

Saudi Arabia's \$5bn Golf Gamble Just Hit a Sand Trap

Date: May 05, 2026 | Model: anthropic-batch:claude-opus-4-7

Source: Screenshot (OCR via AI)

Contents

1. Reading Passage
2. Explanation
3. Key Terms Glossary
4. Reading Comprehension Quiz (10 questions)
5. Answer Key with Explanations

Note: the original article is provided as a separate file (attached to the email or downloadable from the website).

1. Reading Passage

Three years ago, Yasir al-Rumayyan looked like the most powerful man in golf. As governor of Saudi Arabia's roughly \$1 trillion Public Investment Fund (PIF) and chair of the upstart LIV Golf league, he had just struck a framework deal with the US PGA Tour and its European counterpart to create a single new commercial body – with himself as chair. The supposedly transformative agreement was meant to end years of bitter litigation and reunify the sport under Saudi influence. Instead, it became a case study in how victories announced too early can prove illusory.

The deal never closed. People involved in the talks now say the announcement was premature, made before the reunification plan had been 'fully baked,' and crucially without exclusivity – meaning the PGA Tour was free to strike deals that didn't include LIV. Within months, the Tour had raised billions from a separate consortium led by Liverpool FC owner John Henry, leaving LIV outside the room it thought it had bought a seat in.

The deeper problem was economics. PIF poured more than \$5 billion into LIV across four seasons, signing stars including Bryson DeChambeau and Jon Rahm with enormous guaranteed contracts and offering \$20 million prize purses at each of this year's 13 events. But the league couldn't build the revenues to support such a cost-heavy business. Television ratings stayed modest, attendance was uneven, and bankers hired to sell stakes in LIV's teams found few takers. A LIV spokesperson points to growth – sponsorship and ticket sales rising, revenue tracking toward a 100 per cent year-over-year jump – and chief executive Scott O'Neil has said it could take five to ten more years for the league to turn a profit. The arithmetic still doesn't close.

Last week the patience ran out. PIF announced it would stop funding LIV after 2026, saying 'the substantial investment required by LIV Golf over a longer term is no longer consistent with the current phase of PIF's investment strategy.' Al-Rumayyan stepped down as chairman the same week. In his place, LIV appointed two independent directors – Gene Davis and Jon Zinman – both veterans of distressed-debt investing, a Wall Street specialty in restructuring troubled companies. To financiers reading the tea leaves, that signals a balance-sheet overhaul rather than business as usual.

The pullback says less about golf than about Saudi Arabia. PIF is reallocating, not retreating: it remains committed to Newcastle United, the English Premier League club it bought in 2021, and is preparing to host the 2034 men's FIFA World Cup, building stadiums across the kingdom. It is also still funding the upcoming PIF London Championship, a Ladies European Tour event with a \$2 million prize fund. Bradley Klein, a golf historian, was scathing about the LIV experiment, telling the Financial Times that 'in the absence of taste and sound judgment, throwing cash around' was 'a formula for failure.' Whether LIV survives now depends on whether anyone outside Riyadh believes the league is worth saving – and on what price they are willing to pay for a property whose original backer has just walked away.

2. Explanation

Saudi Arabia spent more than \$5 billion trying to muscle into professional golf. Four years later, the world's richest sovereign wealth fund is quietly walking away – and the sport is still figuring out what just happened.

What's Going On?

Saudi Arabia's Public Investment Fund (PIF) – the kingdom's roughly \$1 trillion sovereign wealth fund – bankrolled a new pro golf league called LIV starting in 2022. It paid huge guaranteed contracts to lure stars like Bryson DeChambeau and Jon Rahm away from the established US PGA Tour.

After spending more than \$5bn over four years, PIF announced it will stop funding LIV after the 2026 season. Yasir al-Rumayyan, the PIF governor who built the league, is stepping down as chairman, and LIV has hired Wall Street restructuring specialists to find new investors – fast.

How To Think About It

This isn't really a sports story. It's a story about what happens when a deep-pocketed challenger tries to buy its way into an established industry – and discovers that money alone doesn't manufacture cultural relevance.

- It's like a tech startup burning venture capital to undercut an incumbent: cheap rides, free delivery, signing bonuses. The model only works if you eventually convert subsidised users into paying customers. LIV never made that turn.
- It's also like a hostile takeover that stalls at the negotiating table. PIF tried to merge LIV with the PGA Tour in 2023 to lock in a victory, but the deal collapsed – and once the merger died, LIV was stuck competing rather than absorbing its rival.

Key Things To Know

- PIF spent over \$5bn across four years; LIV offered \$20m prize purses at each of its 13 events this season.
- The league's economics broke down because player salaries and prize money grew far faster than ticket, sponsorship and media revenue.
- Al-Rumayyan signed a framework deal with PGA Tour boss Jay Monahan in 2023 to reunify golf – but the deal was 'premature' and never closed.
- PIF is reallocating capital toward priorities at home, including Saudi Arabia's hosting of the 2034 FIFA men's World Cup and existing investments like Newcastle United and Aramco.
- Most people assume sovereign wealth funds have unlimited patience. They don't – even PIF answers to the kingdom's broader economic strategy.

Why It Matters

If you follow sports, gaming, streaming or even social media, you're watching the same playbook everywhere: a well-funded outsider tries to disrupt an entrenched league or platform with subsidies and signing bonuses. LIV is a real-time case study in why that strategy is harder than it looks.

Audiences, sponsors and broadcasters don't migrate just because the money does – and that has implications for how you'll think about every 'disruption' headline you read in the next decade.

The Bigger Picture

Saudi Arabia's pullback signals a shift in how Gulf states deploy sports money: less trophy-hunting, more measurable returns. Watch what happens to the players still under huge LIV contracts, whether the PGA Tour quietly absorbs them, and whether PIF's other sports bets – from Newcastle United to the LPGA-affiliated PIF London Championship – face the same scrutiny next.

3. Key Terms Glossary

Sovereign Wealth Fund

A state-owned investment fund that manages a country's surplus money – usually from natural resources like oil. PIF is Saudi Arabia's, worth around \$1 trillion.

Public Investment Fund (PIF)

Saudi Arabia's sovereign wealth fund, chaired by Yasir al-Rumayyan and used as a key tool of the kingdom's economic diversification strategy.

PGA Tour

The dominant US-based professional men's golf circuit and the established 'incumbent' that LIV tried to challenge.

Framework agreement

A preliminary deal that outlines intentions and structure but isn't legally binding until details are negotiated and finalised. The 2023 PGA-PIF framework never reached that finalised stage.

Distressed debt investing

A Wall Street strategy of buying the debt of struggling companies cheaply, then profiting if the company restructures or recovers. LIV's two new directors come from this world – usually a sign a company is preparing for a financial overhaul.

Balance-sheet restructuring

Reorganising a company's mix of debt, equity and assets – often by selling stakes, raising new investment, or renegotiating obligations – to keep it solvent.

Loss-making

Spending more than you earn. LIV is loss-making because its costs (player contracts, prize money, operations) exceed its revenue from tickets, sponsors and media.

4. Reading Comprehension Quiz

Circle the best answer for each question.

- Q1.** The passage primarily argues that LIV Golf's troubles stem from which underlying problem?
- A) A lack of talented players willing to join the league
 - B) Spending that consistently outpaced the revenue the league could generate
 - C) Legal pressure from antitrust lawsuits filed by the PGA Tour
 - D) Declining global interest in professional golf as a sport
- Q2.** Which choice best states the central idea of the passage?
- A) Saudi Arabia has permanently abandoned its strategy of investing in global sports
 - B) The PGA Tour outmanoeuvred LIV through superior negotiating tactics in 2023
 - C) A heavily subsidised challenger to pro golf is being forced to find a sustainable model
 - D) Yasir al-Rumayyan was personally responsible for every strategic failure at LIV
- Q3.** According to the passage, the 2023 framework agreement between PIF and the PGA Tour ultimately failed to deliver on its main goal because
- A) the deal was announced before it had been fully baked
 - B) Congress blocked the merger on national security grounds
 - C) LIV players publicly refused to rejoin the PGA Tour
 - D) Yasir al-Rumayyan resigned before negotiations concluded
- Q4.** As used in the passage, the word 'illusory' most nearly means
- A) imagined
 - B) deceptive
 - C) apparent but not real
 - D) magical
- Q5.** As used in the passage, the word 'lucrative' most nearly means
- A) highly profitable
 - B) competitive
 - C) international
 - D) complicated
- Q6.** Which statement about PIF's broader strategy can most reasonably be inferred from the passage?
- A) PIF intends to exit all sports investments within the next decade
 - B) PIF is reallocating sports capital toward bets it considers more strategically valuable
 - C) PIF's leadership has lost confidence in Yasir al-Rumayyan's overall judgment
 - D) PIF will replace LIV funding with investment from American private equity
- Q7.** The passage suggests that the appointment of Gene Davis and Jon Zinman to LIV's board most likely signals
- A) a pivot toward greater spending on player recruitment
 - B) a forthcoming financial restructuring of the league
 - C) an imminent merger with the European DP World Tour
 - D) a return to original founder Greg Norman's strategic vision

Q8. The author's tone in describing LIV's predicament is best characterised as

- A) openly hostile and condemnatory
- B) analytical with notes of scepticism
- C) celebratory of the PGA Tour's victory
- D) neutral and strictly factual throughout

Q9. Which of the following can most reasonably be inferred about the relationship between LIV's revenue and its costs?

- A) Revenue is growing but remains insufficient to cover the league's expenses
- B) Revenue has collapsed entirely since the league's launch in 2022
- C) Costs are now lower than revenue, putting LIV near profitability
- D) Both revenue and costs are roughly equal and stable year over year

Q10. Which choice provides the best evidence for the answer to the previous question?

- A) 'a deal that did not include LIV'
- B) 'on course for a 100 per cent increase in revenue year over year'
- C) 'PIF retains an interest in golf'
- D) 'the supposedly transformative deal failed to materialise'

My Score: _____ / 10

5. Answer Key with Explanations

Q1. The passage primarily argues that LIV Golf's troubles stem from which underlying problem?

Answer: B

The passage repeatedly frames LIV's crisis as a cost-revenue mismatch: huge guaranteed contracts and \$20m prize purses outran ticket, sponsorship and broadcast income. Option D is a TRAP C – plausibly true in the real world but unsupported by the passage, which actually notes revenue is rising. SAT Tip: when a question asks for the 'primary' argument, look for the claim the author returns to multiple times – not a detail mentioned only once.

Q2. Which choice best states the central idea of the passage?

Answer: C

The passage's through-line is that LIV was bankrolled by PIF, that funding is ending, and that the league must now stand on its own commercially. Option A is a TRAP A – wrong direction; the passage explicitly notes PIF remains active in football and the PGA. SAT Tip: central-idea answers are usually broad enough to cover the whole passage but specific enough to exclude unrelated topics – eliminate options that are too narrow or too sweeping.

Q3. According to the passage, the 2023 framework agreement between PIF and the PGA Tour ultimately failed to deliver on its main goal because

Answer: A

The passage says the announcement was premature and made before the reunification plan had been 'fully baked.' Option B is a TRAP C – true-sounding political claim, but not stated in the passage. SAT Tip: when asked 'why' something happened, locate the exact cause-and-effect sentence in the passage – don't substitute a more dramatic real-world explanation you might have heard elsewhere.

Q4. As used in the passage, the word 'illusory' most nearly means

Answer: C

The passage describes the 2023 victory as 'illusory' because the supposedly transformative deal failed to materialise – it looked like a win but wasn't actually delivered. 'Deceptive' (B) is a common-meaning TRAP B that suggests intentional trickery, which the passage doesn't claim. SAT Tip: on vocab-in-context, substitute each option into the sentence and pick the one that preserves the original meaning without adding new implications.

Q5. As used in the passage, the word 'lucrative' most nearly means

Answer: A

The passage refers to the 'lucrative commercial operations' of the three tours – the context is money-making potential, not difficulty or scope. Option D is a TRAP B – uses passage-adjacent vocabulary but in the wrong sense. SAT Tip: many SAT vocabulary questions test the precise denotation, not vibes – pick the option that swaps in cleanly without changing the sentence's meaning.

Q6. Which statement about PIF's broader strategy can most reasonably be inferred from the passage?

Answer: B

The passage notes PIF is committed to Newcastle United, the upcoming PIF London Championship, and Saudi Arabia's hosting of the 2034 World Cup – so it's reallocating, not retreating. Option A is a TRAP A – wrong direction. SAT Tip: inference questions reward the answer that follows logically from multiple passage details, not the answer that would be most dramatic or newsworthy.

Q7. The passage suggests that the appointment of Gene Davis and Jon Zinman to LIV's board most likely signals

Answer: B

The passage explicitly notes both directors have backgrounds in distressed debt investing and that Wall Street financiers see this as a coming balance-sheet restructuring. Option C is a TRAP C – plausible-sounding industry move but unsupported by the text. SAT Tip: when a passage names someone's background or expertise, the test usually wants you to connect that expertise to a logical next step – follow the breadcrumb.

Q8. The author's tone in describing LIV's predicament is best characterised as

Answer: B

The author presents data and timelines analytically, but quotes a historian calling the spending 'a formula for failure' and uses words like 'unravels' – signalling scepticism. Option D is a TRAP B – superficially safe-sounding, but the loaded vocabulary makes pure neutrality wrong. SAT Tip: tone questions hinge on adjectives, verbs and quoted material chosen by the author – not the topic itself.

Q9. Which of the following can most reasonably be inferred about the relationship between LIV's revenue and its costs?

Answer: A

The passage notes a reported '100 per cent increase in revenue year over year' yet still concludes the investment is unsustainable – meaning revenue is up but not enough. Option C is a TRAP A – opposite direction from what the passage describes. SAT Tip: pay attention to qualifiers like 'although' and 'despite' – they're often where the right answer hides.

Q10. Which choice provides the best evidence for the answer to the previous question?

Answer: B

The revenue-growth quote directly supports the inference that revenue is rising even though the league still can't cover costs. Options A and D address different topics (the merger talks), making them TRAP B – passage vocabulary used in the wrong combination. SAT Tip: on evidence-pairing questions, locate the line that supports your previous answer FIRST, then match it word-for-word to one of the options.