

Clarmont Bloodstock Club

Weanling to Yearling

2022-23 Pinhooking Prospectus

ClarmontBloodstockClub.com

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An Introduction to Pinhooking

"Pinhooking" is a term defined as the practice of buying young thoroughbred horses (at auction or privately), overseeing and managing their development and growth, and eventually reselling them (ideally for a profit).

To understand how the process works, it's important to note that all registered thoroughbred horses share the same birthday: January 1. It's in this way that all horses are organized and classified for both sales and racing. For the 2022-23 season, we will be purchasing weanlings, or a baby that's been weaned from its mother but not yet one year old. (For clarification, if we purchase a horse in January or February 2023, it's technically a "short yearling."). The horse(s) are selected by Josh Stevens based on their physical conformation, walk and athleticism, sense and pedigree.

Over the course of the next 6-10 months, the yearling horse will be boarded at a central Kentucky farm, with daily management and care by reputable professionals. During this time, the horse will grow, play and mingle with his/her peers. In the weeks leading up to the sale in the summer or fall, it will go through the "sales prep" process which includes close monitoring of his diet, conditioning, coat and hoof quality and more; everything we can do (naturally) to have the horse at their best for the auction!

Come sale time, the horse will ship to the sales grounds (likely Keeneland, Fasig-Tipton or Saratoga), be evaluated by buyers from all over the world and, with a little luck, be sold at public auction for more than we've invested.

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Welcome

Greetings,

Thank you for your interest in Clarmont Bloodstock Club's 2022-2023 weanling to yearling thoroughbred pinhooking partnership, organized and managed by Tyler Clarke and Josh Stevens.

Over the last six years, we have had the great privilege to introduce more than 50 people from across the country to the thoroughbred business. We are equally humbled yet proud of our performance, frequently returning a positive ROI and providing our partners a truly unique and affordable avenue into the horse business.

Some of our figures and results include:

- Cumulative Sales **2X+** Cumulative Purchase Price (All Time)
- Average Purchase Price: \$58,222
- Average Sale Price: \$120,728

We are especially pleased to add a yearling from this season to an esteemed list of pinhooked prospects going back to 2016:

- \$150,000 to \$300,000 Mastery Colt
- \$120,000 to \$260,000 Into Mischief Colt
- \$85,000 to \$210,000 Practical Joke Colt
- \$70,000 to \$165,000 American Pharoah Filly
- **\$80,000 to \$165,000 Vino Rosso Colt (50%)**
- \$73,000 to \$160,000 Munnings Filly

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The current pinhooking partnership has seen four of our five horses sell, returning gross sales of \$269,500 from a cumulative purchase price of \$181,000. Our fifth and final horse is slated to sell in Fasig-Tipton's Kentucky October Yearling Sale.

In joining Clarmont Bloodstock Club, you can expect an exciting and educational ownership experience. In addition to our authentic ownership offering, partners can expect email updates every few weeks that include photos, videos and noteworthy news. We also encourage our partners to visit the sales, ask questions and enjoy the entire experience.

As Managing Partner, "Clarmont Bloodstock" will make all day-to-day decisions about the club's ownership and management of the thoroughbreds.

Initial capital contributions must be received by check, along with a signed operating agreement, no later than Friday, November 4, 2022.

Thank you!

Tyler Clarke & Josh Stevens

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Fund Structure & Expenses

For 2022 - 2023, Clarmont Bloodstock Club will be organized in a new Limited Liability Company. As a group, we will purchase weanling (or short yearling) thoroughbreds at public auction from November 2022 to February 2023. We also reserve the right to shop the private market as needed.

Through the winter, spring and summer months, the horses will be boarded and prepped then sold at public auction between July and October of next year.

Single shares for the 2022 - 2023 season are **\$5,000**. After the purchase of the first share, half shares are also available.

There is an additional assessment of \$300 per share due with capital contributions. Thereafter, an installment of \$200/share is due each subsequent quarter to cover expenses and bills. (It is possible, although not expected, for an additional cash call for expenses in 2023). Those bills might include but are not necessarily limited to:

- Boarding & Sales Prep
- Veterinary, Surgery & X-Ray
- Farrier (Blacksmith)
- Sale Entry Fees, Registration Fees & Standard Commissions
- Management Fee
- Shuttling/Transport
- Equine Mortality Insurance
- Administrative (Tax, Legal and Communications)

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Fees & Commissions

Horse Purchases

- 5% Commission on Funds Raised (from Capital Contributions)
 - **No mark-ups** on purchase price of the horses and their related expenses

Horse Sales:

- 5% to the Consignor (from Sale Proceeds)
- 5% to the Sales Company (from Sale Proceeds)
 - **No percentage or commission** taken from sales or profits by managing partners

Management Fee (from Contributions for Expenses):

- 1 Share (\$5,000): \$20/Share/Month
- 1.5 - 2 Shares (\$7,500 - \$10,000): \$15/Share/Month
- 2.5 - 3 Shares (\$12,500 - \$15,000): \$12/Share/Month
- 3.5+ Shares: \$35/Month (Flat Fee)

Distributions & Dissolution

Upon the sale of all horses and resulting dissolution of the partnership, each partner will receive a check equal to their share in the sale price, less any final expenses and commissions. All partners will receive a tax form K-1 and, at that time, may decide if they wish to continue in the next season of the partnership or withdraw their available funds.

It is our intent, unless there are extreme or extenuating circumstances, that the partnership will be closed by December 31, 2023.

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Meet the Team

TYLER CLARKE | Partnership Manager

Tyler is a graduate of the University of Kentucky, where he completed his B.S. in Equine Science & Management. During that time, he gained valuable experience at the prestigious Shadwell Farm and the university's Gluck Equine Research Center.

Today, Tyler manages a series of thoroughbred partnerships under the Clarmont umbrella and offers equine mortality insurance through the Clay Ward Agency.

JOSH STEVENS | Bloodstock

Josh takes pride in cultivating new owners and helping them through the learning stages of thoroughbred ownership. He provides a complete range of bloodstock services with a focus on managing clients' complete portfolios.

Josh is a graduate of the University of Louisville, receiving a Bachelor's degree in Equine Industry and Business with a Minor in Finance. After completing the Kentucky Equine Management Internship in 2010, he spent four successful years at Margaux Farm before forming his own bloodstock and consulting firm in 2014.

Josh has purchased horses such as:

- Multiple Grade 1 Winning Millionaire Divisidero

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- Multiple Graded Stakes Winning Millionaire Mr. Money
- Multiple Grade 1 Placed & Stakes Winning Millionaire Breaking Lucky
- Grade 1 Placed & Stakes Winner Mr. Big News
- Multiple Graded Stakes Winning Millionaire By My Standards

Disclaimer: Thoroughbred investments are inherently high risk in nature. While our purchase, sale and management decisions will be made with financial consequences in mind, Clarmont Bloodstock Club is in no way responsible for financial losses.

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