



THE TOP 14

# Questions

ON THE ECONOMICS OF  
OWNING A RACEHORSE

*my*Racehorse



SO, YOU WANT TO OWN A  
**Racehorse?**

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QUESTION *One*  
**IS INVESTING IN A RACEHORSE  
A WISE INVESTMENT?**

Ownership is fun, exciting, educational, and full of ups and downs. Now, if your goal is a secure, reliable, and predictable investment this is not the right investment for you.

If by wise investment, you mean thrilling, then yes, but if this is being done through the lens of fiscal responsibility, you should look elsewhere. We would never recommend investing in racehorses as an alternative asset class; treat it as a high beta use of discretionary income, and you will be in for the ride of your life.

QUESTION *Two*  
**IF IT IS NOT A WISE INVESTMENT,  
WHY DO SO MANY PEOPLE BUY A  
FRACTIONAL INTEREST IN RACEHORSES  
WITH MYRACEHORSE?**

Thoroughbred ownership can take you on a journey unlike anything you have ever experienced. However, financial advisors may not love it due to its extreme volatility and the high percentages of horses that lose money, but for many owning a racehorse is one of the most thrilling “investments” they will make in their lives.

Seeing your horse compete on race day, receiving frequent updates through the MyRacehorse app, and building camaraderie amongst fellow partners is priceless. Plus, despite the odds being low, there is still a chance that you could make money. Buying interest in a Thoroughbred with MyRacehorse gives you a true ownership experience for a fraction of the cost.



## QUESTION *Three*

### **OK, THE ODDS ARE LOW, BUT IS IT POSSIBLE TO MAKE MONEY OWNING A RACEHORSE?**

It is a high-risk, high-reward business. The big wins are infrequent, but the returns can be extremely significant when they hit. Most horses will lose, and most will lose almost all of their value. Most horses do not even earn enough money on the racetrack to cover their training expenses. This is the harsh reality of the game we all love.

However, if you are lucky enough with MyRacehorse to select a profitable one, we have structured your investment in a manner that allows us to distribute the profits with you on a pro-rata basis. Many alternative ownership concepts have to cap their returns based on the amount you invested in abiding by securities laws and regulations, but at MyRacehorse, we are offering qualified securities governed by the Securities Exchange Commission, allowing us to share the profits with our partners fully.

A few examples of profitable horses are - Seize the Grey, Straight No Chaser and Going To Vegas

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## QUESTION *Four*

### **CAN I LOSE ANY MORE THAN MY INITIAL INVESTMENT?**

You can never lose more than your initial investment. This is one of the most popular attributes of the MyRacehorse ownership model. We try to collect enough cash upfront to get your horse to the races and have cash available for the early stages of his or her career. We then use horse earnings to help pay for future training, care, and administrative expenses. We take the risk. If the cash gets depleted, we pay the bills out of our pocket. We are only paid back through future earnings or, in very rare cases, a secondary stock offering (which has not happened to date). If there is a negative amount in the cash reserve at the end of the career/series, MyRacehorse takes the loss. If there is money left, we distribute it back to our partners on a pro-rata basis.



## QUESTION *Five*

### **WHEN DO HORSES START TO SEE A RETURN?**



**MyRacehorse will buy a variety of horses.**

**We classify them into three categories, each with its own return on investment risk profiles.**

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### ***STALLION PROSPECTS:***

These are colts with pedigree and physical characteristics that are attractive to breeders. If these colts perform really well on the racetrack and win graded stakes races, they may have the opportunity to become stallions. Stallions vary in value based on a variety of factors. In the United States, the top stallions are worth tens of millions of dollars. Most stallions in Kentucky—the most prestigious place to stand at stud—have won a Grade 1 race or at least high-quality Grade 2 races. In regional, less competitive markets like New York or Florida, they may be listed stakes winners or lower-level graded stakes winners, or not have the quality of pedigree deemed worthy to be based in Kentucky.

Now, most stallions never achieve the level of success to generate these valuations, but since it's possible, these prospects, even as unraced horses, will fetch a pretty penny in the sales ring. These high-dollar acquisitions will need to be successful to make back their purchase prices—and most don't—but their upside is extremely high when they are successful.

An example of a MyRacehorse runner who realized his stallion potential was 2024 G1 Preakness S. and G1 Pennsylvania Derby winner Seize the Grey. Purchased for \$300,000 as a yearling, he earned more than \$2.4 million on the racetrack and secured a lucrative deal for his stallion rights. He then commanded a stud fee of \$30,000 in his first season standing at Gainesway Farm in 2025, covered nearly 200 mares, and will generate revenue for his shareholders once those first foals are born in 2026 and those stud fees are paid.



## QUESTION *Five* CONTINUED...

### WHEN DO HORSES START TO SEE A RETURN?



#### **WELL BRED FILLIES:**

These offerings are always popular due to their inherent residual value. An unraced filly is valued on a few attributes: her physical make-up, athletic prowess, and pedigree. These characteristics are used to assess her value as a racehorse, and once her career is over, will be used to assess her value as a broodmare prospect (a potential mother). Even if the filly is unsuccessful on the racetrack, she can retain a substantial percentage of her value as a broodmare. And if a filly is successful at the races, those other factors—pedigree and physical—will only serve to further amplify her value based on racing accomplishments.

An example of the retention of value was Joyful Addiction, who was purchased for \$385,000 as a yearling. Despite never racing, she retained value and was sold for \$150,000 as a 4-year-old.

Rosie's Alibi is an example of a filly whose accomplishments were amplified by her pedigree and physical when it came time for her second career. A \$625,000 daughter of Justify, she earned \$197,237 on the track, earning black-type (i.e. a stakes placing) as a juvenile and then becoming a stakes winner—albeit against relatively modest, restricted company—at four. Because she was such a strong physical and hailed from such a deep female, that bit of stakes success proved extra valuable, and she fetched \$725,000 at the 2024 Fasig-Tipton Night of the Stars Sale.

#### **VALUE PLAYS "THE ATHLETE":**

MyRacehorse will purchase horses at valuations between \$75,000 - \$200,000 that may have less flashy pedigrees, but demonstrate strong athletic prowess. Due to perceived limitations of their pedigree at the time of purchase, they can often be acquired for more modest prices. These horses have a chance to earn their money back on the racetrack, but often—especially with colts—have a lower probability of being highly sought-after stallion prospects. If you buy into this type of horse, and he or she performs well on track, expect to see modest returns from their racing career and less upside in the breeding shed.

With that being said, if a horse REALLY performs on the racetrack, that once less-appealing pedigree may be forgiving. An obvious example of that is MyRacehorse's Straight No Chaser, a \$110,000 son of Speightster who secured champion sprinter honors in 2024 after a big win in the Breeders' Cup. The multi-millionaire's breeding rights were acquired in 2025 with the plan to head off to stud at WinStar Farm in Kentucky upon retirement.



## QUESTION

# Six

### ***I SEE WE GET PAYOUTS FROM THE RACES, HOW ARE THOSE DETERMINED, AND HOW MUCH SHOULD I EXPECT?***

To ensure there are never any out-of-pocket expenses, MyRacehorse uses the concept of a reserve. As a part of your initial investment, you are not just buying the horse, but you are putting up capital to pre-fund a cash account that will allow us to care and train for the horse, purchase the necessary insurances (e.g., mortality insurance), pay applicable sales and use taxes, and cover the legal and administrative cost of managing the qualified security. From the day after we acquire the horse, we, as the manager, will use this cash to pay all applicable expenses and deduct those expenses from the "reserve." Once your horse begins racing, we, the manager, will set a target reserve to ensure we have money for future expenses. Anytime after a race in which your horse finishes in the top three and the reserve exceeds the target reserve, a payout will be issued on a pro-rata basis directly to your MRH wallet.

### ***LET'S DO AN EXAMPLE: (IT'S A LITTLE COMPLEX, BUT WORTH THE READ)***

You purchased a horse as a yearling for \$500,000, and there was \$100,000 also raised for the reserve. The horse prepares for the races by attending a training facility in Ocala, Florida, for 6 months for a cost of \$25,000. The horse then spends 4 months with your trainer for a cost of \$20,000. There are \$10,000 in legal, admin, transportation, and insurance costs. Your total cost to bring this horse to its first start is \$55,000. Your horse's reserve account starts with a balance of \$100,000, then deduct the \$55,000 in expenses, and your horse will enter the race with a reserve of \$45,000.

Let's say we target 9 months of training at an expected monthly cost of \$5,000 per month for this horse. The target reserve is \$45,000. Since the target reserve is \$45,000 and the reserve is \$45,000, all net proceeds from the first race are eligible for distribution. Okay, we're off to the races now; the example on the right, breaks it down for you.

Now let's assume your horse is entered in a Maiden Special Weight in Kentucky. The average purse for a Maiden Special Weight is \$100,000, with 60% going to first place.

### ***IN OUR SCENARIO, YOUR HORSE WINS! \****

As the winning owner, you will receive about 70% of the purse money (10% jockey, 10% trainer, 10% manager).

$$\begin{aligned} & \$100,000 \times 60\% \text{ for First Place} \\ & = \mathbf{\$60,000 \text{ GROSS EARNINGS}} \end{aligned}$$

$$\begin{aligned} & \text{To calculate Net Earnings it is} \\ & \quad \$60,000 \times 70\% \\ & = \mathbf{\$42,000 \text{ NET EARNINGS}} \end{aligned}$$

There were 10,000 shares available at the time of offering, so each share is .01% of the horse,

In this case, let's assume you bought 10 shares.  
.01% X \$42,000

$$= \mathbf{\$4.20 \text{ PER SHARE}}$$

\$4.20 per share X 10 Shares

$$= \mathbf{\$42.00 \text{ PAYOUT}}$$

to your MyRacehorse Wallet.

We know it's a lot of math, but it is important to highlight the calculus when arriving at owner payouts. As you can see from the math, winning a maiden race, even with a fully topped off-reserve, will only have modest returns.

It is not until you start running in stakes and the purses are \$150,000 or greater that you will start really seeing significant returns relative to your basis.

*\*Special dividends are at the discretion of the manager - this scenario would be only if the reserve was greater than the target reserve.*





## QUESTION *Seven*

### ***OK, LET'S SAY I BUY A SHARE, AND THE HORSE WINS QUITE A FEW RACES, AND HIS PROJECTED VALUE HAS INCREASED DRAMATICALLY, CAN I SELL MY SHARE AND REALIZE THE PROFIT?***

Yes, shares can be transferred. Regulation A qualified securities have minimal restrictions on transfer, so you indeed are allowed to sell your share. Shares sold via Regulation Crowdfunding offerings have a one-year lockup period before those shares can be sold freely. The only exceptions to this one-year limit are when: Transferring shares to a family member, transferring shares in connection with your death or divorce or other similar circumstances, transferring shares to an accredited investor, or transferring shares to the company that issued the securities (MyRacehorse) solely at the discretion of the issuer.

The problem is that there is no market/exchange for MyRacehorse horse shares at this time, making it a very illiquid investment. If you find a buyer through your network, you are indeed welcome to sell and realize your gains, but MyRacehorse is not a broker dealer, alternative trading system, or licensed exchange and therefore does not facilitate trading of the shares. This includes on our website, our app, email or Facebook Groups.



QUESTION *Eight*

**WE HIT THE JACKPOT, AND WE HAVE A GRADE 1-WINNING COLT, AND A STALLION FARM MAKES A PRIVATE PURCHASE, WILL I RECEIVE MY SHARE OF THE PROFIT?**

This is the dream, and if it happens, you will be financially rewarded.

For example, let's assume you bought a horse for \$400,000, and with sales tax, pre-paid training and care, management fees, and various other expenses, the total series cost you \$650,000. The share price was \$65.00, and 10,000 shares were offered. You purchased 10 shares for a total of \$650.

Your horse won \$1 million on the racetrack and the stallion farm purchased the horse for \$15,000,000; your estimated return would be as follows (see chart below).

So for your \$650 investment you would have received a profit of \$12,650 or over a 2000% ROI. It does not happen often, but it can be quite substantial when it does. Don't count on it happening, but don't completely toss out the possibility. At MyRacehorse, we buy well-bred horses intending to find superstars.



QUESTION *Nine*

**WHAT HAPPENS IF I BUY A \$500,000 YEARLING THAT GETS INJURED DURING TRAINING BEFORE THE HORSE EVER RACES AND NEEDS TO BE RETIRED?**

If it is a colt, you will most likely lose the entire \$500,000 and only have the remaining balance in reserve returned on a pro-rata basis. The truth is that this happens more than in the previous example. Only a few stallion prospects are bought/sold each year, but thousands of horses are retired before ever making a start. However, if it is a well-bred filly with residual value, she could retain some of their value as a future broodmare. We have seen unraced horses retain as much as 50% of their value and as little as 5%.

<b>INVESTMENT</b>	<b>GROSS EARNINGS</b>	<b>NET EARNINGS</b>	<b>STALLION PURCHASE PRICE</b>	<b>NET PURCHASE PRICE</b> <small>(MINUS 20% MANAGEMENT FEE)</small>
\$650,000	\$1,000,000	\$700,000	\$15,000,000	\$12,000,000

<b>SHARE VALUE</b>	<b>NET PROCEEDS</b>	<b>RESERVE TOP OFF</b> <small>(TO COVER ANY ADDITIONAL SERIES EXPENSES)</small>	<b>NET EARNINGS</b>	<b>10 SHARE RETURN</b>
.01%	\$12,700,000	\$50,000	\$1,265 per share	\$12,650



# QUESTION *Ten*

## **DOES INVESTING MORE MONEY GIVE ME A BETTER CHANCE AT ROI?**

No, Return on Investment is a percentage of your profit relative to your investment. Profit varies by investment amount but not Return on Investment (ROI).

<b>HORSE VALUE \$100,000</b>	<b>INVESTMENT</b>	<b>TRAINING EXPENSES \$80,000</b>	<b>TOTAL INVESTMENT</b>	<b>NET REVENUE \$ 200,000</b>
User A Buys 25%	\$25,000	\$20,000	\$45,000	\$50,000
User B Buys .01%	\$10	\$8	\$18	\$20

	<b>PROFIT</b>	<b>ROI</b>
User A Buys 25%	$(\$50,000 - \$45,000) = \$5,000$	$\$5,000 / \$50,000 = 10\% \text{ ROI}$
User B Buys .01%	$(\$20 - \$18) = \$2$	$\$2 / \$20 = 10\% \text{ ROI}$



## QUESTION *Eleven*

### **IF I INCUR LOSSES, CAN I WRITE THEM OFF?**

Diversification is the key. We are not CPAs, so you must consult your tax advisor. We can say that since you are investing in a qualified security, you may be able to offset losses incurred against other investments you make within your portfolio.

Once your horse is done racing or we no longer retain ownership MRH will send out a series closure letter. We recommend providing this document to your CPA.

If you are a risk-taker, of course, you can pick your favorite and roll with it, just do it with eyes wide open. It is risky.

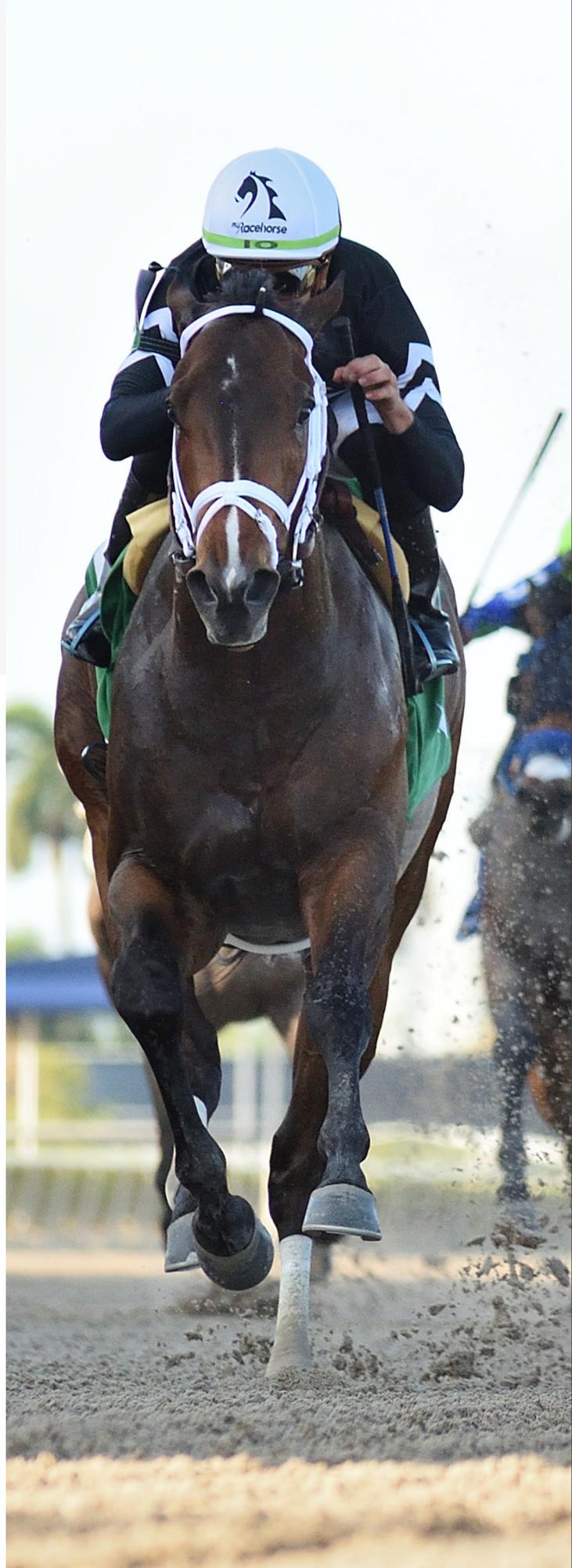
## QUESTION *Twelve*

### **I AM READY, I GET IT, I AM REALISTIC, AND I WANT IN, HOW MUCH CAN I INVEST?**

Whatever amount you are thinking we recommend starting with half while you learn the in's and outs. By law, your investment cannot exceed more than 10% of your income or net worth in Regulation A share. For our Crowd Funding Shares As a starting point, anyone can invest up to \$2,500, or 5% of your net worth or annual income (whichever is greater) within a 12 month period. This applies to all Reg CF investments – not just the ones made with MyRacehorse. If your net worth and annual income are both over \$124,000, you can invest up to 10% of your net worth or annual income.

- If you'd like to invest over \$124,000 in Reg CF offerings, we'll need some financial documentation on file before we can accept those investments.

Accredited investors have no investment caps.



## QUESTION *Thirteen*

### **KNOWING ALL OF THE RISKS INVOLVED IN OWNERSHIP, IS THERE ANY ADVICE ON HOW TO PURCHASE A RACEHORSE WITH MYRACEHORSE?**

Diversification is the key. We have a team of experts with decades of experience picking and managing some of the industry's best horses, and still, we fail more often than we win when it comes to picking profitable horses. The key to our success has been not to put all our eggs in one basket. Spread your money across multiple horses instead of going all-in on one horse to give yourself the best chance at better returns and a better overall experience.

If you are a risk-taker, of course, you can pick your favorite and roll with it, just do it with eyes wide open. It is risky.

## QUESTION *Fourteen*

### **CAN YOU SUMMARIZE ALL OF THIS FOR ME?**

Sure, the first rule of owning racehorses is only to spend what you can afford to lose. If you invest more than you are willing to lose, the stress will be more than it's worth, and this is exactly why we created the MyRacehorse platform. We can't change the economics of racing, but we can make it easier and less stressful to get involved.

Now, with a full understanding of the economics, let's go back to Question #2:

"If it is not a wise investment, why do so many people buy a fractional interest in racehorses with MyRacehorse?"

It's hard to explain the magic these athletics bring into our lives. You root for them when they are the underdog and you bask in shared glory when they enter that coveted winner's circle. The race itself may only last a few minutes, but the journey building up to that moment can take months, even years. Every gallop, every work, every minute spent reading updates, watching trainer interviews and chatting with co-owners about your horse's progress, it all leads up to the moment your horse breaks from the starting gate and the possibility of victory is within reach. Like we said, Thoroughbred ownership is a lifestyle, an experience, a journey unlike any other. If you're ready, let's go.



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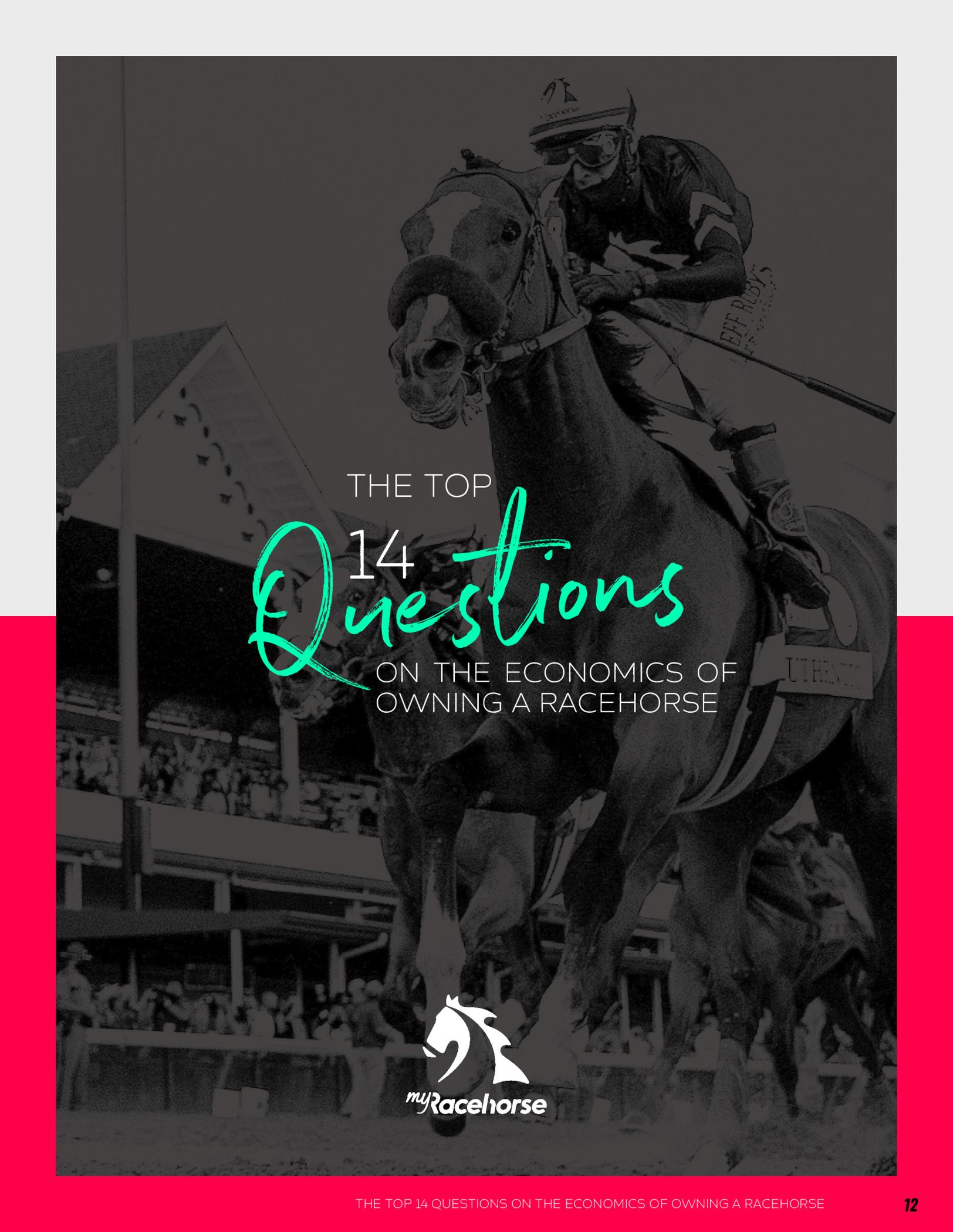
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