

The Punter - Marsh is a breed apart

Charlie Brooks, Friday 25th January

MARKETS, we are reminded, can go up as well as down. And don't we bl**dy well know it! So the idea of investing in a fund for mid-term growth at the moment may feel about as appealing right now as going to the pub with Bruce Forsyth. But consider this...

Breeding Capital 11 PLC is now raising finance. Last year Breeding Capital 1 PLC's overall bloodstock portfolio, including the assets disposed of and its retained assets, showed an IRR of 43 per cent. The net asset value of their investment has increased by 60 per cent, including the EIS relief, since funds were raised in March 2006. The driving force behind the fund, Simon Marsh, has an excellent track record (he is the brains behind Andrew Lloyd-Webber's phenomenally successful bloodstock empire). He clearly has a talent for seeing opportunities in this market and his sustained level of success is impressive.

So what is Breeding Capital 11 PLC's business? Buying broodmares at the top end of the market (£500,000), which is the only sector of the bloodstock market to be in. Over the next four years this fund will build up a portfolio of mares. In 2000 Marsh bred and sold a Sadler's Wells yearling on behalf of the Lloyd-Webbers for £3.4million. A record in the European sales ring. If he can carry on at anywhere near that level, this fund should trade successfully. There is, of course, a risk that this market could come under pressure like any other, but strange financial forces operate at the very top of the world bloodstock market. As long as the Arabs and the Irish live and breathe, there will always be life in this market. Their prospectus also reminds us that as an EIS there is an upfront tax relief of 20 per cent and the fund is capital gains tax free. What were capital gains? This could be a port in a storm.