SMARTsig Confidential 7.04, April 2000

In this month's issue . . .

SMART

UP FRONT

The intelligent choice

. . . and then there was one . . .

L ast month, as part of the bookmaker services directory we also published a small table of 'betting placement services'. There were only three such outfits on our list, perhaps the need for such agencies has declined over the years.

The best known of the list, especially to our older readers was TBA of Hove, who have been plying their trade of placing bets and operating systems on behalf of their clients for many a long year.

My thanks to Edward Walker, the first of the SMARTsig network of information sources to let me know that they had closed their doors for the last time, and went out of business earlier this year. Edward went on to tell me that all their clients were transferred to Bert Cole Racing of Spalding in Lincolnshire.

BC Racing tell me they have acquired the TBA client mailing list only. As long-established bookmakers, this is the role they will be offering to the newly transferred customer list, and certainly have no plans whatsoever to carry on the same type of business as did TBA.

So one down and two to go.

The next contact from another of our SMARTsig spies alerted me to the fact that one of the remaining two, BMS, had also recently closed down "due to pressure from the Financial Services Authority". The message went on to say that other services must also be breaching the FSA rules. My first call to the BMS telephone number to get their side of the story met the engaged tone. A further call a few minutes later rang, but with no reply.

Two down one to go.

A telephone call to the FSA in London and a search of their internet site revealed absolutely nothing in relation to any of the three. So often the case though when trying to get an answer from a government department.

I made a call to the last remaining service on our published list, Allied Placement Services (07000 781956). Who informed me that they'd had no hassle from the FSA and were still in the business of commission agents.

Are they the only one remaining UK placement agency in operation?

Aussie leaves the Brits in his wake!

The SMARTsig monthly tipping competition, for those with email facilities and ably administered by Nick Hockaday has a surprise leader in the current contest..

Brian Blackwell, publisher of the Australian horserace magazine PPM has increased his March 1st., 100 points starting bank to a healthy 210.75 points by March 21st, and 35 points clear of his nearest rival, Peter Gottlieb.

The only thing at stake for this month's 30 contestants is pride, it is merely the competitive environment that fires their enthusiasm. There will always be oh so many can *talk* winners, but these intrepid souls have the bottle to battle head-to-head with others, all of whom are striving to be top dog.

The current list is made up of 26 players from the home countries, 2 Irish challengers, and one each from Germany and Australia.

If you think that you've got what it takes to put your horseracing selections on the line and be judged side-by-side with others, then join in the fun by getting in touch with Nick by email at;

<nhock@aol.com>

asking to be added to the SMARTsig Tipping competition list and for further details.

There could be some strategic lessons to be learned for the punter by studying how events unfold in a popular TV programme.

WHO WANTS TO BE A MILLIONAIRE?
A lesson for punters

Bob, Edinburgh

I n issue 7.03 I suggested that the punter needed to have consistent selection policies and actively seek value in his betting if he was to be profitable. And with this in mind I promised to look at a practical gambling strategy to illustrate my contention.

In the same issue Stefan published an e-mail group discussion on value and I should appreciate the chance of joining in with some comments of my own. (page 61, this issue - ed.)

Firstly then the practical gambling situation I have in mind is Chris Tarrant's TV show 'Who Wants to be a Millionaire'. If like me you are hooked on WWTBAM you will have certainly realised by now that it has a degree of sophistication that is not at first obvious.

The show in fact contains many of the same elements found in more intelligent forms of gambling and is therefore a good example for our perusal.

The rules of the game

For those unfamiliar with the game a brief recap of the rules might be helpful.

- The objective of the contestant is to win £1,000,000 or such lesser sum as they are able.
- Qualifying contestants appear on TV and must answer 15

multiple choice questions of general knowledge, arranged in ascending order of difficulty.

- Each question has four answers, A,B,C or D and the contestant must choose which is correct.
- A correct answer wins prize money and a passport to the next question.
- Prize money rises on a scale from £100 to £1,000,000.
- The contestant may quit at any time and take prize money won to date.
- The game is split into three stages. The first stage ends at £1,000, the second stage at £32,000 and the third stage at £1,000,000.
- Each contestant has three 'lives'. See below.
- If the wrong answer is given then everything won in that stage is lost and the game ends.
- Chris Tarrant, the question master, is licensed to harass the contestants.

The game problem

WWTBAM is essentially a general knowledge numbers game. The contestant is faced with four choices of answer every time, i.e. he must take a 3/1 gamble.

The questions are graded with the earlier questions being fairly naive and easily answered while those in the later stages of the game are much more difficult.

With each question the contestant has 2 options.

1   To answer.
2   To quit the game.

If he knows the correct answer then this is the best solution. But this is not a no-risk situation. He may be wrong! Nevertheless it is a low risk situation most of the time.

Next best solution is to use one of his 3 lives or even to guess the answer. If it is wrong then it is the worst of all solutions. But not if the wrong answer is given to the £100 or the £2,000 or the £64,000

questions when the contestant is in a nothing-to-lose situation and may therefore guess without penalty.

Guessing the wrong answer is the worst solution. Clearly this is a high risk situation.

If he quits the game without answering then he leaves with his gains to date. Consequently this is the only no risk situation in the game.

In horseplaying terms, there is a comparable situation facing the punter and he may resolve it in any of the following ways.

• He may bet a horse on rational grounds.. The lowest risk strategy.
• He may guess the answer, including using the punter equivalent of 'lives', see below. This too can be the highest risk strategy.
• He may refuse to bet because he is unclear as to what will win the race.

The selection of horses on rational grounds is something we are all familiar with. However some of us are more rational than others and some of us are more successful than others. The essential point to grasp though is that the selection of horses is but part of the process and the failure to grasp that fact is what leads many of us to failure.

The lives

These are the 3 lives given.

1   The contestant may ask the computer to randomly take away two wrong answers leaving him with the choice between the two remaining options.
2   The contestant may put the question to the audience who vote on their choice by pressing electronic buttons.
3   The contestant may phone a friend for the answer.

I suspect that the order given would be that chosen by most contestants, with choice number 1 being used first. Telephoning a friend, choice #3, seems to be the one reserved as the last resort for

the most difficult of questions. This is not how I see it myself but I do not wish to discuss the use of these lives to any degree since this can become very complicated. However they are crucial to the contestant's choice of strategy and I will simply give a flavour.

In horseplaying terms I like to think of the lives as being something similar to the situation facing the punter who can narrow the field by:
· eliminating half of the 'live' runners by some form process such as the draw, weights, form, etc.

•   look at the press tipsters selection box;
•   phoning Tommo!

See what I mean? For me, these lives range from a very valuable advantage to one that I would consider as virtually worthless and I must say of course not necessarily in the order given.

The choice of order is left to you. What is clear is that the order in which you choose to deploy your lives may be important in the game show but is irrelevant to the racing punter who may use all three every time.

The question remains of course as to why anyone would use a virtually useless technique in conjunction with another of proven value. Surely the rational punter ought to have established the basis of a preference?

The value strategy

Usually writers on value will prattle on (as I do) about value being a simple mathematical relationship between the chance of a horse winning its race and its price. However WWTBAM brings out subtleties that are not immediately obvious.

The optimum strategy in WWTBAM is to answer all 15 questions correctly. This is a 100% strike rate and achieving it depends on the contestant's general knowledge, his luck and his strategy, particularly as to his use of lives.

The contestant starts with nothing to lose. He also has nothing to

lose at the beginning of each stage, i.e. at the £100, £2,000 and the £64,000 levels.

A very important point in Chris Tarrant's strategy is to emphasise to the contestant what he has won so far and what he stands to lose if he answers wrongly. In the early stage this is simply to put the contestant at his ease and little or no pressure is exerted on them. But as money is won the contestant builds up a bank and this effectively becomes the stake in the next question.

If we look at the £1,000 question the contestant stands to lose the £500 won so far. Consequently, the contestant is faced with an even money situation. He or she can lose £500 or win a further £500. When the contestant knows the answer to the question they will always choose to answer. In our terms the chance of being right is a 'racing certainty' and consequently the chance of losing their money is negligible.

However as they win and pass to the higher stages Chris will make out a cheque for £32,000 and wave it under their noses. His purpose of course is clear. He wishes to emphasise to them that they are no longer playing a game. They have become transformed from games show contestants into gamblers. And not just any old gambler. They are now gambling with very big stakes indeed.

Plainly the contestant's assessment of their chance is crucial to whether or not they decide to answer. It is certainly crucial for value punters although as I have said on other occasions, not many seem to grasp this elementary fact.

For example if you see a horse which you think is an even money shot and you can get 2/1 about it then it is a value bet. And professionals will always advise you that you ought to bet in such circumstances.

Well, I would certainly agree that you ought to have it on your mind, as they say. But what would you say to the WWTBAM contestant, if you can imagine, who has correctly answered the £500,000 question and is now going for the big one.
Here it is.

For £1,000,000 - Which of the following is the racing enthusiasts biggest pain in the neck?

> Is it:
> > A   Martin Pipe?
>
> Is it
> > B   Tommo?
>
> Is it
> > C   John McCririck?
>
> Is it
> > D   Tony McCoy?

Well the contestant has only a general knowledge of racing and can rule two of these out immediately on the grounds that they are the greatest something or other. But he's not sure what.

This leaves him with two names he's never heard of. Wow. He has a fifty-fifty chance of getting it right.

Let's look at the value. He stands to win half a million. He stands to lose half a million but wait a minute. He's guaranteed £32,000. So his stake is actually less than half a million. Clearly then he is faced with an even money chance but the price on offer is odds against. What would you advise?

Correct. The value conscious punter will always reject the bet. For most people the risk of losing is too great. Even a rich person such as John Francome ought to flinch from the challenge.

If we understand why then we will appreciate that there are other elements in the value decision beyond the simple considerations of the chance of the horse and its price. The risk of losing and the size of the stake are clearly indispensable to the value equation.

Obviously too they will vary from punter to punter. John Francome may well be able to afford losses on a far grander scale altogether than you or me. (Well, certainly grander than me.) Nevertheless in facing the last question for one million on WWTBAM if he has it down to a fifty-fifty chance, the only rational choice for any bettor is to

refuse to guess and to take the money.

In summary

Value betting depends on several factors. It depends on:

* the chance of the horse, and on
* the corresponding risk of losing one's stake, and on
* the price of the horse.

It also depends to some extent on the wealth of the punter. For professional punters wealth can be roughly translated as being the amount of their betting bank. However, for the great majority of us it is determined by our betting budgets, funded from our incomes.

SMARTsig

Whilst agreeing with the bulk of Bob's article, his reference in the final paragraph to value betting was one I took issue with.

PROPORTIONAL STAKES

Bob's reference in his final paragraph above of *"It also depends to some extent on the wealth of the punter . . ."* is one I had to challenge. Quite recently I had replied to a similar assertion on our email group, I sent a re-print of the exchange to Bob to illustrate the point;

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On 4/2/00 Nick Hockaday was replying to a SMARTsig email group conversation point made by Peter May:

PM
. . . Finally please think about this. I have a fair coin in my hand and I'll give you 2/1 heads, 1/4 tails. Fancy a bet?

Just one restriction, your stake must be all your money, your house and your car. What do you want heads or tails, or doesn't it matter

anymore?

You're wiped about if you lose, this is a one bet situation.

There's only one value outcome, the winner. We're not testing a strategy just a single bet. See the difference?

+ + + + + + + + + + + + + + + + + + + +
NH
Hi Peter, The answer becomes one of staking, and that no matter how good the value, a bet such as this would, quite rightly, be turned down by most people.

If forced to bet, the bet would have to be heads, because for the same risk, the reward is considerably greater, but because the stake is so high, the likelihood of winning becomes the chief deciding factor.

Consider this; if you had the same bet on the roll of a die, and were offered 1/12 that it was 1 through to 5, or 25/1 that it was a six, what would most people do? Different players would have different risk/reward profiles, as some of us are more risk averse than others. I believe that it is understanding yourself that is crucial to answering how you should stake.

For instance, if I was with Bill Gates at the racetrack, as his betting adviser, I'd generally offer him more high risk advice than I might if I were advising somebody else. The reason being that to Bill, a losing day would be nothing to him, so limiting the downside. Consequently he can afford to play the big plays for a chance of a substantial return.

In the past, I have been very close to operating commercially, but have pulled out of it because I've felt that my advice would be more appropriate for myself, than for my customers. Now that the commercial option is becoming likely again, I think I have resolved that issue. One way of doing this is to provide ratings rather than tips.

+ + + + + + + + + + + + + + + + + + + +

I just had to pick up on the point Nick raised with the reply . . . . .

04/02/00 Nick wrote:
"For instance, if I was with Bill Gates at the racetrack, as his betting adviser, I'd generally offer him more high risk advice than I might if I were advising somebody else. The reason being that to Bill, a losing day would be nothing to him, so limiting the downside. Consequently he can afford to play the big plays for a chance of a substantial return."

In trying to illustrate a point, in my opinion you've reversed what happens in real life.

On the whole, isn't individual wealth often proportional to the individual's attitude to risk? The vast majority of big risk takers are long term losers.

If a punter plans effectively he will be using a betting bank, of which he can afford to lose. The betting bank of the OAP with only his state pension will be somewhat smaller than many others, but so long as the pre-conditions of affordability have been met truthfully, a one point bet is equally affordable to whoever is running the bank.

I would strongly disagree that within horserace betting different advice to different sized betting banks is acceptable. Head-to-head poker maybe, but not horseracing. Risks are risks, whatever size the bet - the only variables are original bank size and the individuals attitude to risk.

I'll wager than Bill Gates took higher risks when he was poor than he does now AND that his risk assessment with horseracing is more probably FAR more cautious than many an OAP in sheltered housing - despite his ability to "afford to play the big plays for a chance of a substantial return."

Risk assessment is part of the bigger picture for many. I would go as far as to suggest that the greater the risk we expose ourselves to, often illogically spawned by feelings of "a bigger bet will win me a bigger sum", are motivated more by greed than common sense and puts such players ever closer to the attitude displayed by the typical weekly Lottery player.
Many of them are now millionaires of course, but the vast majority . .

. . . . losers.

Bob's considered response . . .

I've now had chance to think about the e-mail exchange you sent me.

I am not an egghead but do have a strong background, as an auditor, in risk assessment. I have never been much interested in the niceties of the subject, all the varieties of risk, the maths and so on. However materiality has always been of prime interest.

That is why my approach to value in SMARTsig has been mainly based on a financial model and not a mathematical one.

I don't want to waste my time as an auditor on checking the petty cash box when somebody is just about to hi-jack the company jet. In other words, the risk to the company's assets is assessed to a great extent by the value of the assets involved. Although some auditors might have different views.

The mathematical probability of someone pinching from the petty cash box is probably quite high.
The probability of pinching the jet is quite low.

Nevertheless in the relative scale of things the entire board of directors to a man and woman will not thank their auditors for a discussion of immaterial risks. Nor do they want a discussion of probabilities. They will expect to be briefed on the big risks facing their business. Greed doesn't come into it.

If a beggar asks for your change you may well tell him to shove off. But upping the stakes a little. If he asks the same question from the back of a big black horse, wears a black mask and waves a pistol in your direction, saying 'Your money or your life!' you will probably want to weigh up the risks of a refusal for a refusal often offends.

I would guess that there is a very low probability that he will actually hit you with his one shot pistol so there is a very good chance that you might escape scot-free.

On the other hand he might hit you right between the eyes.

The probabilities are low but the consequences are extreme.
If you had a very large purse, because your name was Bill Gates perhaps, you would obviously feel differently from some of my friends without a penny to their names, and you would quickly oblige the highwayman. On the other hand some of my friends might just haul him from his horse and fill him in.
We all have individual perspectives on risk, hence on value. Which is the point that I was trying to make in my article. Nothing more.

I think that an advisor on risk has a totally different perspective from the individual who suffers the consequences. Hence Bill Ayling got the sack when the BA share price dropped. So discussions on risk advice seem futile to me.

The desire to play up the winnings on the game show most likely have very little to do with greed. More, rather, to do with an individual's desire to exploit the opportunity of a lifetime. For a very small stake, they think, escape from a lifetime of drudgery beckons.

Which is why more working class people play the Lottery than do the middle class. For the latter now, then perhaps greed does come into the scale.

Perhaps it will be better if I keep to the point.
Let's seek a definition.

We agree that the value of a bet can be calculated simply from the relationship of the price of a win to its probability of occurrence. This yields a profit to the bettor. It has a positive value and gives him a warm glow.

On the other hand when he considers whether or not he wishes to place a bet the rational bettor also calculates the probability of losing.

As we know, this is exactly complementary to the probability of winning. If it loses then it costs the bettor. In other words it has it

could be said to have a negative value and gives the bettor considerable grief.

A bettor needs to have a strategy for dealing with a one-off event just as much as if he is dealing with a series of bets. His intuitive strategy is quite simple. He will weigh the positive value of a bet against its negative value.

This weighing exercise is necessarily different for JP.McNamara than it is for me. We do have different levels of capital. However if we think of our bets in terms of points bet we both have identical stakes and I suggest that neither of us would be impressed by an advisor who was tipping JP different horses from me.

Incidentally, because of this intuitive assessment of value most bettors prefer level stakes. The thrust of my earlier article on value was that bettors exerted control over their betting through their staking policies. And most punters feel that they know where they are with level stakes. They control the value they are getting, whether positive or negative by controlling their stakes.

I argued that level stakes was sub-optimal betting and remain firmly convinced that this is indeed the case but I do appreciate that the instinct for control is a more persuasive argument for hoi polloi!

I strongly suspect however that JP would laugh at the notion of level stakes as should any level headed punter!

SMARTsig

SMARTsig member's request:

?

Barry Cheetham writes;
Have any members out there got any statistics on selling superiorities of over 1.00 in Premier League matches with any of the spread firms?

In issue 702 he informed us the way to go was with the Racing Post tipsters. His direction has since changed to a couple of undisclosed systems. Has R Farmer discovered the magic formula .. or is this just another point on the same old roller coaster?

THE UPS & DOWNS OF A HORSERACING PROFIT SEEKER

R Farmer

Sitting here at my desk, I'm basking in the glow of my little published piece "Take off those blinkers" in issue 702 where I advocated making more use of all the excellent "free" advice given by the sporting press' experts.

After all, I was coining it wasn't I? And all without resorting to any of the complex analytical procedures adopted by so many of the form students who share their views through SMARTsig.

I thought I'd write again – "Why?" do you ask, well, it is the end of February, when my March magazine drops through the letterbox, deriding as it will my previous rambling - I probably won't feel like writing in again.

Anyway, about these tipsters. Early January 2000, I was comforted with the warm glow of 120 points profit since March 1999, staking between 1 and 5 points per bet, and writing to SMARTsig shouting "They're not all bad – so use them!"

Since that position of authority however, I have encountered a downturn in my betting fortunes (can I hear a cheer of "serves you right!" ?).

Shrewdly increasing my stakes to make the most of my cornucopia and make a killing I have since blown 50 points and pounds-wise I am nearly back where I started. See - didn't I tell you tipsters were rubbish! (Oh no - I said exactly the opposite, didn't I?)

Ah, Yeh! But what about all that information free and available from the Racing Post, etc.?

I've started a couple of systems, I'm not going to disclose these just yet (that's a surprise!!).

But first of all my thanks to SMARTsig and Odds On.

After reading various articles from pro's, amateurs, et al, a few things strike me as very important.

- Identifying horses that probably can't (or won't) win is as important as finding winners.
- Some account of 'recent form' however you justify it.
- A horse that will start at a reasonable price, say in the 5/1 to 20/1 range.
- A horse that not everybody will be on unless it is with strong justification.
- A reasonable strike-rate / price ratio.
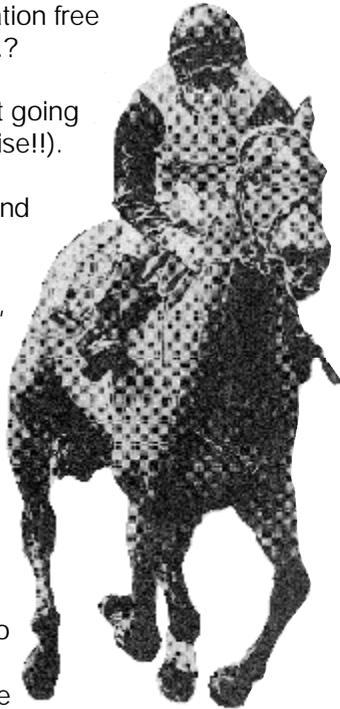
It's easy isn't it?

But just how many times do you back a 6/4 talking horse that can't lose? Hands up – we all do it, and we remember the winners. But go back and count your losers, overall I lose – how about you?

Anyway, back to my systems from the 'Post. Assessing certain information I've come up with a system for backing outsiders, i.e. forecast SPs of 11/2 and above, with a reasonable chance of success. Results, 1st January to 19th February;

January: 45 bets; 8 winners, 5/2, 16/1, 12/1, 6/1, 9/1, 11/2, 15/2 & 8/1

Net profit, 9% tax at SP = 25.45 points.

February (to 19th): 28 bets; 9 winners, 7/1, 9/1, 6/1, 6/1, 10/1, 5/1, 6/1, 10/1 & 12/1

Net profit, 9% tax at SP = 40.48 points.

Excited by all this and ever the one to jump in the deep end with lead boots on, I've just started to stake the system at £5 per point. Results for the last few days have been;

9/2, 5/1, L, 10/1, L, L, L, 3/1, L, L, L.

Okay! Okay! It's only a couple of months! I'm about to fall flat on my face or my leaded boots will drag me to a watery grave – but I'm having fun, and how many tipsters (wash my mouth out with soap!) could give you back 2 months of +25 and +50 points?

My other system is giving amazing, incredible results which cannot possibly last and I'm almost too embarrassed to reproduce the results because they look impossible!!

January 1st to date (24 Feb): 9 bets; 5 winners, 7/1, 10/1, 11/2, 16/1 & 7/2

Anyway, I haven't had a qualifier for 10 days now, so I pulled 6 weeks of last years 'Posts and checked the qualifiers there; 8 bets, 3 winners, 6/1, 7/1 & 9/1.

This period included the 99 Cheltenham Festival, where racing is at its most competitive. For the record the festival bets were; L, L, L, L, 9/2 (13/2 at early odds with 6 bookies)

Seriously, I'm not getting carried away! I'll let you know how things are progressing in another couple of months. No forthcoming article will mean I have 'done my brains'. Mind you, If you suddenly get an Email from smug dot com at SMARTsig site, you'll know I'm doing well, bought a *kompoota* and been on an IT course!

Oh, by the way. Both systems are broadly based on Racing Post tipsters (but I still hate 'em!)

SMARTsig

Aintree's Grand National is one of Davey's favourite races of the year. He shares his thoughts on prospects for the big race.

TRY YOUR PATIENCE on a 'LUCKY' HORSE
Davey Towey

There are 64 still in the pot after 21 defections today, the 21st of March. One of the 21 names is Gloria Victis. It is most unfortunate for the horse and everyone, that for running so brilliantly in the Racing Post Chase that this would seal its fate in the cruellest possible way. A star was taken from us but the stage remains and without that there would be no stars at all.

I've had some success in the National in the past and consider it a good betting race - not the lottery it once was, therefore I would like to highlight a horse who I think could go particularly well and is a nice price. Ideally, I would like to see a horse who has won at 3m minimum, preferably 3m 2f in a decent time whatever the ground. I also like to see one that has won on the ground whatever the time.

The statistics favour those horses rated in the mid 140's upwards as they have the class. The 4m 4f distance also favours low weights and in this years race with the top-weight, Young Kenny rated at 155 we obviously can't satisfy both and it will be an interesting result.

Ryhane finished in front of Bobbyjo (who was conceding 10 lbs) in a good 3m race at Leopardstown last year. If Ryhane runs off his correct mark he would now get 32 lbs from Bobbyjo - no chance of that, but in receiving 20 lbs he does look interesting. In the John Hughes at this meeting last year Ryhane was beaten by Listen Timmy and Linden's Lotto in a good time.

It was interesting then to observe the Irish Grand National Trial at Gowran Park on Saturday 18th March. Ryhane carrying 10st10 and finishing 9th performed adequately. Lucky Town carrying 12st finished better in 8th staying on well and was the most encouraging of the 17 runners as they were all low-weights who finished in front. At Aintree Lucky Town will only have 5lbs to concede to Ryhane.

Lucky Town is a proven stayer, having twice finished a close 3rd in the cross-country over 3m7f at Cheltenham when conceding weight both times to Linden's Lotto. He was also a very good second in the Grade 2 Galway Plate last year, a keenly contested race run in a good time on fast ground.

He has winning form on good and faster ground (assuming same) in points and is handily weighted with 10st 5. Another plus is that he is normally a very safe jumper and not prone to errors. Lucky Town is only rated 132 but in view of other positives in his favour I am hopeful of a good run and finish in the money.

Following the success of his Cheltenham stats. . .

GRAND NATIONAL STATS 1979-1999

Timefan

I thought SMARTies might be interested in figures for the Grand National, similar to my Cheltenham stats last month. Using this information, I have backed 10 of the last 20 winners. Some caution may need to be exercised this year as there are many more horses in the long handicap (i.e. allotted 10 Stones or more by the handicapper). This has led to a longer 'short list' than usual.

Of the last	16 won a race in the same season
20 winners	18 completed the course on their latest outing
	only 2 carried more than 11stone
	only 3 carried less than 10st 1lb
	14 had SP's of 16/1 or less
	only 3 were older than 11
	No 7-y-o, or younger, has won in the post-war era

Buck Rogers, Edmond, Star Traveller, Lanturn, Micko's Dream, Earth Mover, Trinitro, The Gopher, Profluent and Dark Stranger all meet the age, weight and form criteria but only Star Traveller and Micko's Dream are 16/1 or less with the major bookies. Keep an eye out for any of the other qualifiers which shortens in price. Best of luck!

The race has also naturally enough been a discussion point with our email group for some time now.

GRAND NATIONAL CHAT

Email Group

Geoff Arnett, Feb 7th.
I would like to hear fellow SMARTies views on this year's Grand National. With the weights due out tomorrow, I would like to offer my early suggestion of Courlis Pontet - available at 33/1

High-class ex-French chaser, who finished 5th in the "French Gold Cup". Very impressive at Cheltenham over the cross-country fences against two good yardsticks in Lindens Lotto and Linton Rocks.

Only raised 4 lbs in official ratings after very easy win in first British handicap. Was a possible for the Great Yorkshire Chase, but now expected to run this Thursday (after National weights !!) at Wincanton. Holds Gold Cup and Racing Post Chase entries Likely weight around 14 lbs below Young Kenny at 10st 10lbs ?? Top trainer/owner combination in Nicholls/Ogden

I think the 33/1 is excellent value, which might well be halved after Thursday.

Jaygee, Feb 8th
I've just had a look at Courlis Pontet's lifetime form on the Racing Post web site. Granted it doesn't go back before 98, but my gut instinct summary is "soft ground stayer lacking pace". Maybe that'll be a good enough profile this year if the rains continue and at 33/1 each-way it might be worth an interest.

Peter Wood, Feb 8th
Young Kenny's official rating is 155 and is top weight. This appears to be a very low rating as the last ten years suggest the top weight horse to be rated between 166 and 173. Can anyone explain why this might be?
How might this be interpreted when considering the fact that the winners of the race have been rated between 142 and 153 but carried no more than 10-8.

Jaygee, Feb 9th.
Probably a sign of the apparent decline in chaser quality.
Very roughly this years top OR is about 20 lbs below the past average. So, again very roughly, this year's winner should be in the OR range 122 to 133. Anyone agree?

Brian Harfoot, Feb 9th.
This looks a totally unusual Grand National. Normally I regard the National as a good prospect for profit with two-thirds of runners easily eliminated. This year looks like being a genuinely competitive race. During this season, I've thought of The Last Fling as a possible as his jumping consistency has improved, he has class, is a good cruiser and very game. However I read the National is not on the agenda. If that's proves right, I can see myself restricting my financial interest to the Office Lottery.

Jaygee, Feb 10th.
I agree and it must also be the lowest class renewal for many a year with a top OR of only 155.
Our lottery came early this year and it seems I've got Choisty
I hope to get 2pts win 1 pt place on Choisty in the National at around 40/1 when they open this morning. Any idea who'll ride it?

Steve Petty, Feb 10th.
I'm not particularly keen on ante post bets on the National at least until the five day decs. are out but at this stage you could probably do a lot worse than have a small each-way interest on Esprit de Cottes. He's had a go at the fences and although he did fall he had jumped well to that point. He has also jumped cross country fences in France.
The main worry at this stage is that he would want soft ground and that's not something I'd like to bet on at this stage.

Peter Wood, Feb 10th.
There is to be much talk about the competitive nature of this years race but I feel the exact opposite to be the case. Usually we have a top weight rated say 168 which leaves many 'good' runners with a reasonable weight. The statistics clearly point to the fact that it would take an exceptional horse to win this extreme test of stamina carrying more than 10-8. There is no such horse in this race.

With the runners being more closely handicapped it is surely more likely that weight will be a issue and with the weights unlikely to rise and perhaps less defectors likely due to the 'competitive nature of the race' there are only a handful of runners that will fit the bill.

Jaygee, Feb 12th.
I'm not so sure weight will be the real determinant. It's a handy peg to hang some backfitting theorising on but, in the main, the more mediocre the field the more the non-weight variables seem to come into play. All we can be certain of is that the winner will jump and stay

Brian Blackwell, March 6th
Hello all from Brisbane
It's been some time since I contributed anything worthwhile to the list. Certainly my attempt at winning the tipping competition has been nothing short of a disaster. I am persisting in trying to prove that my weight-bias approach actually works even in the face of weeks of losers and place-getters and only a handful of winners.

In the last few days, I've been toying around with the form for the Grand National and thought my views, for what they're worth, might spark a useful debate in which the GN winner could be nailed. My 'weight bias' approach has come up with Star Traveller as a chance. I see that he's listed at around the 16/1 mark at the moment.

My other chief contenders, in order, are Bettys Boy, Edmond, BobbyJo and Gloria Victis (level), The Last Fling, Micko's Dream, and then a few pounds away, Young Kenny. I had rated Young Kenny as the #1 prospect for the big race until his last start display when he seemed to race 50 lengths or more worse than at his previous excellent winning effort.

The Last Fling, currently the favourite at 10/1 (or thereabouts), does seem to have the form-lines that suggest he's a competitive National prospect. I was swayed a bit by the Superform comment that he 'stays 4m 1f'.

Gloria Victis's form seems to speak for itself. He gives all indications of being able to stick on well, he jumps okay, and he's obviously at

the early improvement level, being only a 6-y-o.

I rather liked Edmond's performance in early February, and although beaten at his next outing, he still 'put in'.

After the group I've mentioned, I also listed likely contenders in Strong Tel, Red Marauder and Call It A Day.

Summing up, I can't forget Young Kenny's recent win when he led, jumped splendidly and kept on forging away. Given a soft track on National day, he is still the one I'd like to be on were I to have a bet now. Look forward to more close-to-the-ground SMARTies providing further fodder.

Jaygee, March 6th
The long hand of coincidence! My newsagent has only ever given me one tip and that was Edmond on the morning of the Welsh Grand National. Last Saturday his Edmond source advised him to back Star Traveller and Betty's Boy each-way. for the Grand National. Let's hope you get the Exacta. By the way, the RaceForm Cheltenham DataForm Guide ends its Young Kenny Gold Cup comments with "...but suspicion is that he does not always put it in".

The Last Fling? I reckon he's a shade too small for Aintree but would be ideal for the Scottish National at Ayr.
I don't know why but Gloria Victis reminds me of Rhyme'n Reason and I'm sure he would go very close at Aintree.
With a bit of luck we might be able to bet for nothing on the National if Bouchasson runs in the John Hughes Memorial the day before.

Brian Blackwell, March 19th.
Hello all from Brisbane
Balmy (balmy, not barmy) afternoon here. I decided to take another look at the Grand National, a race that has fascinated me since my days as a kid in Dagenham and Romford when we used to 'copy' the big race by making up our own set of jumps on waste land. I often get out the video of the Grand National history which was released some years ago, and still marvel at Crisp's defeat, Devon Loch's bizarre 'spreadeagle' and Red Rum's greatness.

I know the whole show remains wide open at this stage but I've spotted one I even feel like betting at 33/1 . . . Cavalero, winner of the Foxhunter Chase at Cheltenham, a solid staying type who should have no problems at the GN journey (I think). I note that he's handicapped only on 9st 6lbs! Does the Foxhunter have any history of providing a formline through to the Grand National? I'd be really keen to know more about aspects of Cheltenham form vs the GN.

Right now, I am still attracted by the pre-post favourite Star Traveller, whose run at Cheltenham for 3rd to Marlborough must have been a darned good effort after a couple of months off. I remain loyal, too, to Young Kenny, who is obviously an in and out customer but who remains high in the betting at 14/1. The one time I was lucky enough to see him, on video, he turned in a tremendous winning effort.

Steve Petty, March 19th
I backed Cavalero a couple of times last season in the big national trials. Unfortunately, he's one of those horses that looks like he'll stay further but seems to hit a brick wall at about three and a half miles. I'm sure he won't stay the trip.

Star Traveller goes well fresh but is another who is unproven over the distance. I've got a sneaking suspicion he won't quite stay as when he ran at Stratford over three and a half miles, he looked to be coming to the end of his tether. Fast ground would help him, though.

Young Kenny, a bit of a rogue, he'll either love Aintree or hate it. I reckon he'll love it and wouldn't put you off if the ground is soft.

Someone once told me there is only one race which you can use as a reliable form guide for the Grand National and that's last years' Grand National. The three to look at would be Bobbyjo, Call It A Day, and Feels Like Gold. In what looks to be a worse renewal of the race than last year, I would back Bobbyjo to win again.

JJ Egan, March 19th
One thing above all in the last 20-ish nationals has stood out, that is CLASS. Often class from a few seasons ago. Lightly raced due to injury or have a quiet season with this race in mind. Even the few long shots that have won have had back-class.

SMARTsig

Beginning this month a series of golf Master-Class articles from two experts in the field of extracting the very best from golfing statistics.

HOW TO MASTER GOLF BETTING

Derek Fearnley & Scott Miller

Outright Betting (Finding the winner)

With 150+ runners in each tournament it's impossible to find the winner! Woods or Montgomerie win most events but they're unbackable at less than 5/1!

Undoubtedly, betting on the outright winner in golf isn't easy, but with sensible staking, thorough research and the patience to wait for genuine value opportunities, golf betting is one area where we can gain a substantial advantage over the bookmaker.

They can't possibly research all 150 players. Looking at the price discrepancies between bookmakers shows this. How often do you see a horse or football team offered at double the odds of a rival bookmaker? Never! This happens many times in each golf event! In some cases you are able to back players at 5 times the price available elsewhere!

Surely, these players are no hopers and don't represent real value? In most cases that's absolutely true. However, in many cases they represent massive value. Here's a couple of our recent bets at genuine value odds to demonstrate the point.

Paul Lawrie 150/1 to win the Open, 66/1 to be Top British Isles player.

Surely a fluke win? He was playing local course he had many times in similar conditions. He had an excellent record in windy conditions, the proven temperament of a

How many horses where quite a reasonable case can be made for their chances, start at

150/1?

tournament winner and was in the form of his life. Excellent value. Particularly for Top British Isles.

Walter Hall 66/1 to win a US Seniors event on the course where he lives!

He plays the course every day he's at home and he was in good form. The bookmakers simply didn't know where he lived! We did.

72-Hole Match Betting

This is where consistent profits are possible. It's easier to find a player to oppose than any other sport. The course and conditions are different every tournament. They don't change the pitch in football! 'Horses for courses' in golf betting is often discussed, but finding players who can't play on a course or in certain conditions is ignored. Researching this area leads to substantial opportunities as bookmakers focus on who can do well, not who cannot.

Low-tax and tax-free betting have made these opportunities even more appealing. At odds of 9/10 you need a success rate of 66% to achieve a profit on turnover of 25%. This is very achievable.

Many bookmakers refuse to offer 72-hole match bets, describing them as uneconomic. We think they're probably right!

3-Ball Betting

A mug's game! Look at the overrounds! *Do not bet on 3-balls* without doing any research. However, what tends to be overlooked by bookmakers, is that a player's likely performance changes dependent on where he stands within the event.

For example, Lee Westwood averages 70.5 in round 4 in European events.

If he starts the last round within 7 shots of the lead, he averages 69.7. If he is more than 12 shots from the lead he averages 72.3.

The 2.6 shots difference is the difference between one of the best

last round players and one of the worst. The sample is taken over 5 seasons and is consistent. However, his odds in the last round 18-hole betting rarely change significantly.

All players demonstrate this tendency or the opposite to a greater or lesser extent and not just in the last round. Playing to avoid the cut or post cut in round 3 has an equally strong effect. Maybe its because golf is more mental than physical. This is a genuine gold mine!

April at Augusta

As ever with golf betting, it is worth considering who *can't* win as well as who can. The Masters is probably the easiest of the Majors to find the winner. Even with Augusta's move over the last couple of years to include more of the world's top golfers, the small fields of about 100 include about 20 or so who are past champions or amateurs turning up for the occasion. So, we're down to around a maximum of 80 players competing for the title.

The last débutante to win first time round Augusta was Fuzzy Zoeller back in 1979. It would appear that you do need to know the course first before mounting a challenge. That unfortunately does not preclude many players now. One that does spring to mind is Paul Lawrie.

The USPGA is noted as the place where pros make their breakthrough in winning their first major, but the Masters has produced several first time Major winners. For the record the US PGA has produced 13 first time Major winners since 1980, with the Masters not far behind with 9.

First Time Major Winners at the Masters over last 20 years

1982	Craig Stadler	1992	Fred Couples
1984	Ben Crenshaw	1994	Jose Maria Olazabal
1985	Bernhard Langer	1997	Tiger Woods
1987	Larry Mize	1998	Mark O'Meara
1991	Ian Woosnam		

It's also noticeable that this Major allows a certain group of players to compete successfully for the green jacket.

Crenshaw, Langer and Olazabal, 2 Majors each and both at Augusta, Stadler, Mize, Woosnam and Couples one apiece. The common thread is that they've won no other majors.

Throughout the 90's, another noticeable trait has been the number of non-major winners finishing in the top 5 places of each Masters. These figures do include the winner of the tournament.
[1] Non Major Winners finishing in the top 5 places

Year	NMW [1]	Placed [2]	% [3]	Year	NMW	Placed	%
1990	2	5	40	1995	4	6	67
1991	3	6	50	1996	4	6	67
1992	3	5	60	1997	4	6	67
1993	3	6	50	1998	3	5	60
1994	5	7	71	1999	2	5	40

[2] Number of players placed in the top 5 including ties
[3] Percentage of non major winners finishing in the top 5 places

So bear in mind non major winners who have played well around Augusta over the last few years. There is real each way value in finding a long priced player who can place.

Don't forget the spreads either - finishing positions can be real money spinners, with IG Index pricing up many more players at the four majors than their rivals.

So who will win?

The ideal profile of players who do well is regarded as a drawer of the ball, but is this strictly true?

Fred Couples has a power fade, as does Duval. Jim Furyk is another noted fader of the ball. Even Monty has started to find his way around Augusta, tying 8th in 1998 and 11th last year.
Remember though that although many noted faders of the ball do

play well around Augusta, it could well be that they can in fact shape their shots right to left as required.

This is certainly the case with Duval and Furyk. Remember that Jack Nicklaus, renowned for fading the ball, has won a record six Masters titles.

Does this mean Augusta suits faders?

Not quite -certainly not from the tee. In actual fact Nicklaus would practice for weeks before the Masters at drawing the ball. So beware, faders can, and do win the Masters.

Length is another attribute that many believe helps, especially in attacking the pin at the 13th and 15th, 2 short par 5s. But look at the successes of Faldo, Langer and Olazabal, seven titles between them out of the last fifteen, and all shortish hitters off the tee.

What does it take to win round Augusta?

Two things standout, something which anyone punting should bear in mind. Although accurate driving and length off the tee are important, hitting the greens appears more so.

But not just hitting the greens, but hitting the greens so as to leave the easiest 2 putt, or one putt if a player can make it.

Leave a ball in a wrong place on the green and it's almost likely a 3 putt (look out for the pin position on the par 3 16th on Sunday and you'll see what we mean).

So, look for someone who can hit the greens and can putt well.

Checking the greens in regulation and putting

statistics the week before the Masters will give a good indication of who will challenge. At the moment certain players are grooving their games to peak at Augusta.

Davis Love III can hit towering iron shots and has an excellent touch around the greens on his day. A suspect back precludes from backing at this stage, although at the time of writing in mid-March the 25/1 available with Scottish independents Multisports (as are all prices quoted here) has been snapped up.

Anything over 20/1 during Masters week though is outstanding value.

Tiger Woods will always play well at the Masters, and if he can continue to mature as he has done over the last two years he will go very near to breaking Nicklaus' record of six titles. But at a price of 5/2 there is no value.

However, if a finishing position quote of around 12-15 is on offer it may well be worth a sell as the realistic maximum make up around Augusta for Tiger is about 20. Higher than that and something is seriously wrong.

Players to avoid include Hal Sutton, who although such a good ball striker is found wanting on Augusta's greens. Only one top 30 finish says it all, so a potential buy on the spreads or oppose in match and 2/3 ball betting looks likely.

For outsiders *Bob Estes* has an excellent record at Augusta, his last three starts producing finishes of 4th (1999), 27th (96) and 29th (95). Available at around 80/1 he is certainly better value than the 40/1 for Sutton.

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Authors Derek Fearnley & Scott Miller publish a golf newsletters for each US and European Tour event and available each week.
See ad this month (page 63) web site <www.sports-betting.co.uk> telephone 0208 364 2445.
A 20% discount is available to SMARTsig subscribers.

Moving on now to other areas where successful betting strategies may or may not be employed.

A look at casinos and how they strive to temp the gambling man.
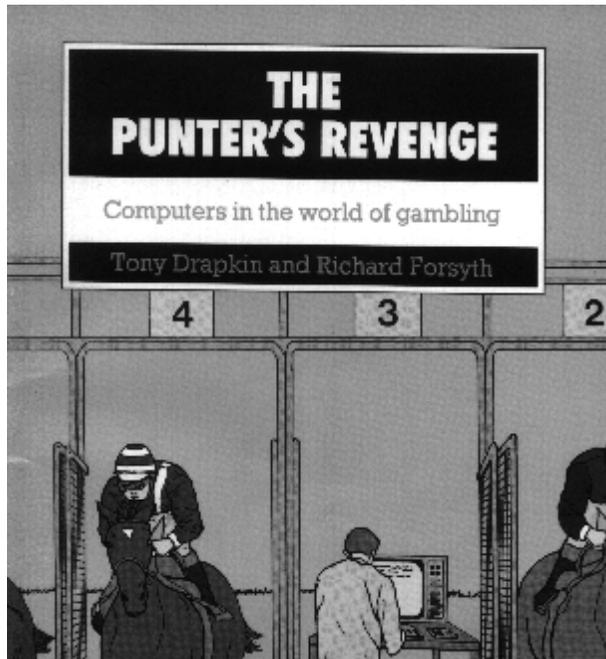
THE

PUNTER'S REVENGE
(Serialisation part XIX – Chapter 10)
Tony Drapkin & Richard Forsyth

Monte Carlo or bust

10.1 The wheel of fortune

The antecedents of roulette are obscure and historians are at odds as to who originally invented the game.

Some trace it back to an ancient Chinese game involving figures representing thirty-seven animals, which passed to the West via Tibet.

Others believe that it was invented by a French monk who played it in order to break the monotony of the monastic regime. There are those who claim that it was devised by Blaise Pascal, the scientist,

mathematician, and mystic, whose interest in games of chance has been alluded to in Chapter 1.

Whatever its origins, roulette rapidly became an immensely popular form of gaming in seventeenth and eighteenth century France, and spread from there to the rest of Europe. It is now played all over the world.

Initially, it was played privately in the houses of the titled and the affluent, and the players essentially competed against one another, there being no zero on the wheel. It was not long, however, before the first casinos appeared. Here, the general public could play roulette whenever the fancy took them - but at a price, giving the game operator a 'cut'.

A zero was added to the wheel and the rules on payouts framed so as to give the house or bank a permanent advantage.

Henceforth, the players were not only pitted against each other, but against an ultimately unbeatable adversary.

10.2 Playing by the rates

The roulette wheel has 36 numbered slots coloured alternately red and black (Fig. 10.1 - over the page). In addition, there is a 37th slot coloured green and numbered 0 (American wheels have a 38th slot marked 00.)

A typical European roulette table consists of the wheel and a layout printed on green baize as in Fig. 10.1.

Players indicate their bets by placing chips on the appropriate area of the layout,

The efficacy of the wheel as a piece of gaming technology lies in the enormous variety of possible bets (and therefore of betting strategies) which is allowed within an apparently simple format. The main types of bet are as follows:
1.   *En plein.* A bet on a single number. The chip(s) are placed

Figure 10.1
European roulette wheel and layout (white = red: black = black)
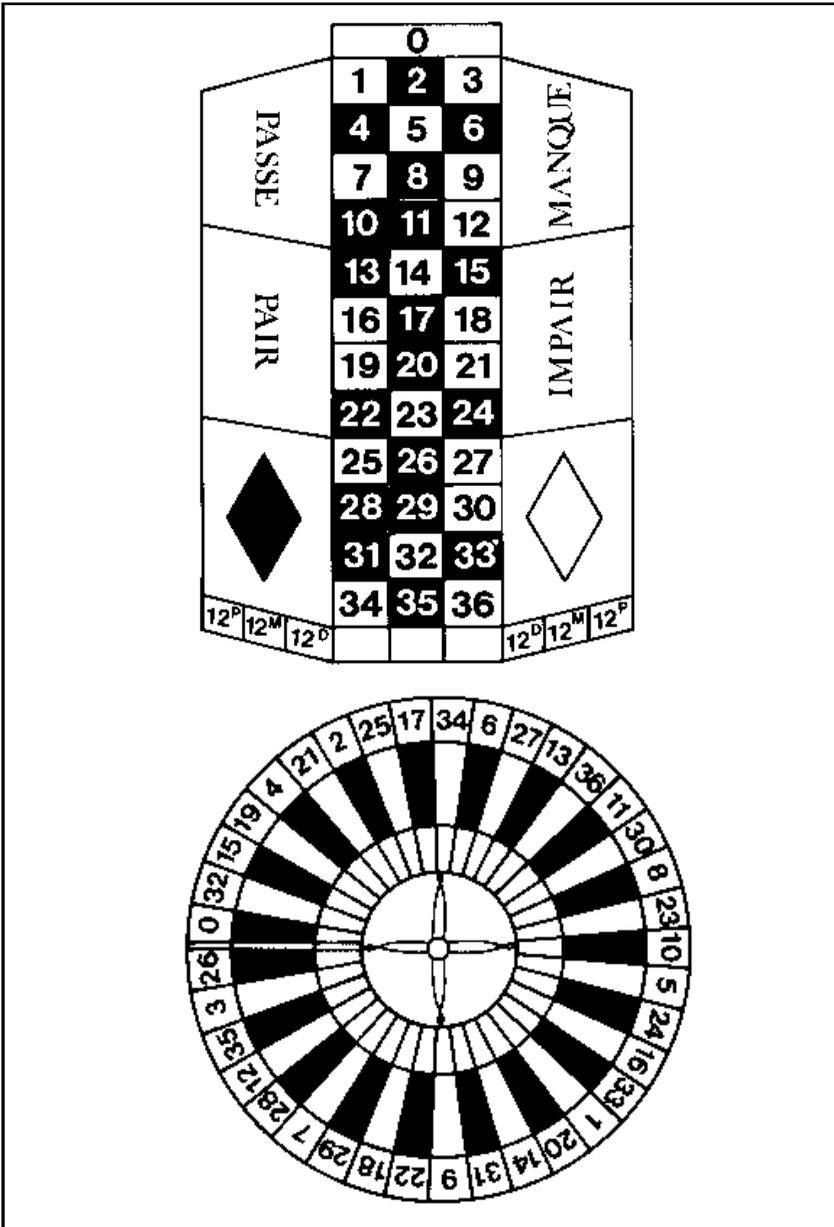
squarely on one chosen number of the layout (including 0 and 00 if desired). The chip(s) must not touch the lines separating the number from its neighbours. Pays 35/1.

2. *A cheval.* Any two adjacent numbers, The chip(s) are placed on the line separating the two numbers in question. Either number pays 18/1.

3. *Transversale pleine.* This bet covers any one of the twelve horizontal 'streets' of three numbers. The chip(s) are placed on the outside line of the layout, opposite the desired street. Any street pays 11/1.

4. *En carré.* A bet on any group of four contiguous numbers. The chip(s) are placed at the point of intersection of the lines between the numbers in question. The bet is variously known as a square, quarter, corner or four-number and pays 8/1.

5. *Transversale six.* Any two adjacent streets, i.e. six numbers. A bet is indicated by placing the chip(s) on the point of intersection between the side line and the line separating any two streets. The odds are 5/1.

6. *Colonne.* A bet on any of the vertical columns of twelve numbers, sometimes indicated on the layout by squares below marked 1st, 2nd and 3rd. The chip(s) are placed in the square beneath the chosen column which pays 2/1.

7. *Douzaine.* A bet on numbers 1-12, 13-24, or 25-36, which is indicated by placing the chip(s) on specially marked areas of the layout. These may be marked 1st 12, 2nd 12, and 3rd 12, or 12p (première), 12m (milieu), and 12d (dernière). As in the case of columns, each dozen pays 2/1.

8. *Manque or passe.* Low numbers (1-18) are known collectively as manque and high numbers (19-36) are called passe. A bet on high or low numbers is made by putting the chip(s) on the appropriately marked area reserved for this bet on the layout. Both manque and passe pay even money (1/1).

9. *Rouge or noir.* A bet on red or black is made by placing the chip(s) on the appropriately coloured lozenge marked on the layout. Red and black pay even money.

10. *Impair or pair.* A bet on odd (impair) or even (pair) numbers. Once again the chip(s) are placed on that part of the layout specifically reserved for this type of bet. The payout is even money.

It is immediately clear that part of the attraction of roulette is that it

appeals to players of every ilk, from the high risk taker betting en plein at 35/1 to the more cautious type who prefers the even money shots.

In addition, it is possible to combine different types of bet according to temperament. For example, cautious types may bet on two columns or two dozens to give themselves more winning chances.

"Whereas it is theoretically possible to (make a level stake profit)in the evaluation of form, it is mathematically impossible to do so at roulette -
in the long run."

Either way, the payout would be 1/2. Betting on five out of six groups of six would pay the equivalent of 1/5, and so on.

10.3 The unbeatable bank

Forget the legend of the man who broke the bank at Monte Carlo. The modern casino operates to a system which is unbeatable. So of course do bookmakers, but there is a crucial difference between betting on horseracing and betting on roulette. Whereas it is theoretically possible to in the evaluation of form, it is mathematically impossible to make a level stake profit at roulette *in the long run.* The rules of the game (in which there is no scope for the exercise of skill) ensure that the only possible long-term winner is the house.

Consider the case of a roulette player who consistently bets en plein.

There are 37 slots on the wheel (numbers 0-36). In a fair world, a winning bet should pay odds of 36/1. But in fact, the house pays 35/1, and herein lies its edge. There is no such thing as a value-for-money bet in roulette, because no number is ever offered at odds greater than it should be.

If we look at the position in terms of probability, we can see, using the formula given in Chapter 2, that the probability of guessing the

right number is 1/37, i.e. 0.027 (or 2.7%), but that the odds offered represent a probability of 1/36, i.e. 0.0278 (or 2.78%).

Looked at another way, these figures mean that the house's take averages out at around 2.7% of total stakes.

This is because in a hypothetical run of one hundred spins, each number on the wheel would appear on average 100/37 or 2.7 times.

With 36 potential losing slots the player could expect to lose 36 x 2.7 or 97.2 points over a run of one hundred bets. He or she would win 2.7 times, whereupon odds of 35/1 would be paid, making his or her total possible winnings 2.7 * 35 or 94.5 points.

The difference between potential winnings and potential losses is 97.2 - 94.5 or 2.7 points.

This seemingly insignificant percentage in the house's favour is so small as to encourage the belief that it is negligible, and that the house can therefore be beaten. Nothing could be further from the truth. Consistent level stake betting en plein leads inexorably to the accumulation of losses.

The same principle applies to any other level stake bet. When betting on columns, for example, the odds against guessing the correct column are 25-12, there being 12 possible winning slots for the player, and 25 slots (including the zero) which will cause him or her to lose.

This means that the true odds against winning are 25/12 or 2.08 to 1. But the odds offered by the house are only 2/1. In other words, an event with a probability of 0.324 is treated as if it had a probability of 0.33, again giving the house a rake-off of 2.7%.

The only concession to players involves bets on red or black, odd or even.

Here, the house returns half of all losing stakes on zero, thus cutting its percentage to 1.35%. It follows that a player placing a level £1 on the bet of his or her choice must expect to lose on average £2.70 for

every £100 staked unless he or she bets on red/black or odd/even, in which case the loss will be £l.35.

10.4 All systems go?

The fact that it is mathematically impossible to win consistently to a level stake has led some roulette enthusiasts to invent betting systems designed to overcome the house advantage. The amount of hard work and ingenuity expended on such systems invites comparison with the herculean, and equally ill-founded, efforts of ancient alchemists in their quest for the philosopher's stone.

Inevitably, such systems depend for their effectiveness upon the player's willingness to increase his or her stakes so that an eventual winning bet will cover past losses, including those due to the infamous zero.

The simplest of these strategies is the so-called Martingale or 'doubling up' system which is usually employed in relation to even money bets (red/black, odd/even, high/low).

For example;

the player stakes one point on red. If black comes up, the bet is lost, so the next bet is two points on red.
If that loses, the next bet is four points on red, followed by bets of eight, sixteen, thirty-two and so on until red comes up, at which point the total gain after deducting all losses is one point.

The Martingale system rests on the following assumptions:

1. The odds against the player betting on red/black etc, are 'only' 19/18 (including the zero) at each spin of the wheel.

2. Although an infinite losing run is theoretically possible, it is infinitely improbable.

3. Although the odds always remain the same each time the wheel is spun, the longer the losing (or indeed winning) run, the less

probable it is that it will continue.

4.   For these reasons, a player with a sufficiently large bank must triumph over the house in the long run.

The reader wishing to test this theory should not forget the probability of a long losing run. It is extremely unlikely that we will get away with a longest losing run of less than six, even over a very short sequence.

Think about it -Would you stake £4,096.00 to win just £1.00 ???

This means that if we were working to a basic £1 stake, we would have to be prepared at some point in our evening to invest £64 to win £1. Nevertheless, by using the Martingale system, we could expect to win a total of around £95 which some might consider a reasonable return for an evening's work.

What of the succeeding evenings, however? Suppose we were to simulate a month or two in which we spent four hours per night playing roulette. We could do this by getting a computer program to simulate ten thousand throws. It is almost certain that we should experience a losing run of twelve or more at some stage.

This would necessitate a bet of £4,096 to win £1 !!

The inescapable fact is that exceptionally long losing runs, though highly improbable, become more probable the longer one plays, The obvious way round the problem is to set aside a colossal bank exclusively for the purpose of playing roulette,

However, at this point we run up against the casino managements' version of catch-22, namely the house limit.

All casinos these days place an upper limit on what may be staked on any one bet. The limit varies from one establishment to another, but it is always calculated in such a way as to ensure that the house can never be overwhelmed by a really high roller bent on

bludgeoning his way to success by means of doubling up.

As many an oil sheikh has found to his enormous cost, it is no use having a sure-fire strategy for scoring a goal if your opponent moves the goalposts at the crucial moment.

This being so, roulette enthusiasts have looked to other systems which still rely on increasing stakes, but which do so rather more subtly than the Martingale. The most interesting of these is the d'Alembert system, named after its inventor whom we have already encountered briefly in Chapter 1.

Jean le Rond d'Alembert (1717-83) was the illegitimate son of Mme de Tencin (1682-1749). His mother, notwithstanding the fact that she had once taken vows and that her brother, the bishop of Grenoble, was destined to become a Cardinal, led a life of notorious dissipation. The young d'Alembert was abandoned as a baby on the steps of a Paris church, and was subsequently brought up by foster parents of humble origins.

D'Alembert rapidly made a name for himself as a highly gifted mathematician and physicist, and gained access to the most fashionable salons of the day, where literary and scientific talent were held in high esteem. However, the most interesting thing about him from our point of view is that he amassed a personal fortune by applying his prodigious talent to the game of roulette.

D'Alembert had one major advantage over today's player. He could play in private salons where there was no zero on the wheel. He calculated that in the case of a genuine even money shot (red/black, odd/even, manque/ passe) the following staking system would be successful:

1.   Start with an initial bet of five points.
2.   Following every loser, increase the stake by one point.
3.   Following every winner, decrease the stake by one point.
4.   Should the stake reach zero, return to a stake of five points,

Table 10.1 shows a hypothetical run of bets on red using D'Alembert's method.

Table 10.1 D'Alembert's system (red to win)

Spin number	Colour	Stake	Result	(win/lose)
1	Black	5	Lose	5
2	Black	6	Lose	6
3	Black	7	Lose	7
4	Black	8	Lose	8
5	Black	9	Lose	9
6	Red	10	Win	10
7	Black	9	Lose	9
8	Red	10	Win	10
9	Red	9	Win	9
10	Black	8	Lose	8
11	Red	9	Win	9
12	Red	8	Win	8
13	Red	7	Win	7
14	Black	6	Lose	6
15	Red	7	Win	7
16	Black	6	Lose	6
17	Black	7	Lose	7
18	Red	8	Win	8
19	Red	7	Win	7
20	Red	6	Win	6
Totals			Lose 71	Win 81

- The beauty of d'Alembert's system lies in the fact that it is ultimately bound to win and that stakes do not increase exponentially as they do with the Martingale system. In the example given, the run of five blacks necessitates a maximum bet of ten points.

Using the Martingale method would have involved a bet of thirty-two points. Even losing runs in the high teens cannot bankrupt the d'Alembert system. They simply raise the general level of stakes to the point at which the player is staking in the region of twenty points per bet, whereas doubling up would require a single bet of 131 072 points or more.

However, the d'Alembert system is fatally vulnerable in two ways. If the number of winning bets drops below 50%, or if the odds paid are just a fraction less than even money, it will inevitably accumulate losses. But where the odds and win strike are in 50/50 or better you will find that even if the system starts by losing, it will eventually haul itself into profit, and that the longer you play, the larger the profit will become.

So much so for the good news. But, if instead of a probability of success of 0.5, it was 0.4865, which is the real probability of red/black, odd/even, and high/low when the effect of the zero is taken into account.

You will find that even if the system starts with a modest profit, it will eventually go into the red, and that losses will tend to increase the longer one plays. This would even be true if the probability of success were higher, say 0.498. It might take a little longer for irretrievable losses to build up, but in the end they would surely do so.

However, if you should ever find yourself in the happy position of being able to play roulette regularly on an honest wheel with no zero, or with the zero discounted, then try d'Alembert's system. Who knows, you might even make as much money as he did.

10.5 Gamblers, hackers and scientists gone wrong

By now, it should be clear that there are two compelling reasons why it is impossible in the long run to win at roulette, with or without the help of a computer. In the first place, the house sets the odds against the player, and in the second place, there is no room for the player to tilt the odds back in his or her favour because there is no room in roulette for the exercise of skill.

We are dealing with an event which is essentially random and therefore unpredictable.

The compulsive roulette player is therefore a kind of scientist gone

wrong. Like the scientist, he believes in the orderly and ultimately predictable nature of his world - the world of the roulette wheel. Like the scientist he also has a working hypothesis which is supposed to describe and account for the events he seeks to control. This hypothesis is called the law of averages.

The law of averages is quite different from the law of probability. The latter tells us that the probability of black coming up, say, twelve times in a row is smaller than the probability of it coming up eleven times in a row, and considerably smaller than the probability of it coming up three times in a row.

However, it also recognises that there is no theoretical reason why black should not run up an infinite sequence, and that knowing that black has come up twelve times does not make it any easier to predict exactly when black's winning sequence will end.

The believer in the law of averages remains obstinately convinced that the sequence of winning numbers contains vital clues which point to the identity of the next winning number. He dutifully records each number as it arises on cards thoughtfully provided for this very purpose by the casino management. He attaches an almost cabbalistic importance to his steadily lengthening list of numbers, and bases his entire betting strategy on its supposed predictive power.

However, it is inevitable that the roulette player's assumptions about his world, and his belief in the law of averages, will be empirically falsified. In the long run, reality will prove his theories wrong. He will be unable to make sufficiently accurate predictions and he will lose money. It is at this point that he parts company with the good scientist and becomes instead a scientist gone wrong.

Instead of re-examining the theoretical basis of his actions, the roulette player will simply add convenient epicycles to his existing body of theory, just as Ptolemy and his followers added epicycles to geocentric cosmology when it could no longer be squared with accumulated astronomical observations.

In the case of the roulette player, these may take the form of

additional subroutines to existing procedures for interpreting the run of numbers. Or it may even take the form of private incantations and/or propitiatory rituals as the wheel is spinning, in which case his system is essentially based on magic.

Joseph Weizenbaum, in his book *Computer Power and Human Reason,* shrewdly points out the similarities between the compulsive gambler and the compulsive programmer or hacker, and points out that both are victims of their own inadequacies as scientists.

Driven by fantasies of omnipotence, each gets locked into a system of beliefs which is 'supported by its very circularity', and which consists largely of superstitions and misconceptions. Weizenbaum adds:

Such unbounded epicyclic elaborations of their systems provide both programmers and gamblers with an inexhaustible reserve of subsidiary explanations for even the gravest difficulties .... The gambler constantly defies the laws of probability.

It should by now be clear that the title of this book would be ill-served if we were to pretend that the computer can help the roulette player in any way other than as a means of painlessly testing to destruction the claims of this or that sure-fire system for winning at roulette. The authors have encountered players who claim to win at roulette.

But without exception, their systems, when put to the test, ultimately fail. The individuals concerned may well be in profit, but this is simply because they have been lucky without even realising it.

The only way for the punter to take revenge on the casinos is to avoid them. If you must play roulette, play a computer simulation, even then only for matchsticks or Monopoly money - and the best of British luck!

SMARTsig

For the next instalment of 'The Punter's Revenge' we move to Chapter 11 and take a look at card games. poker, blackjack, etc.

The latest from our on-going comparison of Timeform and One Jump Ahead's horses-to-follow lists for the current National Hunt season 1999/2000.

NATIONAL HUNT
HORSES-TO-FOLLOW LISTS

Terry Collins

Continuing the charting of the progress of two of the well known horses to follow publications, namely TIMEFORM '50 to follow' and ONE JUMP AHEAD by Mark Howard.

For the purposes of this exercise Timeform consists of the fifty named horses to follow while One Jump Ahead consists of the fifty to follow plus the 'Best of The Rest' (62 in total) the same criteria as last year.

All selections were backed to a 1 point win, regardless of any comments made in either publication and only horses running at any of the 59 UK mainland courses were used in forming the tables. These limitations should be borne in mind when reviewing the results.

The checking started from 22nd October 1999 and will continue until after the Grand National - which equates to the same time period we covered for last season's comparisons.

Let's see how they fared over the month which included the Cheltenham Festival . . .

TIMEFORM
(-£30.90)

	selections	winners	BALANCE	win prices
21-Feb	2	0	-£32.90	
24-Feb	1	1	-£31.53	11/8
26-Feb	5	1	-£31.03	9/2
28-Feb	1	0	-£32.03	
29-Feb	1	1	-£29.78	9/4

TIMEFORM (continued)

	selections	winners	BALANCE	win prices
01-Mar	3	2	-£29.31	4/6, 4/5
03-Mar	2	1	-£29.74	4/7
09-Mar	1	0	-£30.74	
10-Mar	2	0	-£32.74	
13-Mar	1	0	-£33.74	
14-Mar	1	0	-£34.74	
15-Mar	2	1	-£34.74	evs
16-Mar	9	2	-£31.74	9/2, 11/2
17-Mar	1	0	-£32.74	

(Cheltenham Festival dates in shaded area)

Timeform	Including Cheltenham	Excluding Cheltenham
Selection	32	20
Winners	9	6
Strike rate	28%	30%
Bank	-£32.74	-£34.74

ONE JUMP AHEAD
(£17.29)

	selections	winners	BALANCE	win prices
24-Feb	1	1	£18.66	11/8
25-Feb	1	1	£20.41	7/4
26-Feb	7	1	£18.91	9/2
01-Mar	2	1	£18.16	1/4
03-Mar	2	1	£17.73	4/7
04-Mar	3	0	£14.73	
09-Mar	1	0	£13.73	
10-Mar	2	0	£11.73	
11-Mar	3	1	£13.23	7/2

ONE JUMP AHEAD (continued)

14-Mar	7	1	£12.73	11/2
15-Mar	6	0	£6.73	
16-Mar	3	0	£3.73	
18-Mar	3	1	£3.61	15/8

One Jump Ahead	Including Cheltenham	Excluding Cheltenham
Selection	41	25
Winners	8	7
Strike rate	20%	28%
Bank	£3.61	£13.10

As you'll see from the tables, One Jump Ahead once more had a disastrous Cheltenham with just a single, solitary winner from 16 runners, almost wiping out all other profits - so I do hope my advice of last month, to avoid One Jump Ahead's Cheltenham selections was heeded.

Timeform on the other hand, came out 2 points ahead at Cheltenham with 3 winners to it's name from 12 selections. Timeform appears to fare far better with the top class racing.

■ SMARTsig
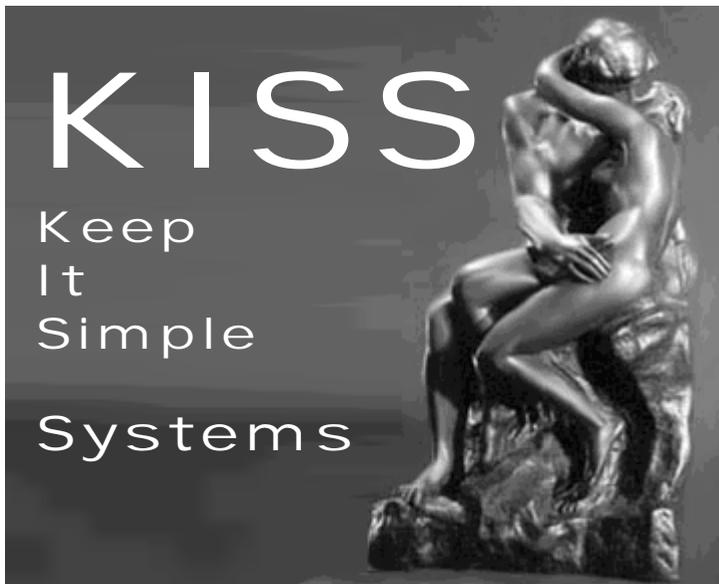
Despite what you've read frequently in these pages, many out there do appear to love auto staking plans. This very simple system is presented with such a staking method as part of the overall strategy.

POSTMARK IS NO NOVICE WITH THE HURDLERS

Steve Poxon

I think it was Phil Bull that once said "There is no perfect staking system and there can be no perfect staking system", so why is it so many of us use them?.

The highly profitable *Pricewise* column uses staking systems as do many other published tipsters, so who is right?.

My own belief is if your selection process is not capable of showing a profit to level stakes, then no staking system will be of any use to

you. Where staking systems are seen in the best light however, is when they can enhance an already profitable method of providing winners.

So would you be interested in a method that on average has a 40% strike-rate and shows a level stakes profit throughout the National Hunt season?.

A method that is so simple to use that it can be found in seconds with no form study required?
A method that does not even require you to buy the Racing Post every day?
All it requires is a trip down to the betting office or a quick flick onto the Racing Post web site?

If your answer to the above questions is yes, then I suggest its time you followed all of Postmark's (of the Racing Post) selections in novice hurdle races.

The downside of this selection process however, is that around a third of their selections start at very short prices (odds on) and it seems to take a fair while to build up a decent profit margin.

This is where a good staking plan comes into play and my particular favourite is the one I named the progressive plan.

My plan works like this:

10 points win selection A,
If that wins then it ends the sequence and we start again.

Should A lose we go again with 10 points win selection B.
If we are at anytime in profit on the sequence then we start again from scratch.
But if we are still in deficit then we go again to 10 points win selection C.
Should we still be behind then we up the 'ante' to 20 points win on selections D, E and F, while keeping in mind a profit of any sort ends the sequence and we start again.

After 6 selections if we are still behind then we go up another stage to 30 points win on selections G, H and I, and should we still be making a loss on the sequence we finish with 40 points win selection J after which time win or lose we go back to the start.

Example:

Stake	Selection	Result	+/-	Sequence +/-
£10	HORSE A	LOST	-£10.00	-£10.00
£10	HORSE B	LOST	-£10.00	-£20.00
£10	HORSE C	WON Evens	+£10.00	-£10.00

£20	HORSE D	LOST	-£20.00	-£30.00
£20	HORSE E	LOST	-£20.00	-£50.00
£20	HORSE F	LOST	-£20.00	-£70.00

£30	HORSE G	WON 6/4	+£45.00	-£25.00
£30	HORSE H	LOST	-£30.00	-£55.00
£30	HORSE I	LOST	-£30.00	-£85.00

£40	HORSE J	WON 5/2	+£100.00	+£15.00

As you can see on this mythical set of results a small profit was made on this sequence, but compare this to a £20 loss at level stakes.

If for example Horse G would have won at 5/2 then the sequence would have been a mere £5 in profit, but it would have been enough to start us again from scratch with our £10 stakes.

There are a couple of decisions you will have to make before you embark on this method however.

The main one is the minimum price you will take about a selection. I would never bet odds on for example, but you will be missing a fair

proportion of winners by following this rule and undoubtedly the strike-rate will suffer.

Other points you will have to consider are:

a   What if there are 2 or even 3 joint top rated horses for the race?

b   What if the selection has a poor form rating, and there are several un-raced horses from top stables in the field?.

The answer to the above questions are easier to solve. All you will have to do is to find the newspaper tipsters column and see which Postmark puts up as his selection.

If this form based tipster leaves a blank space in his tipping column next to your selected race, it will be because he thinks the race is likely to go to a well regarded youngster that has yet to earn a rating.

He is not always right however, but overall if he suggests no bet then that's good enough for me.

In conclusion then;

•   Back the *Postmark* top-rated horse in a novice hurdle race.

•   Think twice before betting odds-on.

•   Check the tipster selection box to confirm a selection.

•   Selections are novice hurdles only - NOT juvenile, maiden, selling or novice handicap hurdles.

•   If using my staking plan, a profit of any sort in the sequence results in re-starting the plan again from scratch.

•   One 40 point bet is the maximum after which, win or lose, we re-start again from scratch.

SMARTsig

Strike rates, odds returned, staking, frequency all contribute to the bottom-line profit (or loss) figure - but just how do you evaluate the true worth of a method given all these variables? Maybe Steve Tilley has the answer.

ASK ARCHIE

Steve Tilley

O ne of the problems we encounter frequently is deciding how good a system is. We have all seen the advertisements for tipsters telling of £10,000 returned to level stakes, eleven months out of twelve in profit etc.

Sadly I cannot give you a way of separating the wheat from the chaff for them but I can give you a method you can apply to your own systems and betting and hopefully to other SMARTsig contributors if they follow the suggestions in this article.

In a previous article I gave some results of four punters from the SMARTsig group. I have added one more now. Below are their basic results.

Table 1

Punter	Runners	Winners	percentage Winners	Level Stake Profit
A	154	57	37%	13%
B	91	31	34%	55%
C	281	50	18%	42%
D	152	16	10.5%	58%
E	34	24	71%	88%

Now imagine you were asked to buy these systems. Which of these systems would be the best one to pick?

In fact, just try and put them in the order that you would choose them.

What I aim to do is present a rational method for ranking systems.

The basis for this is that good systems offer value bets such that the odds offered for each horse in the system are better than their chance of winning. A good system will give me say, 6/1 bets that win 25% of the time or 9/1 bets that win 18% of the time. From the above table we can't tell how well our punters are doing.

So let's give you some more information. What you will get is the sum of all the odds of the bets in the system.

To calculate this sum merely switch all the odds to their decimal equivalents, so 3/1 becomes 0.25, 6/1 becomes 0.143, 4/6 becomes 0.60. Then add them together for all the bets.

Table 2

Punter	Runners	Winners	Sum of odds	Average Odds	Average advantage
A	154	57	53.42	0.347	1.067 *(57 / 53.42)*
B	91	31	20.82	0.229	1.489 *(31 / 20.82)*
C	281	50	32.53	0.116	1.537
D	152	16	10.05	0.066	1.592
E	34	24	14.60	0.429	1.644

We can take the sum of the odds and divide it by the number of runners giving the average odds that the punter betted at. There's quite a spread here with punter E working at less than 6/4 while C is betting at an average of about 14/1.

The average advantage is number of winners divided by the sum of odds. So punter E bets at an advantage of 1.644 or 64.4% whereas punter A has an advantage of 1.067 or 6.7%.

Now imagine that again you were asked to buy these systems. Put

them in the order that you would choose them. Is it different to the order you first decided upon?

There is a relatively simple statistical test that we can apply to assess these systems.

The test we can use is called the Chi-Squared test and is described at length in numerous statistical textbooks. Rather than go into it in great depth I will give a simple way of calculating and using it.

As we are using if for assessing racing I will call it Racing CHI or "Archie". In the most basic terms the higher Archie, the better the system is - and the more likely it is to give bets that have an advantage to the punter.

The formula for Archie is

$$\text{Archie} = \frac{b \cdot n \cdot (k - 1)^2}{k \cdot (1 - b \cdot k)}$$

Do not panic. This is easier than it looks (honest). n is the number of runners, b is the average odds taken and k is the average advantage. Below is the Archie score for Punter A.

$$\text{Archie} = \frac{0.347 \cdot 154 \cdot (1.067 - 1)^2}{1.067 \cdot (1 - 0.347 \cdot 1.067)}$$

Giving an answer of 0.357.

For punter B
$$\text{Archie} = \frac{0.229 \cdot 91 \cdot (1.489 - 1)^2}{1.489 \cdot (1 - 0.229 \cdot 1.489)}$$

Giving an answer   of 5.078
Doing this for all the punters gives.

Table 3

Punter	Archie score
A	0.357
B	5.078
C	7.425
D	2.473
E	12.518

What the Archie score means probably needs a little more by way of an explanation.

It is a measure of the probability that the system we are looking at, over a large number of bets, has an average advantage per bet of less than one.

It is the chance that if you follow this system in the long term you will find it does not produce value.
(*If anyone wants the mathematics behind this contact me via the editor or e-mail.*)

It is undoubtedly possible for a system that has a average advantage per bet of less than one to produce a profit over a series of bets due to, for want of a better word, luck.

For example: Picking horses with two word names both starting with the same letter has produced short term profits but in the long term it's a failure (but fun!).

Archie is based on Chi-Squared, luckily for us there are tables that give the chance of any Chi-Squared or Archie score occurring due to luck.
(For all the statisticians out there, this is a one tailed Chi squared test not the usual two)

Table 4
ArchieArchie Probability

0.0	0.5000
0.5	0.2398
1.0	0.1587
1.5	0.1103
2.0	0.0786
2.5	0.0569
3.0	0.0416
3.5	0.0307
4.0	0.0228
4.5	0.0169
5.0	0.0127
5.5	0.0095
6.0	0.0072
6.5	0.0054
7.0	0.0041
7.5	0.0031
8.0	0.0023
8.5	0.0018
9.0	0.0013
9.5	0.0010
10.0	0.0008

Using the figures above we can build the following table

Table 5
From this we can see the chance of punter 'E' is getting results like

Punter	Archie score	Archie Probability (approx.)
A	0.357	0.3
B	5.078	0.0127
C	7.425	0.0031
D	2.473	0.0569
E	12.518	Less than 0.0008

this due to chance rather than skill is less than 8 in 10,000 whereas punter A's results have about a 30% chance of being due to luck rather than skill. From this we can see that punter E looks the safest one to follow then B, C, D and A.

The underlying mathematics for all this is quite complex but by using the Archie score we can quickly evaluate and compare systems. By doing this we can discriminate between genuine effects and those just due to chance.

Perhaps those who contribute systems and results could add to them the average advantage and average odds for their system so that the Archie score can be calculated and the significance of their results assessed.

If Archie could only assess the significance of systems then it would be interesting but not all that useful. However it can be used to answer questions such as..

- How long will I need to follow a system to be sure of getting a profit?
- How many bets do I need to make before I can decide whether a system is profitable or not?
- How can I tell whether a given factor such as result last time out or class of last race significantly affect whether a bet will be profitable?
- How to choose from a range of different variables which ones to put in a system.
- Why should I bet tax-free?
- Why it matters getting that extra point or so on the odds?
- Why do systems stop making money when I put money on them?
- Why do they start producing winners when I stop betting on them?

The next article will deal with using Archie to predict returns from a system and to assess how long to follow a system.

SMARTsig

A couple of follow-ups to last month's Email re-printed discussion on value betting and acceptable odds. First one from Alan Potts, whose name was referred to in the exchanges.

ADAPTING TO THE CIRCUMSTANCES
Alan Potts

Some thoughts on the issues raised under the 'Value yes, Value no, Value what' heading in SMARTsig 7:03 (March 2000).

Yes, it was me that wrote some years ago that I never bet at under 2/1. But I didn't put it forward as rule for others to follow, which is something I've always tried to avoid in my books and articles. And perhaps more importantly, I have never suggested that the 2/1 limit had anything at all to do with value.

I fully agree that it is possible to find value bets at under 2/1 and even at odds on. But I've never personally been that good at finding them – it is, as Brian suggests, much more a matter of temperament. I've always preferred to look for the big hit, whilst accepting that I need a steady flow of winners at medium prices to keep the food cupboard full.

When I wrote that first book, my principle objective was to persuade the readers to think about their approach to betting, without trying to dictate rules and systems. From my time spent in the company of other full time punters on course,

I know that there are as many different ways of achieving our objective of profit, as there are players. And if I doubted that, then the SMARTsig group would have confirmed the fact. All I could do was put forward my approach and leave readers to decide if it was right for them.

I originally adopted the 2/1 limit myself many years earlier. It provided me with an artificial way of avoiding the trap of approaching a race by looking for the winner. If you do that, you come up with

plenty of short priced horses, but even if you're quite selective you'll struggle to make a profit.

That was especially true before the removal of the 4% on course tax. I found that I was still regularly tempted to back horses at 5/4, 6/4 etc. I would be at the track and feel that a horse was a 'good thing', look at the prices on offer and want to satisfy my ego by making a bet.

Resisting that temptation became an important factor in modifying my style, a change that I knew was essential if I was to be successful in the long term. A lot of the full time punters play every race, or at least four or five per day. I know I don't have the control to follow their example – even now when I find myself betting more than two races in a day, the mug punter I used to be is just below the surface.

Apologies if that sounds a shade melodramatic, but every punter has to know himself in order to find the style that provides his best prospect of profit.

Another factor that reinforced my 2/1 rule was the surprisingly small number of horses that actually do start at prices under 2/1. For example, for every horse priced up between Evens and 2/1, there will be on average about four between 9/4 and 7/2. I think there's a sort of Catch 22 with the short priced horses.

We all seem to be agreed that the chances of such horses are closely reflected in their SP, so that it would be essential to be selective to have any chance of making a profit. But at the same time, you need to turnover plenty of money to produce a worthwhile profit, especially if that is to be your main source of income.

The two things are incompatible, which is why the full time punters who like the reassurance of regular wins, tend to back two in a race at 3/1, rather then one at Evens. One any day it's far more likely that they'll find a playable race by operating in that way.

I would add one caveat, which is that in the current on course market, it might well be easier to make money playing short priced favourites. Many of the new breed of bookmaker that have bought

pitches in the past year, only seem to know one way of boosting their turnover, and that's to push out the favourite.

As a result, it's almost certainly possible today to bet a horse at, for example, 6/4, which would never have been more than 11/8 a couple of years ago.

"Monsignor would never have been offered at 6/4 in the ring of the 1998 Festival . . . the old school would have kept that horse at 5/4 in my view, confident that they could take plenty of money . . "

For those with the skill to identify value in that tight area between Evens and 2/1, I suspect this is a golden period.

To give a relatively topical example, I'm sure that Monsignor (Sun Alliance Novice Hurdle) would never have been offered at 6/4 in the ring of the 1998 Festival. In a race with only two horses priced below 10/1, the innate caution of the old school would have kept that horse at 5/4 in my view, confident that they could take plenty of money without needing to increase their liabilities.

Perhaps I could end by reporting the words of a leading racecourse full time player –

'my only rule is to have no rules that might prevent me exploiting a race to my profit'.

I would add that it needs his remarkable self-confidence and discipline to allow him to operate with that much flexibility.

On a separate issue, Patrick raises questions about what he calls 'sub chaos theory', by which I presume he refers to my writings about what can go wrong with a short priced selection.

I accept his argument that if I make allowance for the potential problems with an odds on shot, I must do the same for every other runner – i.e. the problems can hit any runner, not just the favourite.

But I still believe the theory is valid. If we accept that the potential problems of the thoroughbred can affect any horse in a race, regardless of price, then any horse might run well below it's known level of ability.

When we look at the horse whose price is under 2/1, then that is almost always the horse presumed to be the best in the race, based on expert assessment of previous form. But his margin over the other runners is very unlikely to be sufficient to enable him to win if he suffers a physical problem. In other words, if he is prevented from running to his normal level of ability, he'll lose.

Now if I follow Patrick's argument correctly, he takes the view that my short priced horse may on other occasions turn out not to be the best horse in the race, but will win anyway because the actual best horse suffers a problem.

In effect there will be a balance between the occasions when the short priced horse fails due to a problem, and those occasions when he wins by the good fortune of a better rival having the problem. Thus the potential for a problem can be ignored when deciding if a horse is good value at a particular price.   **SMARTsig**

A second feedback response comes from Bob, Edinburgh who has been preaching the case for value as the way to go over the past few months.

VALUE BETTING

Bob, Edinburgh

Email group discussion feedback

Short prices

Value is certainly obtainable at short prices. Why not? Peter May however brings out the point that the more accurate the forecasting method then the shorter the price one can take.

And, as ever in our search for proofs, we have it on no less an authority than professional gambler Patrick Veitch (my namesake, but no relation) that he has no fear of short prices whatsoever.

And of course for those less skilled in forecasting there is always the punter's book route and similar techniques to the same end.

However, Patrick Gamble poured scorn on John Egan's preference for betting with a minimum price in mind. If there was a straight line relationship between the price of a horse and its chance then Patrick Gamble would be quite correct.

Unfortunately for his argument, there is not. Peter May has provided an enormous amount of data from which I showed in issue 6.11 that a straight line relationship pertained only for horses priced at 5/1 or shorter.

If Patrick wishes to say that this is 'nonsense' then I for one would be interested to hear him explain why the line curves and flattens out for the higher prices and his rebuttal of the widely held theory that value is, at least marginally, more easy to obtain at higher prices!

Losing runs

Patrick again correctly stated that it is a mathematical fact that the lower the strike rate then the greater the chance of a losing run. Well, yes, when you are dealing with the physical world - or more probably with random number simulations form which such tables are derived.

But this is not something I would want to depend too heavily on when we are talking about horse-races, each of which is an unique event.

No, for me the only answer to Patrick's problem is value every time. And the bigger the margin of value the better.

And by the way, JJ Egan's idea that if one punter makes one horse his value choice whereas another punter chooses another then they can both be on a value horse may be true from the relatively different

viewpoints of each punter.

It seems unlikely to me however that it can be absolutely true. (See my remarks on lives in the 'Who Wants to be a Millionaire' article, this issue)

Bettor's ruin

Also when chatting about strike rates and losing runs, the theoretical difficulty with Steve Petty's preference for profitable horses with a 20% strike rate over shorter priced horses with a 40% strike rate is that Steve's chosen route increases, enormously, the prospects of the bettor's ruin!

Not what value punting is about at all.

If it helps to state the obvious, value bettors look for the horses with the best chances at the best prices. And that, as Alan Potts has already said so much better than me, is what puts them out in front of the crowd!   **SMARTsig**

Perhaps the truest test for any words of wisdom is that they stand the test of time. Theories Pittsburgh Phil advocated 100 years ago are still spot-on!

'PP' - THE MASTER CRAFTSTMAN

Henk Eilerts

JJ Egan, mentioned on page 40 of issue 703 Pittsburgh Phil and I agree wholeheartedly with what Egan says. The legend's real name was George E Smith and he was a through and through value man.

Phil became well known in the 1890's and made a real business of betting. A wealthy industrialist once unfortunately compared the long hours commercial magnates worked for their money against the apparent simplicity of Phil's business – all he had to do was spend a few hours per day in the open air! This comment incensed Phil who took exception to this uninformed assessment.

In reply he stated that his "business" was betting, and he worked longer and more nerve testing hours at it than any business manager or executive. "I don't play the horses" he explained. "I work at it very long hours into the night and again on race mornings. When I do arrive at the track it is not to idle away time in the sun, but to put into operation the business moves which have taken so much thought, time and investigations to plan.

When Phil studied the form he compiled his own market on the chances of the runners and would bet only if he could obtain his price or better. If he decided Horse X would win and his assessment of it was a 2/1 chance, he would not consider any price less than that in terms of percentage.

In percentage terms, 2/1 is 33% (2+1 divided into 100). If he secured 4/1 or 20% (100 divided by 4+1)he would thus have 13% the better of the transaction. He argued that the majority of the bettors lose because they give little or no thought to this side of wagering and as such allow the bookmakers to dictate the terms. The average punter only seems to be concerned with "getting on"

his/her fancy at the odds offered, he does not stop to think if the price is right or fair. In betting, as in any business, you will not last the course unless you are getting value for the money you've invested.

What Phil wrote at the turn of the century (1900 that is!) is just as relevant today. No doubt there were numerous occasions when he had to watch a winner "come home" on him, but, by the same token, he also missed losing on horses which were beaten at false prices. It has often happened to me. Still, it is the overall results which count and Phil's will proved him right.

Phil also criticised those people who always claimed they lost money because the horses backed did not try to win. "Instead of looking for crookedness in a race of which you lose, you should first of all re-check your form study in order to discover if you've made an error of calculation. Often you will find your figures are crooked, not the race. Far too many losers blame horses and jockeys when in fact they should be blaming themselves."

The great man termed himself a *Classifier*. In doing the form on a race he would endeavour to break down the field into various grades and then concentrate on those in the top class. His money would always ride on a horse in form, possessing an edge in class and not weighted out of contention.

He often used the words *'class'* and *'ability'*. He said they often went together. A horse in top racing condition and superior in class and ability to its rivals was the horse to back, irrespective of the type of race. Phil maintained that by confining wagering to such gallopers lessened the possibility of a run of outs.

The rank & file players 'does' his pounds on habitual losers, or animals who race well one day and poorly the next. They bet (for one reason or another) on horses lacking a class 'edge' and proven ability. Yet expect them to beat opponents possessing class and ability. It happens most of the time.

Because of this the capable classifier is frequently able to clobber the public play by securing overlays on horses which overshadow

opponents in class and possess the ability to either outrun or out-stay them. Phil's classifications must be honest, consistent performers.

Give me the honest pony of ability with the class edge and the public can have the rest. When I have me a horse (or horses), it then becomes a question of *'overs'* or *'unders'*. If a bookmaker offers below what I know to be the correct odds I won't bet. When I catch them out of line I back my judgement at value prices.

Phil also had some rules which he stuck to at all times, these were;

1   Place emphasis on weight and class. Relative weights provide the yardstick by which to measure of equal or near equal ability. A good class horse and one of little ability cannot be brought together to any reasonable difference, but weight can make the difference if a horse with proven ability is in form, and enjoys an advantage over all other contenders.

2   Before deciding to pick a horse, carefully check the points which underline ability in regards to today's race. Note its quality and class as related to its opponents, its condition, its capacity to carry the assigned weight and run at its best over the given distance.

3   Never bet on your carefully chosen horse without closely studying the skill of the jockey as well as his courage on different types of tracks, or when in different positions in the running of a race. Will he force through? Will he put out to travel wide?
       Horses and jockeys should match as well as possible. A good horse and a good jockey can add up to a good bet; a good horse and a poor jockey, or a poor horse with a good jockey can prove a misfit.

4   The surest way to racetrack profit is through the careful management of your money. It is only by doing this that you can hope to gain. Never be afraid of a big price. Never take under what you consider to be the fair and correct price. Learn when to put down a bet, and when to steer clear.

5   Never make a bet when you are in a position of losing more than you can win on a straight out investment. It is not good business to lay the odds on a horse winning. Should such a situation arise that your horse is odds-on, then bypass the race. Do not bet on another horse to beat your selection just because it happens to be at a better price. This is betting against your considered judgement.

6   Never be carried away by success, or be swayed by the tips or the opinions of others. The true professional stands or falls by his own judgement. Play it cool. Be deliberate, have strong will power and be patient. These are the requirements of a man who seeks to win in a tough business. Any weakness can beat you.

7   Never bet on a horse because you think it *may* win after a casual look at the form charts. Go into all the facts and data available before you arrive at a decision as to whether to wager or wait. You cannot lose by waiting for the right spots. You can lose though by wagering just because you may feel like having a bet.

Phil certainly knew his subject and his knowledge was such that his ideas and betting approaches are as applicable today as they were more than 100 years ago. There have been many changes in racing since then, but not in the professional approach to staking and selection.

He selected his horses as we do, concentrating on class, ability, form and relative weights. But he managed his money better than most, his major betting asset was his insistence on obtaining a fair price.

As explained previously, he formed his own market prices and would only bet on a chief contender when it was an *overlay* – that is when he considered the odds available were higher than his opinion of the horse's true winning chance.

Phil knew, even before all of us were born, that to beat the game you must beat the price!

Last month we published a table of returns for the differing tax rates now so widely available. But did it allow a true picture?

SEEKING THE BEST RETURN

Seymour

Martin Ray's article on where to place bets given different prices and tax rates (703, March 00) gives the correct answers for his chosen examples.

But, his approach is flawed because he has not considered the different stakes involved when paying tax on (i.e. in advance).

This does not change the advice given in Martin's article, except when the price differences are small.

Consider the following example:-

Bookie X (0% tax)	Bookie Y (9% tax)
Odds 9/10	Odds 1/1

For the sake of simplicity consider the above price situation arises 5 times and our strike rate is 80% (fair?)

From the 5 situations therefore we have 4 winning bets and 1 losing bet.

Bookie X

	Stake	Return	
Winning bets	4.00	7.60	(90% profit)
Losing bet	1.00	0.00	
	5.00	7.60	(+2.60, 52% POT)

Bookie Y

	Stake	Return	
Winning bets	4.36	8.00	(83.5% profit)
Losing bet	1.09	0.00	
	5.45	8.00	(+2.55, 46.8% POT)

It is clear therefore from the above financial breakdown, that Bookie X should be used in this instance where tax is paid on the stake. Profit is greater when a loser is introduced, it is also a greater percentage profit on turnover when there are no losses.

Martin'e approach has not considered the different stakes involved, nor the effect of losers. Using his tables as published we see;

Bookie X   Return = 1.90
Bookie Y   Return = 1.91

Indicating Bookie Y as the one to choose – which in the above case is incorrect.

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Editor's response;

Seymour's observations were forwarded to Martin for his response, but in the meantime my two pennorth!

All sorts of wonderful things can be 'proved' when juggling mathematics. On the one hand we have a SMARTie who has used maths to prove that Bookie X is the best one to use for the given circumstances, another makes a mathematical case for the opposite view.

A clear and clinical maths viewpoint can often clash with what happens in the real world.

Some time ago now, in the days when all off-course betting carried a 10% tax, Derek McGovern made a case in the Racing Post that pre-

paying tax was ALWAYS preferable to paying tax on winnings. I responded to the article in a letter to him at the 'Post pointing out that pre-payment of tax was only useful to those who could turn in a long term profit. And, given that the majority of punters made overall losses, such 'tax-paid on' advice was perhaps unwise, at least without a little further explanation.

He returned to the subject in print, and referred to my letter amongst others – calling the writer of the proposal (yours truly!) a 'moron' (or something similar). At least he didn't name me for all to see, perhaps I should be grateful for small mercies. His mathematical argument went as follows;

Two off-course punters have 10 x £10 bets on the exact same horses, one pre-pays the tax, the other does not. But at this stage his comparisons become rather, shall we say, manipulated.

He reckoned that a £10 bet for the non-tax payer would be £10. Whereas a £10 bet for the 10% tax-paid on punter was assumed to be £9.09 + 91p tax = £10 Total.

Under such conditions if all 10 bets lose, both punters are down by an equal amount. However, with any winner in the tax pre-paid punter gains over his 'pay tax on winnings' colleague. The more winners that are found the greater the advantage becomes.

The point McGovern's analysis makes I assume, is that a 'true' comparison must compare not bare stakes, but the amount of money laid out by each of our punters. Like for like.

However, my like for like is based on the stakes employed, as I'm sure it is in the real world. A 10% tax payer putting £10 on a horse pays out £10 + £1 tax = £11.00 total. If all the series of 10 bets lose, our 'tax paid on' man in this situation is 10 x £1 = £10 worse off than the guy who prefers paying tax on his winnings. In this situation the tax-paid-on man will only benefit from his tactic over his rival in situations where the LSP of the sequence is profitable. Any level stake loss sequence it is preferable to opt to pay tax on winnings.

The McGovern example suggests that a tax pre-payer might place a

£100 win bet at the racetrack, but if he were in the bookies he'd stake £90.91 win + tax instead! . . . or . . . if he has a £100 + tax bet in the bookies, his corresponding bet on-course would be £110.

There are I'm sure (at least in the rational world) arguments to favour either methodology, but for the casual onlooker it can be very confusing. The original comparison was a punter who pays tax with his stake against one who pays tax on his winnings. A £10 bet for one would be £10 + tax, for the other it would be the straight £10. McGovern and Seymour both make their comparisons not stake versus stake, but stake versus (stake + tax).

Back though to the discrepancies between Seymour and Martin Ray's analyses of the same situation.

Seymour equates the profits to returns against (stake + tax). Whereas Martin's table last month, showing a 1.91 return for a 1 point, 9% tax pre-paid stake on an even-money shot. By using the same ground rules, what his table *actually* tells us that the 1.91 is the return from a 1 point + .09 tax (= 1.09 total stake). This offers a completely different ROI%

Issues in this area can be proved or disproved depending upon how you construct your initial argument. Comparisons though can get very confusing if the goal posts from which we base our calculations are being moved. The burning question is I guess, is Seymour right? Is Martin right? Are they both right? Or are they both wrong?

Derek McGovern of course will 'know' the answer. But in his world I fear there are only two kinds of people, those who agree with him, and those who are wrong.

What do you think?

∨

Response from Martin:

Thanks for getting in touch and giving me the chance to respond to the points raised by Seymour. Thanks also to Seymour for taking the trouble to present a different point of view.

VARIABLE TAX RATE RETURNS

Martin Ray

A s Stef points out, the tax return tables I submitted to SMARTsig were based on paying tax on. I decided to analysis a years worth of bets for one of the systems I use looking at Tax Free, Tax Paid on and off. The results are as follows.

	Return	Stake	Profit/Loss
Tax Free	2031.406	1880	151.4061
Tax On	2031.406	2049.2	-17.7939
Tax Off	1848.58	1880.00	-31.4205

376 Selections ~ 101 Winners ~ 5 point flat stakes

In this instance I make a better profit by paying Tax on as against tax off.

However, it may be that had my selection process looked at different criteria, I may well have seen that I had higher priced winners and a lower winning percentage. If I then looked at the figures, I may well indeed have found that Tax off was the better option.

My suggestion is, analyse your bets to look at the best alternative for you to use to maximize your profits.

If you do decide paying Tax Off then please feel free to use the following table;

Tax-Free	Tax-Free	2% tax	2.5% tax	3% tax	5% tax	9% tax
3/4	1.75	1.74	1.73	1.73	1.71	1.68
16/5	4.2	4.14	4.12	4.10	4.04	3.91
19/20	1.95	1.93	1.93	1.92	1.90	1.86
17/10	2.7	2.67	2.66	2.65	2.62	2.55
13/10	2.3	2.27	2.27	2.26	2.24	2.18
17/4	5.25	5.17	5.14	5.12	5.04	4.87
3/10	1.3	1.29	1.29	1.29	1.29	1.27
1/8	1.125	1.12	1.12	1.12	1.12	1.11
2/9	1.22	1.22	1.21	1.21	1.21	1.20
1/4	1.25	1.25	1.24	1.24	1.24	1.23

Tax-Free Odds	Tax-Free Return	2% tax	2.5% tax	3% tax	5% tax	9% tax
2/7	1.29	1.28	1.28	1.28	1.28	1.26
1/3	1.33	1.32	1.32	1.32	1.31	1.30
4/11	1.36	1.35	1.35	1.35	1.34	1.33
2/5	1.4	1.39	1.39	1.39	1.38	1.36
4/9	1.44	1.43	1.43	1.43	1.42	1.40
1/2	1.5	1.49	1.49	1.49	1.48	1.46
8/15	1.53	1.52	1.52	1.51	1.50	1.48
4/7	1.57	1.56	1.56	1.55	1.54	1.52
8/13	1.62	1.61	1.60	1.60	1.59	1.56
4/6	1.67	1.66	1.65	1.65	1.64	1.61
8/11	1.73	1.72	1.71	1.71	1.69	1.66
4/5	1.8	1.78	1.78	1.78	1.76	1.73
5/6	1.83	1.81	1.81	1.81	1.79	1.76
10/11	1.91	1.89	1.89	1.88	1.86	1.83
Evens	2	1.98	1.98	1.97	1.95	1.91
11/10	2.1	2.08	2.07	2.07	2.05	2.00
6/5	2.2	2.18	2.17	2.16	2.14	2.09
5/4	2.25	2.23	2.22	2.21	2.19	2.14
11/8	2.38	2.35	2.35	2.34	2.31	2.26
6/4	2.5	2.47	2.46	2.46	2.43	2.37
8/5	2.6	2.57	2.56	2.55	2.52	2.46
13/8	2.63	2.60	2.59	2.58	2.55	2.48
7/4	2.75	2.72	2.71	2.70	2.66	2.59
15/8	2.88	2.84	2.83	2.82	2.79	2.71
2	3	2.96	2.95	2.94	2.90	2.82
11/5	3.2	3.16	3.15	3.13	3.09	3.00
9/4	3.25	3.21	3.19	3.18	3.14	3.05
12/5	3.4	3.35	3.34	3.33	3.28	3.18
5/2	3.5	3.45	3.44	3.43	3.38	3.28
11/4	3.75	3.70	3.68	3.67	3.61	3.50
3	4	3.94	3.93	3.91	3.85	3.73
10/3	4.33	4.26	4.25	4.23	4.16	4.03
9/5	2.8	2.76	2.76	2.75	2.71	2.64
7/2	4.5	4.43	4.41	4.40	4.33	4.19
1/5	1.2	1.20	1.20	1.19	1.19	1.18
5	6	5.90	5.88	5.85	5.75	5.55
13/5	3.6	3.55	3.54	3.52	3.47	3.37
4	5	4.92	4.90	4.88	4.80	4.64
13/2	7.5	7.37	7.34	7.31	7.18	6.92
9/2	5.5	5.41	5.39	5.37	5.28	5.10

Tax-Free Odds	Tax-Free Return	2% tax	2.5% tax	3% tax	5% tax	9% tax
8	9	8.84	8.80	8.76	8.60	8.28
11/2	6.5	6.39	6.36	6.34	6.23	6.01
10	11	10.80	10.75	10.70	10.50	10.10
12	13	12.76	12.70	12.64	12.40	11.92
9	10	9.82	9.78	9.73	9.55	9.19
7	8	7.86	7.83	7.79	7.65	7.37
6	7	6.88	6.85	6.82	6.70	6.46
11	12	11.78	11.73	11.67	11.45	11.01
15/2	8.5	8.35	8.31	8.28	8.13	7.83
1/6	1.17	1.17	1.17	1.16	1.16	1.15
16	17	16.68	16.60	16.52	16.20	15.56
14	15	14.72	14.65	14.58	14.30	13.74
7/5	2.4	2.37	2.37	2.36	2.33	2.27
15/4	4.75	4.68	4.66	4.64	4.56	4.41
21/10	3.1	3.06	3.05	3.04	3.00	2.91
19/10	2.9	2.86	2.85	2.84	2.81	2.73
23/10	3.3	3.25	3.24	3.23	3.19	3.09
7/10	1.7	1.69	1.68	1.68	1.67	1.64
19/4	5.75	5.66	5.63	5.61	5.51	5.32
21/20	2.05	2.03	2.02	2.02	2.00	1.96
14/5	3.8	3.74	3.73	3.72	3.66	3.55
15	16	15.70	15.63	15.55	15.25	14.65
25	26	25.50	25.38	25.25	24.75	23.75
50	51	50.00	49.75	49.50	48.50	46.50
80	81	79.40	79.00	78.60	77.00	73.80
100	101	99.00	98.50	98.00	96.00	92.00
20	21	20.60	20.50	20.40	20.00	19.20
22	23	22.56	22.45	22.34	21.90	21.02
28	29	28.44	28.30	28.16	27.60	26.48
40	41	40.20	40.00	39.80	39.00	37.40
33	34	33.34	33.18	33.01	32.35	31.03
18	19	18.64	18.55	18.46	18.10	17.38
66	67	65.68	65.35	65.02	63.70	61.06
125	126	123.50	122.88	122.25	119.75	114.75
16/1	17	16.68	16.60	16.52	16.20	15.56
9/10	1.9	1.88	1.88	1.87	1.86	1.82
1/10	1.1	1.10	1.10	1.10	1.10	1.09
1/7	1.14	1.14	1.14	1.14	1.13	1.13
85/40	3.12	3.08	3.07	3.06	3.01	2.93
3/5	1.6	1.59	1.59	1.58	1.57	1.55

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