

owners together in harness racing partnerships. I can purchase a share, usually 10 percent, and then sit back and enjoy the races as an owner no matter where my horse is racing.

But first, you must ask yourself if being involved with a syndicated partnership model fits your needs and investment style.

I often use analogies to the financial investment world when discussing horse ownership. If you like “hands on” control of your portfolio, enjoy being fully accountable, and want to make daily decisions, then this model

### Risk/reward tradeoff

How much risk are you willing to take with your purchase? Let’s start with a potentially lower risk ownership scenario, such as a proven horse with a solid earnings record. This is akin to a profitable large-cap company. This class of horse will cost more upfront as there will be a premium in the purchase price due to its past earnings performance, but you hope to make that up and more in purse winnings.

A slightly riskier approach with upside could be a lightly raced 3- or 4-year-old who has shown some glimmer of promise. Or a horse that has lost some form and appears to offer value in its price and earnings potential. These “mid-caps” of the racing world will have a lower purchase price but offer the chance for solid returns if they can develop or return to being reliable racetrack performers.

In this category, I’ve had success

# 2010 Nandi Farm Yearlings

Offered for sale at the Breeders Select Sale  
Pocono Downs, October 4, 2010

## Metropolitan

Cherry Festival – dam Spectre Almahurst  
High Street – dam Thigh Highs  
Metronblissful – dam Halle Hall  
NF Citiscape – dam Starlet Game  
NF Jessica – dam GW Jentle Jessica  
NF Sun City – dam Sepia Hanover  
Old Town Cat – dam CC's Saleofcentury

## Tom Ridge

Doubting Tom – dam Photo Magic  
Elderberry – dam Europass  
It's A Big Deal – dam Island Bound  
NF Firebird – dam Lindy's Fireball  
NF Jazzed – dam NF Jessamy  
Radical Ridge – dam Radical Missy  
Show Me The Bling – dam Kelsey A  
Something Better – dam Name It Something

## Yankee Cruiser

Crimson Cruiser – dam Ms Eyes And Thighs

## Revenue

Cursive – dam Do It With Style

## Garth Vader

Lady GV – dam Eloquent Lady  
NF Flight Risk – dam Set Me Free  
NF Ziggity – dam Hot Ziggity  
Sweet Spot – dam Pebble Link

## Mcardle

Give It A Go – dam Speedweek  
Mc Attaboy – dam Arthion

## Like A Prayer

NF Notebook – dam NF Notable

## SJ's Caviar

NF Tbone – dam Texas Sorro  
The Raincatcher – dam Making Miracles

Offered for sale at the Standardbred Horse Sale  
November 8-13, 2010

With Walnridge Farm consignments:

## Cantab Hall

NF Brownstone – dam Armbro Beseech

## Tom Ridge

Ride With Sully – dam Samantha Coe

## Windsong's Legacy

Riverfest – dam Royal Roz

With Northwood Bloodstock consignments:

## Real Artist

NF Drum Roll – dam NF Debutante  
Real Lush – dam Lydia Hall

Please call us to schedule an  
appointment to see these yearlings.



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## Purse Account

with an Ontario-based trotter who was bought as a 3-year-old in late 2007 with only 12 lifetime starts and less than \$20,000 in earnings on his card. A 10-percent share was \$5,100 at the time. I still own that share. He has earned more than \$200,000 since purchase and has been profitable year after year when his expenses are factored in.

The most speculative angle is buying yearlings. This is like investing in a start-up company. Some will become rousing successes, while some will never earn a dime. Owning a yearling

the Harrisburg sale last fall, my total return was just barely break-even. How can this be? I'll tell you: a) my 10-percent share cost \$11,000 since she was racing well in New Jersey Sire Stakes company, b) she had relatively high expenses stabled at Gaitway Farm in New Jersey, and c) she sold for nearly 30 percent less than her purchase price when consignor and sale fees were taken into account. Income isn't everything!

While owning a share of a racehorse brings tremendous anticipation and excitement with every start, you

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share requires patience (not to mention luck) as you will incur expenses with no earnings until your horse hopefully makes it to the races. While there are some huge purses for young horses, it is the riskiest path to try to reach for them.

### Total return

Sometimes a group forming partnerships will point to its seemingly impressive purse income history. While the money coming in is certainly important, don't overlook the total return of your investment. This includes the monthly expenses your horse incurs.

Always ask what amount of expenses to expect. Also factor in that 10 percent of your earnings goes to the trainer and driver, plus the 5 percent management fee mentioned earlier. Lastly, while difficult to predict, is if your horse eventually will be sold or claimed for a price above or below what you paid.

A good example of "total return" is a six-month run I had with a 3-year-old pacing filly in 2009. She earned more than \$70,000 in purse money in that brief time, which on the surface sounds great. But when she sold at

have to be prepared for the ups and downs that accompany ownership.

Imagine the disappointment when in 2008 my share in a promising 3-year-old colt was devalued when he suffered a broken bone in his leg just as he was entering the lucrative stakes season. On the other hand, watching my now 3-year-old filly that was a value purchase at \$2,250 for a 10-percent share last fall winning a Pennsylvania Sire Stakes race this May was exhilarating.

If you are thinking of getting involved as an owner with a syndication group, do your research, ask questions, consider your own risk tolerance, understand the total return picture, and hope for good racing luck!

*Howard Saltzman is a telecom engineer originally from Queens, N.Y., now living in Carrollton, Texas, and an owner of several racehorse shares with Stake Your Claim Stable. The views contained in this column are that of the author alone, and do not necessarily represent the opinions or views of the United States Trotting Association. To comment on this article, e-mail us at [readerforum@ustrotting.com](mailto:readerforum@ustrotting.com).*

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