

WIN OFTEN.
THE CASINO AT GULFSTREAM PARK



FUEL YOUR PASSION



Pinhook GROUP



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WELCOME TO THE GAME

Investing in the Thoroughbred industry offers the adrenaline rush of risk and reward in a way the stock market cannot. When was the last time buying a stock sent chills up your spine or gave you goose bumps?

Buying and selling a future racehorse is similar in some ways to playing the stock market, but the comparison ends there.

Being part of the **Circle 8 Ranch Pinhook Group** provides more security than investing in the sport on your own. Because you are part of the group, risk is mitigated, but excitement is not.

Pinhooking: WHAT'S IN A NAME?

Pinhooking refers to the practice of buying young horses with the expectation of selling later at a profit. The term "pinhooking" actually comes from the old Kentucky tobacco industry. Speculators would buy young tobacco plants from farmers and continue their cultivation to later sell them at market for profit after the plants matured.





PINHOOKING OFFERS A UNIQUE OPPORTUNITY

Take just one weekend and scan the entries for races at racetracks across the country. While there will always be some horses that were bred by the same owners who are racing them, these "homebreds" certainly don't make up the majority of entries. Far more of the horses competing at all levels of racing were purchased, either bought privately, or more likely purchased at public auction.

Many of today's racehorses were "pinhooks," meaning they were typically bought as yearlings, then trained and sold the following year as two-year-olds.

Although it's always possible to sell a promising potential racehorse by private sale, **the strongest market for these young Thoroughbreds is at the multiple two-year-olds-in-training sales held annually at reputable sales companies around the country.** These sales are frequented by trainers and owners across the U.S., as well as international buyers.



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FIRST
THINGS
FIRST...

Before you can take a potential racehorse to market as a two-year-old, **you need the raw ingredients**—in this case, **a promising yearling with the whole package: pedigree, conformation—AND potential.**

Yes, yearling Thoroughbreds are living, breathing animals, but in financial terms, they are assets. Selecting the best assets from the thousands offered for sale each year demands a finely-honed skill set. **Circle 8 Ranch Pinhook Group** works with top bloodstock agents to handpick the finest candidates, ensuring our investors that all angles are covered.

When shopping for yearlings, our team not only has hands-on knowledge of quality horseflesh, but is also able to analyze the market, while confidently choosing young horses that have the best opportunity to develop into individuals in demand the following year as two-year-olds. Our team looks not just at pedigrees and sire lines that are "hot" at the moment, but balances current trends with an in-depth understanding of the industry and how the future market will look the following year at the two-year-old sales.



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Our Circle 8 team is active at all major Thoroughbred yearling sales, including the Keeneland September Sale, Saratoga Yearling Sale, and OBS Yearling Sale. With our extensive connections, we also purchase individuals privately when it makes economic sense for the team and investors.

Once purchased, the yearlings are immediately received at **Circle 8 Ranch in Versailles, Kentucky**. The farm covers 200 acres, while the yearling complex is perfectly suited to young horses with spacious stalls, turn-out paddocks, and large pastures for abundant grazing and room to relax before their racing careers commence. Next, yearlings enter into breaking and training, which takes place at top facilities in the ideal fall/winter climate of Ocala, Florida.

The main sales venues for two-year-old Thoroughbreds include Ocala Breeders' Sales Company (Florida), Keeneland (Kentucky), Fasig-Tipton (Florida, Maryland, California), and Barretts (California). The Circle 8 team sells at the nation's most prominent training sales: OBS March, Fasig-Tipton March at Gulfstream and OBS April.



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SALES SCENE ACTION

Visit any of the top two-year-old sales and you'll experience a palpable sense of enthusiasm as promising horses enter the ring to sell. It is at these sales that many of the nation's top owners and trainers find their next racehorses, the very runners who go on to achieve success at the highest levels, including the Triple Crown races and Breeders' Cup races.

Before these potential racehorses ever go through the ring, long before the first bid is made, the young Thoroughbreds demonstrate their abilities on the track during what are known as "breeze shows." Each horse works individually at a set distance, most commonly an eighth-mile or a quarter-mile, in a timed "breeze." This allows hopeful buyers/trainers and spectators to observe, not only how fast a horse works, but how they carry themselves and travel over the track.

When you become part of the Circle 8 Ranch Pinhook Group, you buy into an intense adrenaline rush and the opportunity to profit from a centuries-old sport that continues to deliver thrill and satisfaction.

Of course, you're also coming on board in anticipation of making a profit. We get that. It's why we're in the game, as well.



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IT'S A NUMBERS GAME

Let's look at just a few recent pinhooking success stories.

At the 2019 Fasig-Tipton Two-Year-Olds in Training sale at Gulfstream, Kerri Raddcliff Bloodstock paid **\$700,000** for a colt by Blame, out of Ascending Angel, who was eventually named Nadal and went on to win three graded stakes and more than \$1 million in earnings. **The colt was a \$65,000 yearling purchase at 2018 Keeneland September.**

At the 2019 Fasig-Tipton Mid-Atlantic Sale of Two-Year-Olds in Training, Donato Lanni, for Michael Lund Petersen, went to **\$1,800,000** for an Into Mischief filly out of Peggy Jane. **She was a \$220,000 yearling purchase at 2018 Keeneland September.** Named Gamine, the filly went on to become a graded stakes winner, capturing the 2020 Acorn Stakes-G1 in stakes-record time by a remarkable 18-3/4 lengths.

The sales topper at the 2020 OBS Spring Sale of Two-Year-Olds in Training (OBS April) was a filly by Not This Time out of Sheza Smoke Show. The filly sold to Gary Young for **\$1,350,000** and was a **\$135,000 yearling purchase at 2019 Keeneland September.**



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Attend a high-end sale and witness the electrically charged atmosphere

as the sport's biggest players try to outbid each other to take home the most in-demand racing prospects.

Don't be surprised to find your own heart pounding when you watch your horse breeze before the sale.

Expect nerves and anticipation to run high as your horse enters the sale ring and the bidding gets under way.



TAKE A CLOSER LOOK

The charts below show profitability and rate of return for yearlings bought at auction and resold as 2-year-olds. A horse is profitable if its 2-year-old price, minus the sales commission (5%) exceeds the yearling sale price plus \$20,000 for the cost of breaking, training, and upkeep. ROR is the percent difference between the average yearling price plus maintenance cost and the average net -2-year-old price. Short yearlings are not included and only juveniles sold at 2-year-old in training sales are included.

PINHOOKS BY YEAR, 2015-19

| Yrlgs-2YO Years | PH Off. | PH Sold | Yrlg Avg. | 2YO Avg. | No. Prof. | % Prof. | Yrlg Gross | 2YO Gross | ROR |
|-----------------|---------|---------|-----------|-----------|-----------|---------|--------------|---------------|-----|
| 2014-15 | 1,616 | 1,222 | \$49,895 | \$99,307 | 568 | 46% | \$60,971,795 | \$121,353,600 | 35% |
| 2015-16 | 1,540 | 1,137 | \$51,040 | \$96,523 | 474 | 42% | \$58,032,460 | \$109,747,100 | 29% |
| 2016-17 | 1,263 | 1,023 | \$55,996 | \$123,688 | 507 | 50% | \$57,283,580 | \$126,533,200 | 55% |
| 2017-18 | 1,353 | 1,020 | \$57,779 | \$110,090 | 486 | 48% | \$58,934,386 | \$112,291,400 | 34% |
| 2018-19 | 1,442 | 1,125 | \$58,418 | \$114,230 | 513 | 46% | \$65,720,700 | \$128,509,200 | 38% |

PINHOOKS BY 2YO SALE, 2015-19

| 2YO Sale | PH Off. | PH Sold | Yrlg Avg. | 2YO Avg. | No. Prof. | % Prof. | Yrlg Gross | 2YO Gross | ROR |
|---------------------|---------|---------|-----------|-----------|-----------|---------|--------------|---------------|------|
| Barretts March | 217 | 150 | \$58,719 | \$132,660 | 94 | 63% | \$8,807,900 | \$19,899,000 | 60% |
| F-T California | 57 | 31 | \$42,190 | \$74,403 | 12 | 39% | \$1,307,900 | \$2,306,500 | 14% |
| F-T Gulfstream Sale | 359 | 247 | \$154,348 | \$372,377 | 210 | 85% | \$38,124,000 | \$91,977,000 | 103% |
| F-T Midlantic | 1,201 | 933 | \$56,669 | \$92,016 | 390 | 42% | \$52,872,500 | \$85,850,500 | 14% |
| Keeneland April | 17 | 9 | \$85,333 | \$151,111 | 7 | 78% | \$768,000 | \$1,360,000 | 36% |
| OBS March | 1253 | 929 | \$73,075 | \$169,058 | 622 | 67% | \$67,886,780 | \$157,055,000 | 73% |
| OBS Spring | 2068 | 1658 | \$48,928 | \$107,306 | 867 | 52% | \$81,121,886 | \$177,913,700 | 48% |



WHY INVEST IN A PARTNERSHIP?



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"We're all in it because we love the horses, the athleticism, the game, the competitiveness. There's nothing better than being in the winner's circle. I'm a small fish in a big pond. I've gone several routes: having horses on my own, partnering with one person; and partnering with Circle 8. It's a very tough game and incredibly expensive unless things go very well. I decided partnering would give me more of a chance of being successful. **I own a percentage of three horses and I'm not paying as much as if I owned one horse outright.** I also have a better chance of one of them being successful, whereas if you have just one horse, it's kind of 'do or die.' I enjoy the action and would rather be involved with more horses than fewer."

STEVE CICCARONE, BALTIMORE, MD.

"Troy's very hands-on with all of his horses and he gives me updates on a regular basis, which a lot of investors want. He's a good managing partner for anyone to get involved with and very easy to partner with. **I sleep good at night knowing he's taking care of my investments.** We talk weekly and he gives me pictures and videos. This goes a long way and makes you feel comfortable even if you're not in the area."

GARY DONAHUE IRISH EYES STABLE, LLC,
COCONUT CREEK, FL



"I have been a gambler and lover of the sport of Thoroughbred racing since I was 15. In 2017, I took a baby step into the world of ownership and I did that via racehorse partnerships. All of the horses I own are in partnership. I'm involved with three partnerships and I currently have four horses with Circle 8.

"Troy gives more one-on-one attention and it's much more personal; I feel more like an owner with him."

I track all my horses on Equibase so I know when they're working out, but a lot of times Troy will call me and send me a video clip of my horse working before I even see it on Equibase. That's appreciated a great deal. I like the fact that I have access. There are people in this world who are 'half full' or 'half empty' and Troy's always half full; he's always positive. He's realistic and selective in what he's buying, but I like his sense of optimism. This comes from his stock and what he knows.

"You feel like you're part of the team. People who do this are doing it for the fun. You want the ride, you want the dream."

PHIL STILLMAN, MPGM RACING STABLES, JUPITER, FL



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GET ON BOARD

Pinhooking is an investment opportunity like no other. You're given the chance to get in on the ground floor before the start of the horse's race career. Along the way, you can observe the training process in person and even attend the two-year-old sales when your horse goes through the ring.

A pinhooking partnership reduces financial risk, but there is no reduction in the thrill of participation. In fact, the more you learn and the more you're involved, the greater the excitement and potential for reward.

The goal of the Circle 8 Ranch Pinhook Group is to provide investors with a targeted return on investment (ROI) of 25%.

- Offering Size: Up to \$2,000,000
- Manager: Circle 8 Racing/Circle 8 Ranch Pinhook Group
- Fees: 5% of Initial Acquisition Costs
- Term: Circle Eight Pinhook Group will close out and liquidate holdings as soon as possible after the acquisition disposal period.
- Targeted Return: 25%



ODDS

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SOUTH PARK



TAX BENEFITS BONUS DEPRECIATION

Investors should be aware that the potential tax benefit of utilizing bonus depreciation could be substantial for Thoroughbred owners. Yearlings and two-year-olds in training are common equine assets that may qualify for 100% write-off. Persons claiming bonus depreciation are not limited by taxable income. The deduction may be used to create or increase a net loss and there is not a specific dollar amount limitation on an annual basis.

This makes bonus depreciation much more valuable than the Section 179 depreciation, which is limited to net income and to a fixed annual dollar amount. The 100% write-off option offers planning opportunities for those looking to reduce taxable income. You should always consult with your tax advisors regarding your specific situation prior to making any purchases, but the potential tax benefit of utilizing bonus depreciation could be substantial.

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This document contains statements about operating and financial plans, terms and performance and other statements that may be deemed projections of future results. The forward-looking statements are based on various assumptions and these assumptions may prove to be incorrect. Accordingly, such forward-looking statements might not accurately predict future events or the actual performance of an investment.



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CircleEightRanch.com

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ABOUT TROY LEVY

New York native Troy Levy fell in love with racehorses and the entire industry at a young age. From days spent at the racetrack as a young boy with his father, to working on the backstretch as a young man, the more he learned about the world of racing, the more passion he felt for the sport. His involvement expanded to training and driving harness horses until he knew he wouldn't be satisfied until he was competing and winning the biggest races the racing industry has to offer.

In addition to managing all partnerships, Troy is active in the industry in multiple facets, and serves on the board of the Florida Horsemen's Benevolent and Protective Association (FHBPA) and Florida Trac (FTRAC).

Troy's extensive years as an investment banker are invaluable as he manages partnerships and interacts with investors.

CONTACT CIRCLE 8 RANCH PINHOOK GROUP

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