

Insulated Asset-Backed Investment Opportunity

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Benodigd Kapitaal

€100.000,-

Maandelijkse Omzet

€150.000,-

Samenvatting

Datum: 17 April 2023

URL: <https://venturecapital.nl/asset-backed-alternative-niche-insulated-from-the-global-economy/>

Contact & Site

Extra beschrijving

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Overall, people are looking for attractive yield, downside protection, predictability, consistent demand to support exits, and guidance from industry veterans when investing in an asset class. This investment opportunity offers all of this and involves investing in a niche asset class of show-jumping horses.

In general, what are people looking for in an asset class?

- **HIGH YIELD:** This is an asset class which regularly sells for 2-3x the acquisition cost within 6mos.
- **DOWNSIDE PROTECTION:** One that can be insured to mitigate risk.
- **PREDICTABILITY:** One which is decoupled from the volatility in the markets, picked up speed over Covid, and didn't skip a beat during the 2008 Financial Crisis.
- **CONSISTENT DEMAND TO SUPPORT EXITS:** In a market with too little supply to meet demand, assuring consistent outlets when an exit is desired.
- **INDUSTRY VETERAN GUIDANCE:** All leveraging the experience, knowledge, skill and position in the industry of a 30yr veteran

PRODUCT: Horses with recognized breeding histories, ranging between 4yrs of age to fully developed and trained 8-9yr-olds, ready for the competition circuit. With rigorous vetting protocols before purchase.

MARKET: The *US English Riding Competition* market is \$17.8 billion annually, with as many as 1.23 million show horses in the country. The average net worth of USA Equestrian members is over \$1.5 million.

MARKETING STRATEGY: This is largely an '*cultural arbitrage*' model, one which involves sourcing show jumping horses in Northern Europe with skills and characteristics that are widely sought after in the US Market but aren't as readily valued in the EU.

Then marketing those horses through the following channels:

1. a network of private buyers cultivated over 30yrs;
2. an invite-only Instagram channel with over 1,700 followers;
3. longstanding relationships with prominent US stables and trainers;
4. well-established auctions;
5. entering them into shows & accepting offers from attendees (a routine occurrence).

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- The best show horses are acknowledged to originate in Northern Europe
 - Sourcing them takes a local presence as the best are sold within days / hours
 - It also takes a highly developed eye for talent, especially when repurposing horses across disciplines of the sport, this company's particular niche

Business Model:

Similar to Project Finance, wherein the projects involve:

1. sourcing top-tier, undervalued show jumping horses in Europe,
2. entering them into customized development strategies, and
3. selling them into the US market, for a fee that's tied to the success of the project.

Customer type:

B2C (though some business is conducted through intermediaries or B2B2C).

Preferred investor type:

Angel investor, Venture Capital, Strategische investeerder

USP's:

1. **BOOTS ON THE GROUND** – Direct with suppliers in the region where the best show horses are acknowledged to originate;
2. **EXISTING BUYING POOL** – Longstanding relationships with the demand side of the market (prominent US stables & buyers cultivated over 30yrs);
3. **DEEP MARKET EXPERTISE** – Owned over 100 horses and brokered over 200, with first horse imported from the EU in 1997;
4. **EXCELLENT TRACK RECORD** – Having selected horses that have gone on to Olympic-level events and winning the *Maclay Finals*;
5. **KEEN EYE FOR MARKET FIT** – An intimate understanding of American disciplines of the sport, with the ability to spot when horses are undervalued and arguably misplaced;
6. **EXPERIENCE SPANNING ALL FACETS OF THE SPORT** – CEO, has

been a sportsman in top international jumping events, has managed stables and has 25yrs as a professional trainer, offering multifaceted insights.

Capital amount needed:

€2.500.000,-

Minimal ticketsize:

€100.000,- (for an individual horse)

Investment need:

- Currently projects can begin at **€100K** for an individual horse.
- But can move upwards to **€2.500.000** for a portfolio of horses.
- Funds will be dedicated to financing horse inventory & project dev't costs.

This is a project-based model, and each project is unique, but funds are typically as follows:

- 75% horses
- 12% care & maintenance
- 8% transport & any marketing
- 5% contingency

Sector:

Overige, leisure

Phase:

Series A

Number of founders:

2

Current number of employees:

1-5

Experience:

The first founder has been a sportsman in top international jumping events, a professional trainer for over 25 years, has managed stables, owned over 100 horses, and brokered over 200, many of which have gone to the top of the sport.

On numerous occasions she has had horses win 'all their classes' their first time out, a feat comparable to a rookie making the All-Stars. This background, combined with her keen understanding of American buyer sentiment and needs gives her a highly attuned eye for recognizing talent and market fit.

This founder has built up relationships throughout Europe and the US for over three decades, including a close relationship with the vet who works on the US Olympic Team.

The second founder has been involved with multiple startups spanning Cleantech to Tech. His competence lies in structuring models to optimize existing potentialities to align interests and optimize value.

He has a high degree of respect for his co-founder's abilities and partnered with her to evolve and scale her business model to make better use of her

hard-won and natural talents and acquire supply in a more deliberate fashion.

Monthly turnover:

€150.000,-

Turnover (forecast) next 12 months:

€2.000.000,-

Turnover (forecast) months 13 - 24:

€10.000.000,-

Current monthly expenses:

€75.000,-

Additional information:

This is a profitable business which has largely been conducted on an autonomous basis and self-funded until this juncture.

This evolution was born out of a desire to acquire top-tier supply on a more aggressive and controlled manner and to facilitate sales by having physical inventory in hand.

Their offered model has financial partners maintaining control over their capital and holding registered titles to the underlying horses and any insurance policies. In this model, a service fee of 25% would be paid out of each project's net profits, with 75% to the financial partner.

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