



## DISCLOSURE STATEMENT FORTUNA SYNDICATE NO 125

### 1. INTRODUCTION

**Fortuna Limited** was founded by **John Galvin** in 2007 with a vision of providing a high quality thoroughbred syndication, administration and racing management service to its clients. **Fortuna**, a New Zealand Thoroughbred Racing Authorised Syndicator, races horses in New Zealand, Australia and Singapore, with **Jamie Richards** being its principal NZ based Trainer (but handing over to **Mark Walker** end of March 2022) and **Donna Logan** its Singapore based Trainer. **Kevin Myers** also trains some NZ based horses for Fortuna and **Anthony and Sam Freedman** train our Melbourne based horses.

**Fortuna** is very client focused and it aims to be the very best it can on behalf of its clients with all aspects of Thoroughbred Syndication Management. Hence its motto:

*"Selected, Trained, Ridden and Managed – By Professionals"*

### 2. Directory

Name of Promoter:	<b>Fortuna Limited</b>
Address of Promoter:	<b>5 Johnnybro Place, Rototuna North, Hamilton 3210</b>
Manager and Director:	<b>John Eric Galvin</b>
Bankers:	<b>Westpac Banking Corporation</b>
Accountants:	<b>One Base Accounting - Hamilton</b>
Solicitors/Legal Advisors:	<b>Harkness Henry – Hamilton</b>

### 3. Business Plan

- This Syndicate will race just one horse, that being the Yearling FILLY by MERCHANT NAVY out of PINDARA – no racing name yet, but has been assigned the stable name "ZOI".
- The objectives of the Syndicate are to educate, train and race the Syndicate racehorse with the primary aim to win prize money for the Syndicate Members and to share in the fun and camaraderie associated with owning and racing a racehorse that is in shared ownership.
- ZOI was acquired at the Inglis Premier Yearling Sale in Melbourne on 27<sup>th</sup> February 2022 – she is being transported to NZ 11<sup>th</sup> March where she will travel to Te Akau Stud for a 4 week paddock spell before being broken in. Once broken in she will be transferred to the care of Fortuna's NZ Trainer, Mark Walker, of Te Akau Racing Stables based at Matamata, where she will commence her first stable preparation
- She will have a further paddock spell at the end of that preparation – the length of that spell will depend on her physical progress and development. Based on her pedigree, physical type and confirmation, her best distances are likely to be in the 1200 metre to 2000 metre range
- A strong, well developed Filly of medium size, foaled 22<sup>nd</sup> October 2020, ZOI presents as a type who may well race as an Autumn Two Year Old in 2023, but will certainly develop into a strong robust Three Year Old and primary targets for her during her Three Year Old season will be the Classic Three Year Old events such as The NZ 1000 Guineas and other NZ Filly of The Year Series races

#### 4. Bloodstock

(a) Name	<b>No Racing name yet, but nicknamed "ZOI"</b>
(b) Breeding (Sire/Dam)	<b>MERCHANT NAVY – PINDARA</b>
(c) Sex	<b>Filly</b>
(d) Foaling Year	<b>2020 (DOB 22/10/2020)</b>
(e) Microchip number	<b>985100012191511</b>
(f) Brand Marks	<b>OFL - 19/0</b>

#### 5. Initial Costs and Expenses

(a) Purchase of Bloodstock	
(i) Purchase Date	<b>27<sup>TH</sup> FEBRUARY 2022</b>
(ii) Public Auction	<b>INGLIS PREMIER YEARLING SALE</b>
(iii) Cost	<b>A\$70,000 Plus GST (NZ\$74,000 approx)</b>
(iv)	
(b) Breakdown of other Initial Costs	
Promoter Fee	<b>\$ 10,000 plus GST</b>
Marketing Fee	<b>\$ 7,500 plus GST</b>
Sales/Research Fee	<b>\$ 2,000 plus GST</b>
Airfreight	<b>\$ 7,000 no GST</b>
Valuations	<b>\$ 300 plus GST</b>
Vet Reports	<b>\$ 1,250 no GST</b>
Insurance	<b>\$ 3,400 plus GST</b>
Working Capital	<b>\$ 13,970 no GST</b>
Other (specify)	<b>Nil</b>

**Note that a Full breakdown of Initial Costs is provided in Schedule One (Page 10).**

Number of shares	<b>20</b>
Cost per share	<b>NZ\$6,700</b>

**Please note that at Manager's discretion, shares can be issued in smaller parcels than 5%**

#### 5. On-going Costs and Expenses (All costs are inclusive of GST if any)

- (a) Pre-Training, Training, Nominations and Acceptances, Transportation, Covers, Vet Care, Farrier, Management Fees, - Annual Estimated costs of **\$45,000 inclusive of GST if any.**
- (b) Members will be required to meet all ongoing costs associated with educating, training, spelling, racing, transportation, animal health and insuring the bloodstock and administration costs of the Syndicate. The Manager requires the Members to make financial contributions to the Syndicate bank account to meet the Syndicate's actual or prospective obligations. Under normal circumstances the regular monthly payments made by Members (**i.e. \$200 per month per 5% share**) to the Syndicate, will cover all expenses associated with racing the horse. However in the event they do not, the Manager will issue a capital call on a pro rata basis to all Members to cover any additional costs
- (c) Regular monthly payments
- |       |   |
|-------|---|
| (i)   | <b>\$200 per 5% share</b>   |
| (ii)  | <b>1<sup>st</sup> of each month commencing 1<sup>st</sup> June 2022</b> |
| (iii) | <b>03-1557-0246029-003 Westpac Bank, Hamilton.</b>                      |

*Note: On written request, supporting invoices or other evidence for costs invoiced will be provided by the Promoter or any person associated with this syndicate*

## 6. Minimum Amount

Fortuna Ltd as Promoter is fully underwriting this acquisition, so no Minimum Amount is required for the Syndicate to proceed.

*Note: Subscriptions are held in trust. This means that pending allotment of shares; no subscriptions will be disbursed from the syndicate bank account.*

## 7. Insurance Information

- |                   |   |
|-------------------|---|
| a. Insurer        | <b>New Zealand Bloodstock Insurance</b>                   |
| b. Term           | <b>27th February 2022 to 31<sup>st</sup> January 2023</b> |
| c. Value          | <b>\$100,000 incl GST if any</b>                          |
| d. Type of policy | <b>Death Only</b>   |

## 8. Two Valuation Reports

- |                  |   |
|------------------|---|
| a. Steve Davis   | <b>10<sup>th</sup> March 2022 A\$70,000</b> |
| b. Marcus Corban | <b>10<sup>th</sup> March 2022 A\$70,000</b> |

The valuation reports are not attached. A copy of the valuation reports may be obtained from the Promoter by request at its mailing address or its email address [john@fortuna-nz.com](mailto:john@fortuna-nz.com) or by requesting copies from NZ Thoroughbred Racing ([syndication@nzhorse.com](mailto:syndication@nzhorse.com)).

## 9. Veterinary Report(s)

**Dr Maxine Brain - Dated 1<sup>st</sup> March 2022**

The veterinary report(s) is not attached. Copies of the veterinary report(s) may be obtained from the Promoter by request at its mailing address or its email address [john@fortuna-nz.com](mailto:john@fortuna-nz.com) or by requesting a copy from NZ Thoroughbred Racing ([syndication@nzhorse.com](mailto:syndication@nzhorse.com)).

## 10. Material interests and Commissions

### (a) Disclosures of any material or pecuniary interests

[Note: Any material or pecuniary interest that the Promoter or Manager or a person associated with the Promoter or Manager has in this Bloodstock Syndicate or its Bloodstock must be disclosed in this Disclosure Statement. If any bloodstock offered has been sold by the Promoter, or by Associated Persons of the Promoter, within 12 months prior to the Offer, the purchaser, price paid and date of each transaction within that period shall be shown.

### (b) Confirmation of Disclosure of Commissions etc.

The nature of all commissions, fees or rebates and other benefits that have been or may be received in the future by the Promoter or the Manager (or an Associated Person of the Promoter or Manager), specifically in relation to the Bloodstock Syndicate or any of its Bloodstock have been disclosed in sections 4 and 5 of the Disclosure Statement. Any such commissions, fees, rebates or other benefits that may be received in the future will be disclosed to the Participants in writing at the material time.

**- The Promoter or Manager has received no commission, fees or rebates other than those disclosed in this Disclosure Statement**

## 11. Standard Industry Risks

- (a) Racing
  - (i) Not all yearlings/prospective racehorses proceed to become racehorses.
  - (ii) There is a significant possibility that any racehorse could injure itself and thereby need a long recuperation period or be unable to race again.
  - (iii) Racehorses are unlikely to have any significant value at the end of their racing career with the exception of well-bred and/or highly performed horses, suitable to become breeding stock.
  
- (b) Special Risks or factors attaching to this Offer.
  - **There are no Special Risks or Factors pertaining to this offer**

## 12. Governing Documents

- The Syndicate Agreement which governs the Syndicate is attached

## ADDITIONAL INFORMATION

Applicants should note that the Terms below provide an overview of Key Points relating to the Management of the Syndicate. There is a detailed Syndicate Agreement, which is provided to you as a separate document, and will need to be perused and signed by Applicants before subscription will be accepted.

- Prize money earned will be allocated to Members on a pro rata basis once received. On occasions, some or all of prize money earned may be retained in the Syndicate Bank account to bolster working capital requirements.
- All payments of income or capital to or for the benefit of Members will be made at the same time to all Members and in the same proportion as the Shares held by individual Members of the Syndicate
- Trophies will be allocated to Members at Manager's discretion but are usually balloted.
- Unless the horse is already named, Members will have the opportunity to submit a name for consideration.
- Members will receive regular and timely written updates on all aspects of their horse's preparation and racing programme.
- The Syndicate horse will race in the Fortuna Syndication Colours (see example below)
- **If a Member wishes to sell their share in the Syndicate, there is a defined procedure for how this will be handled; this procedure is outlined in Clause 8 of the Syndicate Agreement.**
- If an offer is received to buy the horse from the Syndicate, the Manager will consider the terms of that offer, then make a recommendation to the Members as to those terms and invite Members to provide their feedback on the recommendation with the majority view to prevail.
- Syndicate Members may from time to time, in accordance with clause 14 of the Syndicate Agreement, appoint, remove and replace the Syndicate Manager, provided that the Members give the Manager six months prior written notice of the proposed removal unless the Manager has breached any of the Manager's obligations in this Agreement, and the breach is incapable of being remedied, or has not been remedied by the Manager within 30 days of receiving written notice of such breach.

### Fortuna NZ/Aus Racing Silks



### **Manager's Powers and Functions**

The functions of the Manager are to race and manage the Bloodstock in a manner that is consistent with the best interests of the Members, and the Bloodstock. This includes, but is not limited to, the sole right, in the Manager's discretion, to make decisions without any obligation to consult with the Members, on matters which relate to the racing and management of the Bloodstock such as (but not exclusively so):

- a. the choice of racing programme;
- b. training methods and veterinary treatment
- c. the choice of jockey;
- d. the choice of trainer;
- e. if the Bloodstock is to be raced outside New Zealand
- f. stud management and breeding policy (including if colts are to be gelded)
- g. agistment,

provided those decisions are in the best interests of the Members.

**In practice, Members are usually consulted with and advised on the points above.**

The Manager is also empowered to execute Ownership and Registration documents on behalf of the Syndicate and its Members with New Zealand Thoroughbred Racing and any other Racing Jurisdictions in which the Syndicate bloodstock may race.

### **Complaints or Disputes**

If a Member has a problem, concern, or complaint about any part of the service offered by the Manager, please tell us so that we can try to fix the problem.

We will try in the first instance to resolve any complaint or dispute internally. We conduct an internal complaints handling process administered by John Galvin. You may contact John by writing to him at;

**5 Johnnybro Place, Rototuna North Hamilton 3210, email [john@fortuna-nz.com](mailto:john@fortuna-nz.com) or telephone 021 921 460.**

The Syndicate Agreement has a Disputes Resolution Clause (Clause 22) and this Clause governs the process for any Disputes Process and Resolution.

## Initial Costs and Fees

In addition to the capital cost of the bloodstock, Syndicate members will bear the following initial Costs and Fees:

- **Promoter's fee.** This fee will be 10% of the purchase price of the syndicate bloodstock with a minimum of **\$10,000 + GST** - the fee for this Syndicate is **\$10,000 plus GST**
- **Marketing Contribution Fee.** It is in Members' interest that the Syndicate be filled in a timely fashion as no disbursement can be made, under the NZTR Code of Practice, until the total Syndicate capital is collected. Therefore, a marketing contribution of **\$7,500** is collected as part of this Syndicate's Capital.
- **Sales/Research Fee.** Covers the cost of any travel/accommodation/research and inspections by Team Fortuna and any fees by its agents/representatives. **Fee is NZ \$2,000 for this syndicate**
- **Transport** – Estimated Airfreight cost to NZ is **\$7,000**
- **Valuation Fees.** Under the NZTR syndication rules, valuations of the Bloodstock must be obtained from two NZTR approved valuers and their valuations must be disclosed on the Disclosure Statement. These fees are **\$150 plus GST per horse per valuation.**
- **Veterinary Fee.** This fee relates to the Veterinary inspections and reports provided by our Veterinary Surgeon as we undertake due diligence. This fee is **NZ\$1,250 plus GST approx**
- **Bloodstock Insurance.** The cost of this is **3.4%** plus GST of the value of the Bloodstock and is paid annually (to 31 Jan of the following year) in advance
- **Working Capital.** Usually, the Syndicate will collect an amount of capital from Members to cover working expenses associated with the Bloodstock until such time as Member's ongoing fees commence and any capital remains the property of the Syndicate and its Members. Working Capital for this syndicate is **NZ\$14,000 approx**

## Ongoing Costs and Fees

- **All costs associated with the preparation, training, racing and Administration of the Syndicate Bloodstock.** While the annual total of ongoing fees will vary to some degree depending on the path that each individual horse may take, a good indicative figure is approximately **\$45,000 per annum** inclusive of GST if any
- **Fortuna Ltd Administration fee.** This fee is **\$350 plus GST per month** and is included in the expense estimate above.

To cover these costs, each Syndicate member contributes a pre-determined set monthly amount to the Syndicate bank account by Automatic Payment. Quarterly statements will show the state of each member's current account within the Syndicate. The monthly amount is currently **\$400 per month for a 10% share, \$200 per month per month for a 5% share, \$100 per month for a 2.5% share and \$40 per month for a 1% share. These figures are GST inclusive.** Under normal circumstances the regular monthly payments made by Members (i.e \$200 per month per 5% share) to the Syndicate, will cover all expenses associated with racing the horse. **However in the event they do not, the Manager will issue a capital call on a pro rata basis to all Members to cover any additional costs. (see clause 9.1 of the Syndicate Agreement)**

## Stakes Fee

In the event that the bloodstock wins stakes money in events that are described as "Listed" or "Group" or "Cups" events in New Zealand or in any race in any International Racing Jurisdiction, the Manager shall be entitled to receive **5% plus GST (if any)** of the stakes money received. (see clause 19.9) of the Syndicate Agreement

## Sale of Bloodstock Fee

In the event that the Bloodstock (or part thereof) is sold at a future date the Manager will be entitled to a fee representing **10% plus GST (if any)** of the sale price. (see clause 19.11 of the Syndicate Agreement)

Note that in the event of the bloodstock being sold the Manager, with the approval of the Syndicate Management Committee, may approve a "success fee" payment to Te Akau Racing Stables of up to 5% of the gross sales price

## SCHEDULE ONE – SUMMARY OF INITIAL COSTS

All Figures are in NZ\$

Merchant Navy Filly	#125	Syndicate	
	Amount	GST	Total
Horse Purchase Price	74000	11100	85100
Promoter Fee	10000	1500	11500
Marketing Fee	7500	1125	8625
Sales/Research Fee	2000	300	2300
Veterinary fee	1250		1250
Valuation fee	300	45	345
Insurance to 31 Jan 2023	3400	510	3910
Airfreight to NZ	7000	0	7000
Working Capital	13970	0	13970
<b>Grand Total</b>	<b>119420</b>	<b>14580</b>	<b>134000</b>
<b>Share 10%</b>			<b>13400</b>
<b>Share 5%</b>			<b>6700</b>
<b>Share 2.5%</b>			<b>3350</b>
<b>Share 1%</b>			<b>1340</b>

**20 shares (each share 5%) @ \$6,700. (Note that the Manager has the discretion to issue shares in parcels larger or smaller than 5%)**

**Ongoing monthly contributions \$200 pm (per 5% share) commencing 1<sup>st</sup> June 2022**

**Finalised by John Galvin on 10th MARCH 2022**



# PEDIGREE



Barn D Stables 1-6,13,14  
On Account of **SPRINGMOUNT, Romsey, Vic**  
(As Agent)



## Lot 158

## BAY FILLY

(Branded OFL nr sh.  $\frac{19}{0}$  off sh. Foaled 22nd October 2020)

SIRE	Fastnet Rock .....	Danehill (USA) .....	by Danzig .....
<b>MERCHANT NAVY</b> ....	Legally Bay .....	Piccadilly Circus .....	by Royal Academy (USA)
		Snippets .....	by Lunchtime (GB).....
		Decidity .....	by Last Tycoon (Ire) ....
DAM	Star Witness.....	Starcraft (NZ).....	by Soviet Star (USA) .....
<b>PINDARA</b> .....		Leone Chiara .....	by Lion Hunter .....
2013	Love's Here.....	Dehere (USA) .....	by Deputy Minister.....
		Compassive.....	by No Mercy (GB) .....

**MERCHANT NAVY (AUS) (Bay 2014-Stud Aust. 2018, Ire. 2019). 7 wins-3 at 2- at 1200m, 1400m, A\$939,950, £340,260, €70,800, VRC Coolmore Stud S., Gr.1, Royal Ascot Diamond Jubilee S., Gr.1, Curragh Greenlands S., Gr.2, MRC HDF McNeil S., Gr.3, 3d VRC Newmarket H., Gr.1. Brother to SW Jolie Bay (ATC Roman Consul S., Gr.2) SW Setanta (BRC Queensland Day P., L) and SP Zara Bay. Sire of SP Drisana, etc. His oldest progeny are 2YOs.**

### 1st Dam

**PINDARA**, by *Star Witness*. **4 wins** 1008m to 1400m. Half-sister to **LIESELE, LOVED UP**. This is her second foal. Her first foal is a 2YO.

### 2nd Dam

**Love's Here**, by *Dehere (USA)*. **4 wins** at 1400m, 1600m, MVRC Karibu Graphics Mile H., MRC Redding H., 2d MRC John Russell H., 3d MVRC Sunline S., **Gr 2**, VRC From Newcastle to Royal Ascot H. Half-sister to **SPIRIT OF LOVE**. Dam of 8 named foals, all raced, **7 winners-**

**LIESELE (f Exceed and Excel)**. **9 wins**-1 at 2 and 3 in succession-1000m to 1200m, \$477,375, MRC Alinghi S., **L**, BRC Brand & Slater Quality H., Programmed Grounds & Landscaping Services H., Gallopers \$11.95 Meals H., 2d Qld Tatt's RC Travel Associates Classic, **L**. Dam of-  
Blaze Warrior. **4 wins**-3 in succession-at 1200m, 1400m, \$806,187, to 2021-22, HKJC Sai Wan Shan H., Chevalier Property Investment H.

**LOVED UP (f Nicconi)**. **6 wins**-2 at 2-1050m to 1400m, \$510,740, Scone RC Inglis Guineas, **RL**, Albury Guineas, Murrumbidgee TC SDA Country Championship Qualifier, 2d Murrumbidgee TC Wagga Town P. Producer.  
Sensualism. **5 wins** 1350m to 1580m, \$197,065, ATC Fairfield RSL Club H., TAB Rewards H., TAB Quaddie H., Ruben Guthrie H. Dam of 2 winners-  
Alluring Grace. **Winner** at 1106m in 2020-21, 2d SAJC Grand Syndicates H., 3d SAJC Grand Syndicates H.

Stoked. **6 wins**-3 in succession-1200m to 1600m, \$100,495, to 2021-22.  
Parmalove. **2 wins**-1 at 2-at 1109m, 1200m. Dam of-  
Mozzarella. **2 wins** at 2 at 800m, 1000m in 2020-21, CJC NZB South Island Sale 14 April 2YO S., 4th CJC Welcome S., **L**.

Lovely Lonny. Placed at 2 & 3. Dam of 4 winners-  
Louie Sea Kay. **4 wins** 1200m to 1500m, \$213,310, ATC Theraces H.-twice, 2d ATC Huawei H., Hawkesbury RC All State Shopfitting H.

### 3rd Dam

**COMPASSIVE**, by *No Mercy (GB)*. Placed at 3. Dam of 10 named foals, 7 to race, **5 winners**, inc:-

**SPIRIT OF LOVE (f Toy Pindarri (NZ))**. **4 wins** at 1200m, \$181,140, SAJC Swettenham Stud S., **Gr 3**, VRC Sidewalk Cafe H. Producer.

**Love's Here (f Dehere (USA))**. **4 wins**. See above.

### 4th Dam

**NUNNERY (IRE)**, by *Reform*. **Winner** at 2 in Great Britain. Half-sister to **DYLE SPURTER**. Dam of 4 named foals, 3 to race, **2 winners**, inc:-

Miss Nunnery. **Winner** at 2 at 1000m. Dam of 5 winners-  
**Danby Road (g Poacher's Moon (Ire))**. **7 wins**-1 at 2-1140m to 2120m, 3d TTC Launceston Cup, **Gr 3**, TRC Hobart Cup, **Gr 3**.

**Eildon Road (c Northern Chateau (USA))**. **6 wins** 1600m to 2100m, 3d Tasmanian St Leger, **L**, 4th Tasmanian Guineas, **L**.