



## DISCLOSURE STATEMENT

### FORTUNA CHARM SPIRIT SYNDICATE NO 132

#### 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, Singapore and Great Britain with **Mark Walker** being its principal NZ based Trainer and **Donna Logan** its Singapore based Trainer. **Kevin Myers** also trains some NZ based horses for Fortuna, **Anthony and Sam Freedman** train its Melbourne based horses and **Harry Eustace** trains its Great Britain 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 Two Year Old Gelding by Charm Spirit out of Thurlow, unnamed at this stage but given the Stable Name "Rhett"
- 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.
- "Rhett" will arrive in Victoria while awaiting to travel to Singapore – timing of that travel is scheduled for late December 2022 – on exiting quarantine after arrival in Singapore, he will be in the care of the Fortuna NZ Stable Singapore based Trainer, Donna Logan, of Te Akau Racing Stables
- We expect, all going to plan, that "Rhett" will be ready to race mid April 2023 and, based on his pedigree and conformation, his best distances are likely to be in the 1000 metre to 2000 metre range
- As a 2yo or 3yo Old non winner in the 2023 calendar year, Rhett will be eligible for Restricted Maiden Grade races in Singapore carrying prizemoney of S\$75,000 (approx NZ\$90,000) and once winning in the Grade, he is eligible for Novice Grade races, also carrying prizemoney of S\$75,000 (approx NZ\$90,000)
- He will also be eligible to contest the lucrative Singapore Three Year Old Series run during May/June of 2024

## 4. Bloodstock

- |     |                     |                                 |
|-----|---------------------|---------------------------------|
| (a) | Name                | <b>Unnamed</b>                  |
|     | Breeding (Sire/Dam) | <b>Charm Spirit–Thurlow</b>     |
| (b) | Sex                 | <b>Gelding</b>                  |
| (c) | Foaling Year        | <b>2020 (DOB 22/09/2020)</b>    |
| (d) | Microchip number    | <b>985100012187654</b>          |
| (e) | Brand Marks         | <b>Left - JT/2 Right - 81/0</b> |

## 5. Initial Costs and Expenses

- |       |                                  |                                    |
|-------|----------------------------------|------------------------------------|
| (a)   | Purchase of Bloodstock           |                                    |
| (i)   | Purchase Date                    | <b>11<sup>h</sup> October 2022</b> |
| (ii)  | Public Auction                   | <b>Inglis Ready 2 Race Sale</b>    |
| (iii) | Cost                             | <b>A\$80,000 No GST</b>            |
| (b)   | Breakdown of other Initial Costs |                                    |
|       | Promoter Fee                     | <b>\$10,000 plus GST</b>           |
|       | Marketing and Promotion          | <b>\$ 7,500 plus GST</b>           |
|       | Sales & Research Fee             | <b>\$ 3,000 plus GST</b>           |
|       | Valuations                       | <b>\$ 300 plus GST</b>             |
|       | Vet Reports                      | <b>\$ 2,000 no GST</b>             |
|       | Insurance                        | <b>\$ 6,400 plus GST</b>           |
|       | Working Capital                  | <b>\$14,065 no GST</b>             |
|       | Singapore Travel                 | <b>\$15,000 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\$7,600</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 <b>\$45,000 inclusive of GST if any.</b>  |
| (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 <b>(i.e. \$200 per month per 5% share)</b> 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> January 2023</b>   |
| (iii) | <b>03-1557-0246029-010 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>12<sup>th</sup> October 2022 to 31<sup>st</sup> January 2024</b>
c. Value	<b>\$120,000</b>
d. Type of policy	<b>Death Only</b>

## 8. Valuation Reports

A recent amendment to the Authorised Syndicator's Code of Practice by the Financial Markets (October 2022) states that for any thoroughbred acquired at Public Auction, the Syndicator is not required to obtain independent valuations.

## 9. Veterinary Report

**Dr Ronan Costello Dated 11<sup>th</sup> October 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@nzh racing.co.nz](mailto:syndication@nzh racing.co.nz)).

## 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 Singapore 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 whether 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, Rotorua 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**
- **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 plus GST** is collected as part of the Syndicate's Capital.
- **Sales/Research Fee.** Covers the cost of any travel/accommodation/research and inspections by Fortuna /Te Akau. **Fee is \$3,000 plus GST..**
- **Singapore Transport Fee.** This covers the costs of quarantine and shipping - **\$15,000 approx**
- **Veterinary Fee.** This fee relates to the Veterinary inspections, radiographs and reports provided by our Veterinary Surgeon as we undertake due diligence. This fee is **\$2000 plus GST.**
- **Bloodstock Insurance.** The cost of this is **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 ongoing contingencies. This sum is usually in the vicinity of **\$1,000 and \$15,000** total per Syndicate. This capital remains the property of the Syndicate and its Members.

### 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

Charm Spirit Colt	#132	Syndicate	
	Amount	GST	Total
Horse Purchase Price	90000	0	90000
Promoter Fee	10000	1500	11500
Marketing Fee	7500	1125	8625
Sales/Research Fee	3000	450	3450
Veterinary fee	2000		2000
Insurance to 31 Jan 2024	6400	960	7360
Singapore Transport	15000	0	15000
Working Capital	14065		14065
<b>Grand Total</b>	<b>147965</b>	<b>4035</b>	<b>152000</b>
<b>Share 10%</b>			<b>15200</b>
<b>Share 5%</b>			<b>7600</b>
<b>Share 2.5%</b>			<b>3800</b>
<b>Share 1%</b>			<b>1520</b>

20 shares (each share 5%) @ \$7,600. (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> January 2023

Finalised by John Galvin on 18 October 2022



## Pedigree

### BAY COLT (AUS)

Foaled 22nd September 2020

Sire	Invincible Spirit	Green Desert .....	Danzig
<b>CHARM SPIRIT (IRE)</b>		Rafha .....	Kris
2011	L'Enjoleuse	Montjeu .....	Sadler's Wells
		Machaera .....	Machiavellian
Dam	Sebring	More Than Ready .....	Southern Halo
<b>THURLOW (AUS)</b>		Purespeed .....	Flying Spur
2012	Princess Emmy	King's Chapel .....	King of Kings
		Hoot n' Holler .....	Kashani

**CHARM SPIRIT (IRE) (Bay 2011-Stud 2015). 6 wins-1 at 2, Ascot Queen Elizabeth II S., Gr.1. Leading NZ First Season Sire in 2018-19. Sire of 501 mrs, 305 wnrs, 15 SW, inc. Aretha (Matamata Breeders S., Gr.2), Fascino, Kick On, Sansom, Scorpz, Kirwan's Lane, Lilikoi, Yourtimeisnow, Fantastic Spirit, Charmmebaby, Pacific Dragon, Lord Charming, Time Scale, Johnny Johnny, Honorable Spirit, SP Charmario, Ruach, Autobahn, Like a Charm, Charming Kid, etc.**

#### 1st dam

**THURLOW**, by Sebring. 2 wins at 2, A\$205,550, MRC Chairman's S., **Gr.3**, Merson Cooper S., **L**, 2d VRC Ottawa S., **Gr.3**, SAJC Queen Adelaide S., **L**. Sister to **THREE KINGS**. This is her fourth foal. Dam of two foals to race, inc:-  
Who Runs the World (f. by Zoustar). Winner at 1000m, 2d Gawler & Barossa JC Happy 21st Lauren Paues H., 3d SAJC Terry Howe Printing P.

#### 2nd dam

**PRINCESS EMMY**, by King's Chapel. Joint NZ Southern Filly of the Year. 2 wins-1 at 2-at 1200m, CJC Canterbury Belle S., **L**, 2d Avondale JC New Zealand Bloodstock 2YO Fillies S., CJC Canterbury Racing Guineas Trial. Dam of 7 named foals, all raced, 6 winners, inc:-

**THURLOW** (Sebring). 2 wins. See above.

**THREE KINGS** (Sebring). 2 wins at 2, A\$124,100, VRC Anzac Day S., **L**, 2d MRC Ladbrokes Odds Boost Multi 2YO H.

Weboughtazou. 8 wins to 1200m, A\$206,950, to 2021-22, BRC Southbank Emporium H., GCTC Aristocrat H., 2d BRC NHP H., SCTC Martin Collins Australia H., BRC RM Williams H., Mt Franklin H., Ipswich TC Ipswich Cup Tix on Sale P., 3d BRC Weddings at the BRC P., Ipswich TC Whittington at Grandview Stud H.

Amuri. Winner at 1000m, SAJC AAMI P.

Princess Kandis. 2 wins at 900m, 1100m in Aust.

Partyhouse. 2 wins at 1000m, 1200m in Aust.

#### 3rd dam

**Hoot n' Holler**, by Kashani. Winner at 2, 3d CJC Canterbury Belle S., **L**. Dam of 10 named foals, 9 to race, 6 winners, inc:-

**PRINCESS EMMY** (King's Chapel). 2 wins. See above.

Snow Line. 5 wins-2 at 2-to 1250m, CJC Millennium Hotel & Resorts H., 2d CJC Brackenfield Hunt H.,

Speights Mid Ale H., 4th Levin RC Ryder S., **L**. Dam of-

Bavarian Watts. Winner at 1700m in 2021-22 in Aust.

Parishon. 5 wins from 1200m to 2000m, A\$83,510, MRC Guinot International H.

What a Hoot. 5 wins to 1400m, A\$130,430, 2d MVRC Slickpix 2YO H.

Pentina. 2 wins at 1600m, 3d Waikato RC Esker Lodge Juvenile S.

Daring Splendour. 4 wins at 1700m, Singapore TC Class 4 H.-3 times, Class 5 H., 2d Singapore TC

Benchmark 61 H.-twice, 3d Singapore TC Class 4 H.

Joker Giant. Placed at 3 in Malaysia.

#### 4th dam

**SNOW WHITE**, by Sun and Shine. Unplaced. Dam of 2 foals, both raced-

**Hoot n' Holler** (Kashani). Winner. See above.

Clouddine. Placed in Aust.

#### 5th dam

**LADY LIGHT**, by Sir Fleet. Unraced. Half-sister to **TRAVEL LIGHT** (dam of **STOWAY**), **ROMAN CANDLE**. Dam of 9 named foals, 7 to race, 3 winners, inc:-

Puchark - Bull Run (Mal.). 3 wins at 1400m, 1600m in NZ and Malaysia.

Unladylike. Winner at 1600m.

Solar Light. Winner at 2000m.

Kaldereta. Unplaced. Dam of-

Totopoly. 10 wins from 1300m to 2050m, A\$84,905, QTC Scomeid H., Friday's H., 2d QTC Churchill Downs H., 3d AJC PJ Bell Country Championship Final H., QTC Re Hotel H.

Lady Jessie. Unraced. Dam of-

**DREAM MACHINE** (Nothin' Leica Dane). 3 wins from 1400m to 2000m, A\$131,900, AJC Frank Packer P., **Gr.3**, STC Congratulations Eremin H., 2d STC Tooheys New Welter H., Golden Slipper Day H. Dam of-

Gemmahra. 6 wins from 1300m to 1800m, A\$290,740, to 2021-22, ATC Midway H., Hawkesbury RC Polytrack Provincial Championship Qualifier, 2d ATC Quayclean H., Heineken H., Hyland Race Colours H., Agency Real Estate H., 3d ATC Rosehill Bowling Club H., XXXX H., Iron Jack H.

Hypernicus. 5 wins from 1300m to 2000m, A\$224,460, ATC TAB Rewards H., 2d ATC Royal Randwick H., TAB Rewards H., 3d ATC TAB H., Half Yearly Membership H., Autumn Hospitality H.

Excelsior. 4 wins from 1300m to 1600m, A\$158,750, ATC On Top of the World H., Ribchester New to Darley H., 2d ATC TAB Rewards H., 3d ATC Iron Jack H., Schweppes H.

