

SMARTsig Confidential 7.07, July 2000

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*August 2000, issue 7.08, is scheduled for
posting on August 3rd.*

SMART UP FRONT

The intelligent choice

Gone Fishin'

Although I've not been for many years now, I am one of that breed who make up what is - or at least what used to be - the UK sport with the highest number of active participants. I'm a fisherman. My participation may have lapsed over recent times, but there is no such thing as an ex-fisherman. All my ancient tackle is still stored away and one of these days . . .

Nine or ten-years old I suppose I'd have been, when a pal offered to loan me a spare rod and I accompanied him to our local reservoir. After half-an-hour or so my first ever catch was plunging away into the deeper part of the water and my borrowed rod was bending under the strain.

The adrenaline rush and excitement of that moment with live in my memory forever. So too will be the chastisement of the more accomplished fishermen around at all the noise and general shrieking coming from my direction! Whether I realised it at the time or not, I'd been hooked with a passion which would remain with me for many years. Hooked just as surely as that little 6oz. roach which had set my pulse racing all those years ago.

My particular interest was coarse fishing, none of this fly-tying malarkey for me, or standing on the wide-open beach or the end of the pier. Mind you, sea fishing for a North Nottinghamshire lad was hardly an option, the nearest coastline being some 80 miles away!

Competitive angling wasn't my scene either, where bank position are drawn from a hat and between official start and finish times he who catches the most wins. Nor was I a specimen-hunter, who may be observed tiptoeing along the water's edge with bits of undergrowth sticking out of their already well-camouflaged clothing.

No, for me there was nothing I liked better than to be alone. I found the peace, quiet & solitude of an isolated inland waterways to be very therapeutic.

There are so many things involved with coarse fishing that will never be fully understood by those who have never had the bug. Sitting on a river bank for several hours without catching a thing – enjoyment? Even when you do catch something you put it back – why bother if you're not even going to eat it? No good my trying to explain, if you're not a fisherman you just wouldn't understand.

A non-fisherman could perhaps feel sorry for those with an empty net after several hours at the water's edge. So, out of the goodness of his heart he fills a one-foot deep pond with crystal clear water and then stocks it to bursting with big healthy, and probably very stupid, fish. So much so that virtually every cast of the rod a fish will be hooked within a minute. Has he created fisherman's heaven that will have them queuing for day tickets? Not likely!

The fishermen amongst you will well understand that the above situation is not one conducive to a good day's sport. Being a fisherman is about the hunter and the hunted. The harder they are to catch, the better is the feeling when the timid prey is eventually outwitted. The coarse fisherman's pay-off is not financial, nor is it culinary, it is spiritual. But a horseracing fan, now there's a different thing altogether!

Now SMARTsig members come in many different flavours. Some may find this difficult to believe but we have subscribers who never visit a betting shop, they have no telephone accounts and in fact just do not bet – ever. Yet they renew their subs year after year and send in the occasional words of wisdom for publication. Their interest is purely an intellectual one.

They enjoy beating the bookie, but they do it all on paper. These few do not need or lust after financial gain from their endeavours, they profit just from 'doing' it. And if picking winners was easy, much like the pond full of easy-to-catch fish, they would look for their intellectual stimulation elsewhere.

For the vast majority of SMARTsig members however, although picking winners and achieving profits may well bring its associated psychological benefits, the proof of the pudding to these people is "can I make this profit in the real world, with real money?"

And for the majority who do place the financial outcome high on their agenda, the offer of a pond brimming with fish, or a bucket full of easy to find winners would be welcomed with open arms. Yes please!

The press make an attempt to make fishin' for winners a little easier by employing an expert team to give their selections for each day's racing. Essentially, if you put £1 on every runner on the day's card you would likely lose a great deal of money.

On the other hand, if you put £1 just on each selection given by the experts you would (should?) lose rather less. This is not simply that you're staking less money, the percentage return should improve too. It's a policy which will not make you rich, but perhaps a step in the right direction.

If it is true that the newspaper selections give a better return than would be the case by backing every runner, then by restricting your own selections to just those horses named by the experts, your strike rate should improve too. (if they can't give a better return - then why on earth would the newspaper employ them?)

Backing every runner may yield an overall loss of say 40% of money staked. Backing every newspaper selection may yield a loss of say 20%. It stands to reason then that a random selection from the newspaper tips is likely to fare better than a random selection from the entire race card.

If only those newspaper tipsters could show a regular 20% profit though . . . just think, we'd all be fishin' in the one-foot deep clear pool full of easy to catch fish.. It would be impractical to back every tipster's choice from the paper, but knowing that even a random selection from this source will give an average of +20%, is a platform many of us would just love to be working from.

This concept however is perhaps not a million miles away, it is something we've been discussing behind the scenes of the email tipping competition - *Tippingcomp*.

It has become obvious that a good few players in the competition have displayed the skills necessary to put forward first-class and consistently profitable selections. What if, we thought, we could harness this information source for use by others?

Pooling the thoughts of several individuals is nothing new. The benefits though are that if one or two are having a poor run, the others should be in a position to keep 'the whole' in good shape. The important thing is that those populating this information 'team' should be able to show profits consistently.

The name of 'Form Alliance' (FA) has been suggested for the project and discussions are continuing. A trial dry-run has already been conducted where the 'cream' of the tipping competition players were segregated - at least on paper - which proved to be a very profitable experiment.

It may be that the 'output' from this Form Alliance would be in the form of the individual suggested bets from a dozen or so Alliance members – producing perhaps far too many bets for an individual to comfortably cope with. But by working on the premise that if the base line 'backing-all' figure is a profitable one, then any sub-group of selections made from such a pool will also be as profitable – on average.

There is a report from one of the players in the *Tippingcomp* (Peter Orchard) in this issue beginning on page 41. In the meantime I'll report back as soon as more details are finalised.

- Stef



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It is necessary to abide by a few sound rules when speculating. Whether you're trading the markets or backing horses be sure you're not caught out.

AVOIDING WHIPLASH

Jacques Black

The two articles on share trading by William Hutton and the esteemed SMARTsig editor on pages 67 to 71 of last month's SMARTsig (issue 7.6) raised a number of points worthy of comment.

First of all, I would disagree strongly with Mr Hutton's conclusion that you need "... at least 10 (and preferably 20) years of racing results" before you can be sure that you have a winning system.

Established statistical techniques can be applied to assess, with a reasonable degree of confidence, whether a system is viable based on no more than 30 bets, as I set out in SMARTsig a couple of years ago in two articles entitled "How Do You Know You're a Winner?"

***Couple of years? That first appeared in issue 2.04, April 1995.
Doesn't time fly when you're enjoying yourself? - Stef***

Indeed, I would go as far as to say that, if you can't be reasonably confident of the viability of a system *without* 10 or 20 years results, then the system is so marginal that it will probably be better not to bother with it at all.

In "The Ups and Downs of Share Trading", the story is related of a SMARTsig member who was stopped out of a profitable position on Safeway shares by a single rogue quote which occurred at 14:55 on February 25th 2000. In addition to the three lessons set out in the conclusion of this article, I would add two further conclusions:

- never set an automatic stop loss which allows a spread firm to close out your position based on a single aberrant price; and
- always have more than enough margin to absorb significant negative fluctuations.

A corollary of these two rules is that a speculator should always bet well within the limits of his or her risk capital, placing no more than 5% at risk on any trade.

In the Safeway case, it would have been preferable to bet less than £200 per point, without the safety net of an automatic stop loss.

Clearly the gains would be less if things go well, but at the same time you're securing yourself against getting whiplashed out of a winning position as happened in the case of the Safeway bet.

The whole story brings to mind some words written by Edwin Lefevre in *Reminiscences of a Stock Operator*, undoubtedly one of the classics of financial speculation. It is the autobiographical account of how Larry Livingstone (in real-life the legendary speculator Jesse Livermore) made and lost millions on the rollercoaster of Wall Street at the turn of the last century.

In the opening chapter, Livingstone relates how he started trading in share bucket shops in the 1890s and had to guard against the unscrupulous countermeasures they took against winning punters.

Bucket Shop Drive

"In the old days," he writes,
". . . whenever a bucket shop found itself loaded with too many bulls on a certain stock it was common practice to get some broker to wash down the price of that particular stock far enough to wipe out all customers that were long of it.

This seldom cost the bucket shop more than a couple of points on a few hundred shares, and they made thousands of dollars.

Whenever there was an unexplained sharp drop which was followed by instant recovery, the newspapers in those days used to call it a bucket-shop drive."

Of course, nothing like that would ever happen these days
- would it?



With golf, as with virtually every other form of betting these days, the bookmakers offer an ever increasing choice of products. Our golf master-class attempts to sort which ones to go for and which to avoid.

GOLF VALUE BETTING

Derek Fearnley & Scott Miller

We've talked in past articles about finding value. At the four majors throughout the golfing year the spread firms and bookmakers concoct a bewildering array of markets and books to tempt you to part with your cash – finishing positions, 18 and 72 hole match bets, group betting and indices abound, as well as numerous specials.

What will Tiger shoot in round one, odds on various players to make the cut, finish in the top 10 . . . too many to possibly analyse in a short space of time.

Whatever you look at though, you must ask yourself are you getting value?

What to Avoid

As we've mentioned in previous articles, 18 hole betting is a risky proposition. Without proper analysis of the players involved it is best left alone. Over the duration of each tournament there are a number of markets and books that can offer better value and consistent, if smaller winnings.

There is nothing to beat the feeling of picking a 50/1 winner of a tournament, but fixed odds outright betting really does require a long-term approach. Limiting the number of players in direct competition to the player you back or oppose makes your job a lot easier.

It often pays to look for players who are playing badly or who have performed badly on certain courses.

Match Betting

One of the most favoured betting opportunities, and perhaps the easiest is match betting. So easy that many bookmakers no longer price up any matches, except for the majors and bigger tournaments. Hills, Corals and most recently Stanley's have stopped taking bets, simply because they lose money. This in itself should tell you something. It is likely that match betting is a loss leader for many firms, something they use to attract you to bet on other golf markets, and indeed, other sports as well.

If the thought of backing players at odds on in match bets doesn't appeal, you can always check out the spread firms match ups. They quote supremacies in the number of shots player A will beat player B by, to a maximum of 25 shots, over 72 holes. However, compared to the fixed odds firms on a week-to-week basis there are far fewer match bets with the spread firms.

Also, there is the possibility of lumping on one player who has a supremacy of say 2 shots over his rival, only for him to win by one shot with you ending up with a one point loss. The same match up with the fixed odds firms will result in you winning, regardless of the margin, and by using the internet you may be able to get 9/10, 10/11 or even even-money on your selection, and tax free.

With some research, and the willingness to shop around you will find mismatches galore.

At last month's US Open, we found Faldo versus John Daly, both golfers struggling both on and off the course in the last couple of years. However, bad as both players may be, we were strongly with Faldo. His mental toughness and his desire to win are as strong as ever, whereas Daly is renowned for throwing in the towel, and has always played tight courses badly.

The result – Faldo has his first top twenty place of the year, and Daly withdraws after one round when in last place (including a closing 14 on the 18th!)

Each week we'll be publishing a recommended match bet on our

web site. We're not saying they'll all be winners, but we have managed to return 73 per cent on stakes to date this season.

Spread Indices

This is very straightforward. Pick out the player(s) who are expected to do well or badly.

But how do we know if we are getting value for money between the spread firms? A simple calculation can work out the margin the spread firm makes on the market. Take the following example from City Index for last month's US Open.

City Index European 7 (50:25:10)

	Sell	Buy	Mid		Make Up	Buy Profit	Sell Profit
Parnevik	16	19	17.5		0	-19	16
Garcia	14	17	15.5		0	-17	14
Westwood	14	17	15.5		25	8	-11
Clarke	12	15	13.5		0	-15	12
Jimenez	8	11	9.5		50	39	-42
Olazabal	6	8	7		10	2	-4
Langer	5	7	6		0	-7	5
TOTALS	75	94	84.5		85	-9	-10

At first it appears as though there is not much downside or upside whether you buy or sell.

For a one point buy of all seven players you will incur a nine point loss, a ten point loss if you sell. However, working out City's margin in a field of seven players provides a truer picture of whether there is value.

Margin = (total of buy prices - total of sell prices) / total points available

$$\begin{aligned} &= (94 - 75) / 85 \\ &= 19 / 85 \\ &= 22.40\% \end{aligned}$$

With so many markets around, especially at the majors, it is sometimes easy to get caught up in the excitement and place bets willy-nilly without thinking about the value.

Even in the above example, by removing Garcia from the equation, a player we happily opposed in some match bets, the margin only comes down to 18.82%.

The trouble here is that as each spread firm produces different indices, it is quite rare to get the same 7 or 10 players in the same index of two different firms.

If you only ever remember one thing, then remember this;

“Leave nothing to chance, and if you’re in any doubt, don’t bet.”

It’s an obvious thing to state but one that needs re-iterating here, in that these markets can be very volatile. In fixed odds we can lump on our chosen fancy, and have a saver or two on a couple of other selections. Here, we must be sure about our research in eliminating and selecting players.

It is no good to simply dismiss a couple, and favour a couple. This still leaves three players, who could all perform well, scuppering any profits for buyers, or who could play poorly, leaving less chance of a profit for sellers.

The simple rule here is to price up the chances on all the players in the index. Leave nothing to chance, and if you’re in doubt, don’t bet.

The Open

It is often said that you have to serve your apprenticeship before

winning a major, perhaps more so in the Open. Players who are consistent performers in regular tour events may find themselves listed in potential staking plans, but there comes a point for these players new to major championship contention, either in the third or final round, when they realise where they are and buckle under the pressure.

This list is quite impressive:

Van de Velde last year;
Parnevik and Clarke in 1997;
Michael Campbell in 1995 at St Andrews;
Parnevik for the first time in 1994 when he lost out to Nick Price;
Price himself back in 1982 at Troon was leading before throwing it away in the last six holes;
Faldo was in contention in 1983, fell away, and has since gone on to win three Open Championships.

History is against first time major winners as well, with the last five Open champions at the Old Course all having won at least one major before teeing up (Nicklaus '70 & '78, Ballesteros '84, Faldo '90 and Daly '95).

There are such subtle nuances that there is no substitute for the experience of playing at St Andrews, especially under pressure.

The Winners Are . . . ?

The last first time winner of a major at St Andrews was Tony Lema back in 1964.

One player yet to win a major who will undoubtedly challenge is New Zealander Michael Campbell. He cracked at St Andrews in 1995, and was nowhere to be seen for years, until he started looking like his old self in the latter half of 1999. After four tournament wins since last November he is now becoming a major player and a certainty for the Presidents Cup. His control of the ball is superb in windy conditions (something which will almost certainly be a factor); he has the patience and is certainly one to watch.

Second to Woods at Pebble Beach last month was Ernie Els. There seems to be no consistency with his form from one week to the next, except the majors. At 30 years of age, and with two majors to his name, he now realises that great players are only deemed great by the number of majors they win.

Second at the Masters, second at the US Open, Els freely admits that if Woods plays like he can no-one can touch him. The only player this year who raises his game to at least try and compete is Els, and with excellent performances at St Andrews helping South Africa to the Dunhill Cup in '97 and '98, he certainly knows his way around the Old Course. Currently second favourite at 20/1 with Hills, he is certainly worth considering.

Of the American challenge, it will be difficult to see past Tiger Woods. At such a short price he may be prohibitive to back, but after his US Open performance it would be foolish to ignore him.

But there is hope, and it lies with Surrey's handicap betting. Typically they will price up most of the field at 66/1, with Woods off scratch and the outsiders receiving gradually more and more shots of a start. It remains to be seen how many shots Tiger will be giving away, as at the time of writing it is 20/1 bar the field, such is his dominance.

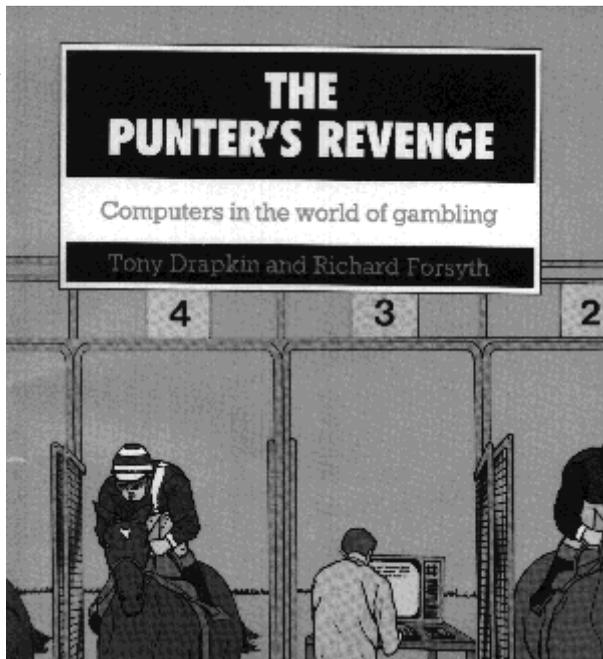
With the convincing way he won the Masters in 1997 by 12 shots, and by 15 shots at last months US Open, an each way stake could pay dividends, as it is difficult not to see Woods challenging. If he is giving away less than ten shots, get on!

Watching one player walk away with any title unchallenged does not make for good viewing, unless of course you're on him at 66/1.

***Written by Derek Fearnley and Scott Miller of www.sports-betting.co.uk
Their golf newsletters for each US and European Tour event are available
each week. Contact them via their web site or on 020 8364 2445.
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The final installment of our Punter's Revenge serialisation.

Summarising the main points made in earlier chapters, more money management and artificial intelligence.



THE PUNTER'S REVENGE (Serialisation part XXII – Chapter 12)

Tony Drapkin & Richard Forsyth

12 The art of being lucky

In this chapter we conclude by drawing together the main themes of the book, and present some general guidelines on the scientific approach to gambling.

12.1 The gambling industry

It is very important to 'know your enemy', as it were. Gamblers do not operate in a vacuum, closed off from society at large, even if they sometimes seem to inhabit a peculiar private world. They need someone to accept their wagers. Most of the time that means one of the large bookmaking companies. These firms are not in business for fun: they are out for a return on capital employed, in the classic

capitalist tradition.

It has been said of British restaurants that we in this island get the catering we deserve. There is more than a garlic-clove of truth in this remark. In France, people are educated to expect high-quality cooking and would kick up a tremendous Gallic fuss at some of the pap that passes for food in this country. The British, on the other hand, know no better, and meekly lap up what is placed before them.

Much the same can be said of betting. On the whole, we get the bookmakers we deserve. If the public cannot tell an overround book (at 115%) from a complete rip-off (at 150% and upwards) what incentive do the bookmakers have for staying on the straight and narrow? The unfortunate truth is that most punters wouldn't know a fair bet if it came up and bit them on the ear.

The Government can slap on fresh taxes, the betting shops can hike their margins, and still the great punting public rolls up to the counter with cash in hand. Apart from one or two outraged racing journalists, nobody seems to notice when the bookies go 'over the top'.

This suits the bookmakers very well. They do not really want smart alecs who study the form seriously and know a value-for-money bet when they see one to monopolise the winnings, because if word leaked out that gambling required skill and judgement, it might discourage the vast majority who merely want a 'flutter'.

In the bookmakers' ideal world, all gambling would aspire to the condition of bingo. The skill required by this game can be mastered by a normal ten-year-old child, and after that it is purely a matter of luck. People come along for the atmosphere and the organisers rake off a steady, predictable percentage of the takings.

The beauty of bingo, as far as those who run it are concerned, is that anyone can win. You can look at a big winner and say, truthfully, to yourself 'if it can happen to him (or her) it can happen to me'. It certainly can; but the probability is that it won't.

The Government is quite happy to connive at this state of affairs. As long as the tax revenue is maintained, or increased, they have few qualms about soaking the punter. There are, of course, various legal checks on how bookmakers can operate, but the example of the football pools shows how flimsy such punter protection can be.

The levy on football pools has risen and risen over the years till it now stands at 42.5% - effectively making the pools companies into extensions of the tax collection service. But lo and behold! The public keeps on coming back for more punishment.

So long as the top prize remains enormous in relation to the average stake, people seem prepared to go on losing week after week. This is depressing not only for the professional gambler, but for the part-time punter who wants a fair contest of wits. So the scientific gambler is faced on all sides with the encroachment of junk betting' just as the gourmet faces the incursion of junk food' eating houses which are displacing restaurants all over the country.

Remember that the major betting organisations are not, for the most part, run by men with the turf in their blood any longer. They are, like much of UK industry, parts of larger conglomerates. They see themselves as being in the 'leisure industry' which encompasses hotel chains, tourist agencies, cinemas, fast-food outlets and much else besides.

What the sober-suited men at the top care about is a healthy balance sheet at the end of the financial year. The only kind of gambling that truly concerns them is the sort of speculation that goes on in the City.

But capitalism has its virtues as well as its vices, and if the majority of punters were well-enough educated to perceive a reasonable bet and bold enough to demand it, that demand would be met - if not by the major chains then by competitors who would spring up to satisfy that market.

We hope that this book will play a part in that education process, helping to halt the slide from informed gambling to mindless punting that has taken place over the past twenty-odd years.

12.2 Money management

Assuming that skilled gambling survives the rising ride of pure-luck lotteries, the astute gambler will need to know the fundamentals of money management. This is a topic we have touched on already, in Chapter 6, when dealing with losing runs; but it deserves fuller treatment.

Successful money management demands realism, so the first step is to forget all your aspirations towards fabulous jackpots. No gambling system on earth can guarantee a steady stream of successful 66/1 outsiders, if that is what you are after, especially if you want them linked up in a fourfold accumulator, you are living in dreamland.

The proper attitude is the attitude shown by the bookmakers themselves in the way they conduct their business. They are seeking a return on their investment, and so should you.

If you are a real professional gambler, you are only reading this book for amusement, but if you are an amateur who nevertheless takes gambling seriously as an interesting and profitable sideline, you will have to make your plans just as if you were embarking on a part-time business venture.

To give an illustration: suppose you decide to develop a fixed-odds football forecasting system on your computer - possibly building on the foundations laid in Chapters 8 and 9.

First you will have to cost your time. You will arrive at a time budget rather like the following.

Entering data	1 hour per week
Checking data	0.5 hours per week
(If you don't check it at once, you probably never will.)	
Running the program	0.5 hours per week
Filling in coupon	0.5 hours per week
Visiting betting shop etc.	0.5 hours per week
Further research and development	2 hours per week

You have just set aside five hours of your time every week, during a

39-week season. Two hours of that is for further development and exploration, but this is absolutely vital because you are aiming at a moving target.

The world does not stand still. The football league has altered its structure and points-system in the past and will no doubt do so again in the future. Teams adopt and discard attacking and defensive fashions of play.

The bookmakers monitor and adjust their own practices and rules. New taxes are imposed from time to time. In short, you must expect the unforeseen. Even a successful system will not go on delivering the goods for ever.

If you cost your time at £8 per hour, you are already clocking up £40 per week - a substantial investment.

Next you must add in your other outgoings, You will need to keep abreast of the results, and that means a newspaper bill which will not leave much change from £4 a week. There is also the little matter of floppy disks and printer paper to take into account, even though we are writing off the cost of the computer against other activities. It is easy to neglect these things, but if you sit down and do your sums you will find that they do add up.

So you now know that you have to win at least £44 per week just to break even. This gives you a target to aim at.

To make £50 per week, which is a very modest profit indeed, you need a system that yields a 50% post-tax profit on turnover and an average weekly stake of £100. That is a pretty fantastic level of performance.

Alternatively you could make do with a more realistic aim of 20% post-tax profit on turnover provided you were prepared to stake £250 per week. You could even accept a more businesslike 10% profit margin with stakes averaging £500 a week.

Now you see the dilemma clearly. If you have £500 a week to spare, why bother with all this extra work on such a risky project? Why not

just spend the money on living well? Or invest it in a secure commercial enterprise?

From a gambling point of view, £500 a week puts you in rather dubious company. You are not quite up with the high-rolling sheikhs, but you have left the casual punter a long way behind. On any reasonable reckoning you would have to be prepared for a losing run of 10 weeks at the minimum, so this entails a starting bank of £5,000 or more.

You can attack this problem from several directions. The first and most common response is to devalue your own time. You say 'well, it's my hobby, I'll only count my time at £2 an hour', or words to that effect, At a stroke you have reduced your break-even level to around £15 per week, But the exercise has been worthwhile, because you have been forced to look at your gambling activities as a serious business proposition - and have recoiled in horror!

That's fine. It is up to you how you spend your free (or nearly free) time. But you must admit that you are not making money out of gambling in the same way as - let us say - IBM is making money out of selling computers. You are merely satisfying your pride by picking winners a bit more often than the next man.

The second way round the problem is to improve your forecasting program or system. We all try to do this all the time; but of course it requires a further investment of time, with no guarantee of a pay-off. Research of this kind can easily swallow up a lot more than the 2 hours a week we originally bargained for.

A third solution is to give up the idea altogether, Once again, this is a perfectly rational response to the situation. If you think you can make more money by taking a part-time job, or get more satisfaction by staying longer in bed each morning, you are entitled to do so.

A fourth response is to cut costs, though there is not much scope for this. The newspapers are relatively cheap, and the main cost is your time. We assume you are doing everything at a good pace anyway, but you will get a little quicker with practice.

So you end up trying to do a little of everything:

- (1) You accept somewhat a lower margin on turnover;
- (2) You work a bit faster;
- (3) You keep trying to improve your system;
- (4) You raise the stakes.

However, the fourth point - increased stakes - is the most dangerous. You only raise your stakes above pocket-money level after at least six weeks of low-level staking have convinced you that you are on to a winning proposition. And even then, you never put more than a tenth of your current balance (preferably only a twentieth) on a single bet.

It is even more important to limit your losses than to make a profit, because once your betting bank has gone you can never recoup your earlier investments. (And if you keep replenishing your betting bank from other sources of income, God help you! That really is the road to ruin.) So although the figures given in this section will not apply exactly to your individual case, the general principles will.

It is strange how bad luck seems to dog the footsteps of those who ignore the discipline of sound money management.

12.3 Respect for the data

We have considered gambling as a business. Now we will consider it as a science. All the difficulties described in the previous section are eased by having a better forecasting system, but you cannot expect magic.

What you can do is follow well-established scientific principles. You are engaged in an on-going research programme, and you should behave accordingly. The first thing to do is to look at how successful scientists behave. The second is to attempt to mimic them.

Let us take medical research as a case in point.

For many years the origins of Parkinson's disease (which affects the muscular co-ordination of sufferers and ultimately makes it

impossible for them to walk or speak) have been a mystery. It was labelled an 'idiopathic disease', which is a Greek way of saying that the scientists were baffled. But good scientists do not like being baffled, and some of them were determined to tackle the problem.

An obvious step was to eliminate various potential causes. Was it caused by a bacterial infection? No one could find any evidence of contagion. Was it caused by a virus?

Nobody could find any traces of a common virus in the corpses of dead victims, nor any obvious signs of the immune system responding to viral attack in the bodies of live ones. Was it, then, an inherited condition? This, until recently, was the most favoured hypothesis; but it was disposed of by an extensive study of twins. Identical twins have, the same genetic make-up, so if one inherited a predisposition to Parkinsonism, the other would as well.

However, the proportion of identical twins of sufferers who also had the disease was not significantly greater than the proportion of fraternal (non-identical) twins of sufferers who also had the disease - and very little different from the rate in the population at large.

Negative evidence is always disappointing, but it has its own value. In this case it set one team of researchers off on a hunt for environmental pollutants as a possible cause for the illness.

Eventually, after much patient sifting of evidence and many dead-ends, they found a common factor: all the localities they had identified where Parkinsonism was unusually frequent were near paper-pulping plants. They had not (and still have not) found the cause, still less a treatment, but at last, after literally centuries of fruitless investigation, they were on the right track in the search for a way of dealing with this crippling disability.

Now gambling on horses or football is not such a worthy aim as a cure for Parkinson's disease, but if you are going to do it at all, you might as well do it properly.

That entails treating the enterprise in a scientific spirit. It also means focusing your attention. No medical researcher tries to find the cause

of every disease under the sun: they concentrate on one or a few related maladies.

Similarly, you should home in on a particular form of betting and specialise in that. Let us say, for the sake of example, that you decide to specialise in predicting away wins in football matches where the odds on offer are 3/1 against or greater. These are games that the home side should win, or at least draw, and so most of them will not be away wins.

In fact, somewhat less than 20% will result in away wins. That is too few, but if you could get the proportion of your selections up to 25% you would be on to a bet that was profitable after tax (since average odds are bound to exceed 3/1); and at 30% you would be laughing. In other words, you only need a slight edge.

The first step is to shop around a little. On this particular score, a preliminary investigation has revealed that William Hill appears to offer slightly better odds against away wins in general than Mecca bookmakers (whereas Mecca tend to offer better odds with draws). If you were pursuing this line seriously you would want to compare the big four (Joe Coral, William Hill, Ladbrokes and Mecca) for a few weeks to see which offers the best prospects.

Then you collect a dossier containing a large number of such matches, several hundred at least. Initially this need not be on the computer at all. In fact there are some advantages in using a large notebook or ledger in the early stages, since it forces you to get close to your data. The computer cannot do your thinking for you, though it can be very helpful in testing your hypotheses at a later stage.

Once you have a sufficient number of examples, you start looking for ways of discriminating the real banker homes from the more dubious ones which may end in aways and draws. All you need to do is push the rate of home wins down from around 55% to under 50% in your chosen sub-group and the job is virtually done.

So you look for various tell-tale signs. You suspect that if the home team has just lost its last match, it is not quite so good as the

bookies think. Accordingly you classify the data into two groups, those where the home team lost its last game and those where it did not, But the proportion of aways turns out to be only marginally higher in the former group.

Don't give up yet: this is only the beginning. Try the away team's latest result. Then try them in combination: perhaps if the home team lost and the away side won, that may be a good sign. You find (let us suppose) that it is, but it is too rare to give enough bets each week. (These matches are by definition between a good home team and a poor away team.)

Never mind, you may well need several tests in the filtering process, and there are plenty of other variables to look at - league standing, FRAN rating and goal difference among others. This is exactly where the computer comes in: you supply the hypotheses and the machine runs over the data to check them.

Most of them will be wrong, but that's how it is in real life. You only need one or two hits among scores of misses and you have the basis for a winning strategy.

What this brief outline illustrates is the classic scientific method of conjecture plus refutation, You think up all kinds of stories to explain the facts and then try to refute them. The ones that stand up are more likely to be true.

The conjectural side poses very few problems. Most people can think up a dozen fanciful theories before breakfast. The refutation is where we all tend to fall down. It is fatally easy to keep elaborating a theory to fit the facts (see Chapter 10).

With a small sample you may find that if the home team lost its last game, it is a good predictor of an away win. As your sample increases, the rule becomes less effective, but you are already emotionally committed to your theory, so you look for a way to patch it up.

Eventually you decide that if the home side lost and the away side won or drew, that is good enough. Then more data arrives that does

not quite fit the pattern. Rather than starting again, you modify your rule with a couple of escape clauses.

You end up with a rule like: if the home side lost by more than one goal and the away side drew and there is an R in the month or the away side won and the home side lost or drew or the away team's name begins with a vowel or the home team scored an odd number of goals in its last two games, then forecast an away win.

Your rule will probably need repair every week.

Such over-elaboration is not unknown in the history of science, despite the long-established principle called Occam's Razor which states that entities should not be postulated unnecessarily and which is a bias towards parsimony. But if you indulge in these baroque explanations, you will not make any money.

Knowing when to abandon a pet theory, then, is as important as being able to construct theories in the first place. This is where respect for the data comes in,

You try to keep your data accurate; you try to pull in a large and representative sample; and you listen to what it is trying to tell you, rather than imposing your own ideas on it.

Respect for the data means, among other things, that you do not look at a 2-2 result which your system picked as an away win and say: what a near miss. Nor do you count a horse beaten by a short head into second place as 'nearly a winner' just because your program selected it.

If you have a fair-sized sample these marginal cases will cancel themselves out, so you must accept even the borderline decisions of the ultimate referee, reality, with a good grace - however much they go against your preconceptions.

You do not need to be the world's greatest statistician, but you do have to have a healthy respect for the way things pan out on the day. Abandon that, and you are back in the dark ages of witchcraft and superstition.

You also need the perseverance to keep worrying away at the data like a dog with a bone in its mouth until the treasure falls into your lap.

12.4 Artificial Intelligence and animal cunning

Speaking of dogs brings us on to the subject of Artificial Intelligence (AI). One of the most interesting developments to come out of AI in the past decade is the Expert System.

As we saw in earlier chapters, an expert system shares many of the characteristics of a human expert - including the ability to handle uncertain inference in ill-defined situations, by means of Fuzzy Logic or probabilistic reasoning.

Figure 12.1 sketches the component parts of a typical expert system,

When an expert system is being developed for use in prospecting for precious ores or diagnosing illness, the first thing the designers do is interview a human specialist who can do the job with a high degree of skill. The expert's knowledge is then codified and refined for use by computer. Why not do the same with, say, horseracing? There are an awfully large number of inexpert 'mug' punters; but there are also a few genuine professional gamblers who know the form and profit from it.

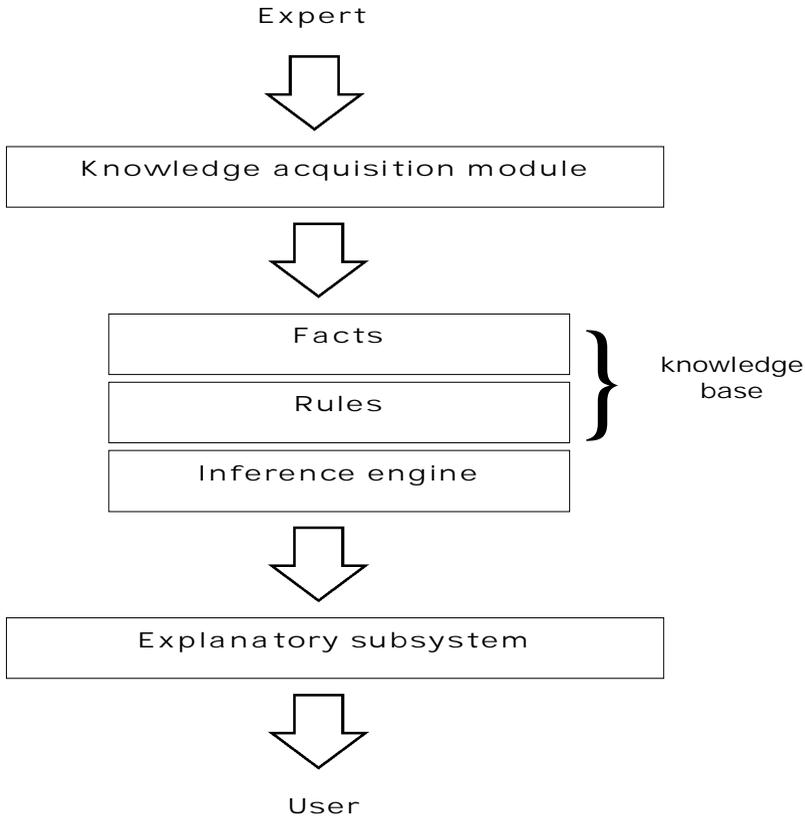
So far nobody has seriously tried this approach (or if they have it has gone unreported!). But there have been a few promising excursions into the area which suggests that the application of AI techniques to gambling could pay off rather handsomely, certainly for those who get in early. We consider one of them here.

12.4.1 A BEAGLE on the racetrack

A pilot study, with an evolutionary flavour, was carried out by the present authors. Here we used the BEAGLE learning system (Bionic Evolutionary Algorithm Generating Logical Expressions) on a sample of horserace data from the summer of 1982.

Figure 12.1 Expert Systems.

The typical expert system is really just a way of getting expertise from a human specialist to a user. The computer acts as a delivery vehicle so that the expert's skill can be disseminated more widely than would otherwise be possible



This data covered 159 horses from 51 all-age handicaps with ten runners or less, Only the top three horses in the betting forecast of each race were considered. The database was split into two parts, 99 records were used as a training set (for forming the rules) and the remaining 60 were used as test data, to see if the rules generalised to fresh examples. (This is good statistical practice.) Each horse was

measured on 18 variables, including the following:

SPEED	weight-adjusted speed figure for the horse
RATING	whether highest, next highest speed figure etc.
FC	position in betting forecast
LAST	place in last outing
LASTONE	place in last but one outing
LASTTWO	place in last outing but two
DAYS	days since last race
PEN	weight penalty, if any, added for a recent win
SPOTFORM	Daily Mirror Spotform in rank order
BTN	distance beaten in best recent performance
GOING	1 if the horse had won on the prevailing going in the past two seasons, otherwise 0
WT	weight carried
DIST	distance of the race in furlongs
SF	stable fancies (according to the Daily Mirror) coded as:
	1 - strongly fancied (SF), 2 - fancied (F), 3 - each way chance (EW)
	6 - no fancy (blank)

In addition, variable WIN was used to record whether the horse won.

The BEAGLE program uses an evolutionary learning scheme like that outlined in Section 11.2.4. When given the horseracing data it came up with rules such as (SPEED > 60) and (WT > (SPEED * 2.18)) which between them help to distinguish likely winners from losers. Its best rule set contained four rules (shown below). These four rules are used jointly to give a 'signature' or 'fingerprint'. That is to say, if rules 1 and 3 were true and rules 2 and 4 false the signature would be the binary number 1010 or 10 decimal. This index 10 points to position 10 in a table where information about that particular configuration of rule values is accumulated.

Applied to unseen data by the LEAF module (Logical Evaluator And Forecaster) the BEAGLE rules were correct 73% of the time. Of course, you can be right 72% of the time simply by saying No, since most horses lose, so this is not at all exciting. But an examination of the printout demonstrates that the rules were acting as an effective filtering system. BEAGLE only predicted one winner from the 60: it

duly obliged. This is a good sign because selectivity is the essence of scientific betting. You cannot expect to predict every race; the important thing, as we have stressed, is to wait till you find a 'racehorse among donkeys' and then strike. Moreover the program's top 11 forecasts contained five winners. In other words the horses in the 0.3175 probability group did rather better than expected.

Looking at this from the other angle the number of winners out of the bottom 31 was only three. The category in which all the rules were against a win, the 'no-hopers', contained only one mistake out of 22, a horse called Manilow - and who wants to win money backing a horse called Manilow?

So the rules are good at filtering out the rubbish. This in fact is their most valuable function. (NB The question marks in the forecast listing are put there by LEAF to warn about predictions made on the basis of small samples.)

All in all, therefore, there is evidence that a learning technique developed for AI research can pay its way on the racecourse. This is only a preliminary study, but the results are highly encouraging. (Note that the rules given in Chapter 7 are founded on a far larger sample and are hence more reliable.)

There is a wealth of techniques in the AI literature just waiting to be exploited. There are learning algorithms, pattern recognition methods, schemes for handling uncertain inference and much more besides. We have only scratched the surface here. Who knows what riches wait in store for the gambler well-informed enough to put them into practice?

Science is all about prediction; so is gambling. Yet the typical gambler works in a pre-scientific mode. The application of scientific principles (especially from AI) on a wide scale would transform the betting industry. But we can be sure of one thing: whoever gains as a result, the bookies won't be the losers!



SMARTsig would like to extend grateful thanks to co-authors Tony Drapkin & Richard Forsyth for permission in re-printing the contents of their excellent book.



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*The prospect of free money for betting is one that needs
broadcasting.*

PSSSST - WANT A FREE £50 BET?

Email Group

*From Graeme Shaw 20 June
Tue, 20 Jun 2000 15:37:35*

Don't know if you know this, but if you go to internet site
<<http://www.ladbrokes.com>>, then if you register before
the 2nd July, they give you a FREE £50 bet !!!

Now you have picked yourself up, believe me, its true!! The first bet
you place is no lose up to a maximum of £50 !!

I'm in a state of Euphoria at the moment, as I placed this morning a
£50 win on Nuclear Debate !!! Oh, so much pleasure actually getting
something for nothing out of our great adversary!!!

*. . . and again - just half an hour later . . .
Tue, 20 Jun 2000 16:02:02*

Just checked my account, and not only is it a no lose bet, but they
give you the value of your stake back also, so it is a COMPLETELY
free bet !!!!

"Heaven, I'm in heaven....."

*From Gino Galdez
Tue, 20 Jun 2000 18:18:53*

How do you get the £50 with Ladbrokes? Does that mean you have
to bet a £50 bet in just one bet? Just depositing £50 you get £50
back? Can someone please clarify me this matter?

*From Graeme Shaw
Tue, 20 Jun 2000 17:41:26*

Basically, when you register, you have to deposit money, a minimum

of £10 I think, but say you deposit £50. Then you treat your first bet as free. So if you bet £50 win on horse X at 2/1 :
Horse X wins, your bank grows from £50 -> £200.
Horse X loses, your bank stays at £50.

From Andrew Lawrence
Tue, 20 Jun 2000 18:47:46

Graeme - Are you sure? Shouldn't it be,

Horse X wins, your bank grows from £50 -> £150.
Horse X loses, your bank stays at £50?

From Andrew Paffett
Tue, 20 Jun 2000 20:22:18

You open a new account with Ladbrokes at www.ladbrokes.com/bet using your Switch card.

Stake £50 on the result you think most likely in the football match of your choice. They will instantly credit your account with a further £50 effectively giving you a free bet. The condition is that this £50 gift cannot be withdrawn but must be used for betting.

So, simply split the £50 gift into stakes on the other two possible results in the same match. Whatever the result you win and since the £50 gift has been used for betting, any money in your account may be removed.

To maximise the return for your anticipated result just stake enough to make the other two possible outcomes return £50 and put the remainder on your main bet.

From James Bridson
Tue, 20 Jun 2000 22:05:59

Andrew Lawrence wrote: <Are you sure? Shouldn't it be . . .etc>

Graeme is right. Ladbrokes terms and conditions say that they will refund the stake of your first bet (up to £50) irrespective of whether

you won or lost thus the stake is refunded *after* the return is calculated and credited. I can vouch for this as I had a £25 e/w bet today under these conditions which was placed. They paid the correct return for the place and then refunded my £50!

From Andrew Lawrence

Tue, 20 Jun 2000 22:44:13 +0100

James - Blimey! I've been trying to work out for the last few days how I'm going to use my 'free bet' and hadn't considered that the 'stake' would effectively be returned twice on a winning bet. As I thought the wording was somewhat vague I did take the precaution of asking how a £25 each-way bet would be treated and was told: ***"Our 'Win Some Lose None' promotion applies to your first initial bet so a £25 each way single placed would refund you £50"***.

I imagine I'll find it far easier to work out what to use it for tomorrow. Sorry, Graeme, for suggesting your maths was up the creek :-)

From Stefan Perry

Tue, 20 Jun 2000 23:40:48

Interesting to know how others view a free bet.

Is it something to be treated with the same view as any other bet?

.. or ..

Should you only use such a gift on a *guilt edged* pick in order to try and ensure a return?

.. or ..

Used as a *saver* for a risky bet you wouldn't normally have made?

.. or ..

Is it a case of *caution to the wind* go for a big pay-day with the view of <what I've never had I'll never miss>?

.. or ..

Mind your own business, I'll back what I want - it's my gift to do with what the hell I want!

From Alan Rothwell

Wed, 21 Jun 2000 00:22:08

First, the £50 free bet is available both from Ladbrokes.com and

Ladbrokes.co.uk. I have just dealt with both of them and it is all quite true - the money is in my account to prove it.

I elected to use the £50 to back all three possibilities (12X) of the England Romania game. Since my maximum bet comes nowhere near £50 I have bought myself up to ten free bets from each site. I wish I'd been as courageous and as lucky as Graeme but I did it my way.

From Paul Smart

Wed, 21 Jun 2000 00:28:24

<Interesting to know how others view a free bet>

If you are a regular punter then I think it has to be the first option-treat it as any other bet. Fifty pounds is fifty pounds. Unless you think you are only going to back winners all your life, don't waste time trying to think up clever ways of getting them to (temporarily) give you the money. As soon as you have lost fifty pounds you will have to give it back anyway.

Stef, does your spelling of "guilt edged" indicate that you feel guilty about taking the money from them?

From Michael Lydon

Wed, 21 Jun 2000 00:42:19

Good question!

I personally use any 'free bets' that I get for horses which I really like, but whose odds already reflect their chance (i.e. Montjeu in the Arc).

I must admit though that this method could be viewed as flawed, as a bet with no margin is a bet with no margin irrespective of whether the stakes are yours or anyone else's!

I would think that the very best use which could be made of it would be to find strong value and not only gain the price of the bet but also the twenty-odd percent on top in the long term of course!

That final phrase is why I use it as I do because there are so few chances (though seems more frequent recently) to take advantage

of this, that you'd have to live to the age of about 101 to make full use of it.

The other way of course is to get as many friends as you can to register (preferably upwards of ten), and lose as small a percentage as you can on a tennis match (up coming Wimbledon should be useful) or another two horse race, and pay for a great day out for the lot of you at an up coming meeting - could be the first annual SMARTies day at the races (sponsored by Ladbrokes) ;)

From Patrick Wallen

Wed, 21 Jun 2000 00:55:24 +0100

I would abandon all my usual principles and look for a nailed-on favourite in a Novice Hurdle or 2YO Conditions Race. My usual ploy of looking for "value" or "getting the favourite. beat" would go out of the window. When (if!) the horse bolts up, use the winnings to pay the gas bill. Money for old rope after all.

From John Gregory

Wed, 21 Jun 2000 08:13:12

Same dilemma if you get chosen as the Monkey Business winner on the Morning Line. Personally I'd pick a probable non runner and take McCririck's scorn in my stride <g>.

From Stuart Doyle

Wed, 21 Jun 2000 04:24:38

My approach to <How to use a free bet> is simple:

- (a) Every bet should be a value bet because the gift still has a financial value of £50.
- (b) I usually place it on something which is huge value at a massive price. . . . i.e. something at 100/1 that I think should be 33/1. Because it is free I don't have the same psychological problem of having a proper bet on something I consider to be value but don't actually think will happen.

- (c) Always take advantage of them. Promotions can give you a huge edge and you should attribute a value to them in your year end profit & loss account.

For example, there are hundreds of reputable online casinos and sports-books that offer sign up bonuses . . . check the rules some of them only require you to play a few hands of blackjack or whatever and the bonus allows you to have an edge over the house as long as you only play the required number of hands.

Speaking to the owners of these casinos they concede that a few players do this but most then stay with them. they consider this a loss leader in order to buy market share.

In essence what is happening is that internet businesses are trying to buy customer lists so that they can raise more money. So take full advantage - it cannot last for ever.



CAUTION!

There are a good few 'iffy' on-line casinos too, please tread with caution. When face-to-face with a dealer at least you've a chance to oversee what's going on - when the fate of your winning or losing is happening down a phone line at some far-off location - who knows?

- Stef

DON'T MISS UP TO £100 OF FREE BETS!

For regular SMARTsig subscribers who were unaware of the double £50 free bet offer (ladbrokes.com AND ladbrokes.co.uk - TOTAL of£100!) this issue arrives with just a few days for you to take advantage.

Even those of you without an internet connection, so long as you have a debit card (Switch/Delta/Solo/Electron) everybody at least knows someone with the facility in this day and age - ask them to do the business for you - you'll pay the cost of the telephone call.

You could take advantage of a local "Internet Café" if there's one in your town, or at a push use the local library. Although whether the staff may think of this as 'misuse' is anybody's guess! Be a shame to miss out though!

- Stef

Ross has written before with his own observations on value and of how best to turn a losing philosophy into a profitable one.

TIPSTERS, VALUE, REALITY & OVERNIGHT SUCCESS

Ross Farmer

There's been some interesting articles in the last few issues but before I raise another subject covered somewhat in Henk Eilert's *Barbed Wire Betting* (issue 7.06) I wanted to clarify my thoughts to Steve Poxon who commented on them in the same issue (page 72). I'll give my own definitive thoughts on "value".

Despite Steve's assumptions I was not backtracking on newspaper tipsters. The tipsters I was referring to in my last article were the type to whom you pay money for their services – in my case Ashley Carr – sorry if my explanation was confusing.

Don't get me wrong here, I'm not knocking Mr Carr or his service, it's just that it is so frustrating. Good profits, so I up my stakes, and then the inevitable happens, he can't pick a winner for love nor money!

Back to newspaper tipsters, I am finding at the moment that if you analyse the tips, i.e. race type, previous run, weight, draw, odds, etc., etc., of certain tipsters you can derive a profitable run of horses. However (there's always a however) you must be patient and selective. Currently my selections are showing a profit for every month since November 1999. But more of this later if I can continue this run of positive results!

Value:

Surely value is available whatever the price!

Let's take 1,000 horses at evens. 450 win, 550 lose. Result at 9% tax = -190 points. No value there then – or is there?

Value depends upon which ones you have backed doesn't it?

If you backed all 550 losers you've had no value, but the 450 winners only - that's fantastic value!

In reality, out of 1,000 even money shots you might have decided to have, let's say 200 actual bets.

If you achieved 115 winners (and therefore 85 losers), your after-tax (9%) profit is 12 points. That's value betting on even-money shots isn't it?

What I'm trying to get across is that 'the winner of a race will always represent value'. The trick is picking the damn things, in enough quantities relevant to the odds obtained. No doubt I will be shot down in flames by others in future issues, but that's my own personal view of value.

Time & Money:

When reading *Barbed Wire Betting* in SMARTsig issue 7.06 it confirmed thoughts I had been mulling over for some time now, with regard to why it is that most punters lose money. I think we have all fallen into the trap at some time or other (and many may still be in the trap) of wanting to make money far too quickly.

Let's start with two investors/gamblers. Mr. A and Mr. B, who both have £5,000 to invest for say, 5 years.

Mr. A likes the stock-market and invests in an *average* Unit Trust in an *average* year for an *average* rate of return/growth.

His money goes up, goes down, goes up a bit more, down a bit, etc., etc., throughout the five year term. At the lowest point he may have been £500 down on his original investment, but at the maturity date, working on a compound interest of 11.3% he had amassed £8,539.76.

Given another 5 years at the same rates, this sum will grow to over £14,500!

Mr. B like horses and betting on them, his best friend knows someone who gives tips – for a price - £500 per year in fact, plus £500 for joining the service.

However, this tipster has averaged 30 points after-tax profit per year for the past 5 years. So, being an optimist as well as a gambler, he goes for it. £500 down and £500 for the first year's service.

Being an extremely sensible (??) fellow, he sets aside £2,000 for further payments and has £2,000 for his betting bank.

Now, the tipster he's using has made, on average, 30 points profit every year for the past five years. So let's split the bank into say, 40 units (£2,000/40 = £50) and double our stake after every +30 points. Can't go wrong – on 'average' – can we? So, how did it go?

Well, at the end of 5 years Mr. B had amassed £48,650 (do the maths yourself – see the table below, it's correct!)

	Mr. A £5,000 at 11.3% compounded	Mr. B 'average' year			
	£5,000.00		£2,000.00	+30 points @	£50.00
Yr 1	£5,565.00	+£1,500.00	£3,500.00	+30 points @	£100.00
Yr 2	£6,193.85	+£3,000.00	£6,500.00	+30 points @	£200.00
Yr 3	£6,893.75	+£6,000.00	£12,500.00	+30 points @	£400.00
Yr 4	£7,672.74	+£12,000.00	£24,500.00	+30 points @	£800.00
Yr 5	£8,539.76	+£24,000.00	£48,500.00		
Yr 10	£14,585.51				

So, no problem there is there – or is there? 30 points per year profit into £48,650, there should be more than a few of us that are very rich men. . . but there aren't ... so there must be something wrong, somewhere.

Well there is a problem, a very big problem indeed. . . it's called reality!

Year one:

£1,000 spent on day 1. Mr. B now has £4,000. His tipster has a below average year of minus 15 points, so at £50 per point he's £750 down on his betting making a total of £1,750 total loss already.

Year two:

Establishing new and better contacts has cost our tipster dear, (or so he tells us) his subscription is now £750 – so, if you were in Mr B's shoes, would you be willingly coughing up the new higher year 2 subscription charge?

In reality NO! Of course you're not – that would be £2,500 down in just a year and a day.

Anyway, because he's had a poor previous year, the generous tipster then offers to supply you 2 months for £50 to keep you interested. You go for it, so it's only £1,800 you're losing now.

But the tipster's poor run continues, a further 8 points down over this two month period denting Mr B's bank balance further still – at £50 per point he's now losing £2,200.

Another letter arrives from our now rather apologetic supplier of horseracing information. Due to the recent poor showing he feels obliged to make amends by offering you the special value deal of just £500 for the rest of the current year.

What response does Mr B make now? – well in the real world he would probably rip the letter up into a thousand tiny pieces and swear rather more than usual. He's been duped yet again and he's now not even talking to his best friend.

End of Mr. B's investment activities at this point?

By the way, the tipster was a genuine guy, he did improve and was

showing an annual profit of 42 points by the end of year 2, and carried on with the good work in later years.

In fact, at the end of year 5 he was showing a 5 year profit of 150 points, or an average of 30 points per year, just as his previous record had suggested he was capable of.

The point I am making from this tale of missed opportunities is that if we are serious about making money we need the strategy and patience of a long-term investor. Most, if not all of us would not have got past the six month mark. We would have backed the first few selections, seen the way things were going and quickly tired of backing losers, increased, lowered or suspended our staking depending upon our make-up and probably after about six months or so even stopped telephoning the information line for the selections altogether!

Mr. B however was financially very sound. He never gave up on anything, had a long-term strategy and was betting with money he could well afford to lose.

He simply instructed his secretary to ring up for the bets and place the money on his behalf – this way he even avoided having any emotional involvement in the day to day progress of this particular betting bank.

But now back again to reality . . . If you're going to make this business pay you must;

- Go slowly
- Bet with money you can afford to lose, or not at all.
- Start small and stick to your strategy.
- Don't pay good money for advice unless you're sure it is genuine (see Stef's UpFront, issue 7.06).
- Don't get too excited by the winners, losers will inevitably follow.
- Don't get too emotional and remember above all, at least in my experience, overnight success usually takes about ten years or so.

A little and often can build a bank more effectively and with less stress than the occasional big hit and associated losing runs. Ever considered running several ideas at the same time?

TIPPINGCOMP PUNTERS PORTFOLIO?

Peter Orchard

The principle of a Portfolio of Shares is nothing new, but I do not recall seeing this suggested in connection with horseracing. With shares a group of people with a common interest combine together, to purchase a selection of shares from which they would hope to make a profit in the long term.

Each participant has an input and is permitted to put forward the names of companies they consider the group should purchase, whilst having to justify their selection, and offer statistical evidence to support the selection. Whether a particular share is purchased will be for the group as a whole to decide.

The best scenario will be for all of the shares to increase in value and a sale to be affected at the opportune moment, but of course in practice the value of shares go down as well as up, and it's the overall position that counts!

The expertise in determining the shares selected will of course vary from individual to individual and group to group and not all will be successful. This in some respects correlates to the activities of Unit Trusts, but in this instance a Company selects and manages the portfolio of shares and charges the subscribers for the privilege.

You are probably by now wondering what all this has to do with horseracing; well it hasn't really beyond illustrating the principle that follows.

Applied to horseracing it could be you have evolved a number of methods of selecting horses for your days racing, but in the event discarded many over the years because in practice there was no profit to be made.

Similarly others may have done the same thing. These methods, the losing ones that is, may be evolved by punters in the future after many hours spent burning the midnight oil and disaster again being the outcome. You may recall those methods.

Would it not be useful to everyone concerned to know the details of such methods and thus avoid the time in development and the anguish of losing? This could become the first Portfolio, the methods or systems to avoid!

Now to the main purpose in writing this article. I commend to you the TippingComp. This was founded by Nick Hockaday in January of this year and I am sure has involved him in considerable heartache and hard work for which I am sure everyone who is participating would wish to extend their thanks. The idea was for subscribing SMARTsig members to forward their tips to the list on a daily basis.

Briefly each individual is awarded 100 points at the commencement of each month. The total stake for the day must not exceed 10% of the starting bank at the beginning of the day. The day's stake, from a 100 points bank, would of course be 10 points, at 95 points it would be 9 points (not 9.5; fractions of a unit are not allowed).

There is no limit to the number of horses you can back other than the size of your bank, so you could back 10 horses if your opening balance was 100 points that is to say 1 point per selection. Multiple, A-T-C and other bets, such as the SP favourite are allowed subject to the list Administrator agreeing. Full rules are supplied.

Here are some statistics. Over the 4+ months since starting between 47 and 36 individuals (current end of May) have taken part but there has been only one lady participating. Come on ladies I am sure 'Lady Luck' will favour you!

There are prizes currently on offer of which you will be advised on joining. No less than 50% (18) made a paper profit during May varying between 6 points and 206.96 points. The losers lost between 0.5 and 76.50 points.

This then is the TippingComp Punters Portfolio, 36 individuals all

with their system, method, ratings, Artificial Intelligence computer program, or information source submitting their bets each day, some lose, some win. If my figures for the first 4 months are accurate backing all selections, if you could afford the Bank that is, you would be showing a profit of 264.56 points!

However, please note two out of the four months showed a loss, which might indicate a certain volatility much as you might expect with shares in present market conditions, so be careful!

Another point to note is that several tippers may give the same selection(s), which could mean a disproportionate amount being staked on the same horse(s).

The plaudits:

Andrew Lawrence was in first position and managed three winning months out of four, with only an 8.5 point loss in February and an overall profit off 244.25 points.

In second position was Rod Bentley with two winning months out of three and an excellent 189.41 points.

Behind him in third position, Andy Smith with two winning months out of three and a profit of 151.99 points

I will leave you to complete the analysis, but would just mention yours truly is still showing a profit after 4 months. Great fun and you can contact Nick for further details at: **Nhock@aol.com**.

The portfolio would probably be based on a restricted list but would need to include those tippers showing the greatest consistency. You will need to subscribe though and don't blame me if the individuals you select decide to impose a charge or become professionals.

In fact the list Administrator, Nick Hockaday has already introduced a Portfolio drawn from among the 'top notchers', which became known as the 'Form Alliance', and I understand profits have been excellent in the trial period.

Name	FEB	PROF/LOSS	MARCH	PROF/LOSS	APRIL	PROF/LOSS	MAY	Prof/Loss	CUM MTHLY	CUM PROF
Lawrence, Andrew	91.50	-8.50	141.50	41.50	246.25	146.25	165.00	65.00	644.25	244.25
Bentley Rod	56.17	-43.83	0.00		150.63	50.63	282.61	182.61	489.41	189.41
Smith, And	50.50	-49.50	74.41	-25.59	147.25	47.25	279.83	179.83	551.99	151.99
Poxon Steve			0.00		176.05	76.05	171.80	71.80	347.85	147.85
Irvine, Andy	106.43	6.43	76.75	-23.25	210.76	110.76	129.78	29.78	523.72	123.72
Willis, Paul	47.28	-52.72	27.61	-72.39	110.50	10.50	306.96	206.96	492.35	92.35
Rogers, Alan	24.00	-76.00	172.40	72.40	153.00	53.00	134.00	34.00	483.40	83.40
Ray, Martin			235.05	135.05	72.13	-27.87	75.00	-25.00	382.18	82.18
Orchard, Peter	37.17	-62.83	145.00	45.00	145.50	45.50	124.08	24.08	451.75	51.75
Smith, Malcom	54.45	-45.55	93.02	-6.98	136.50	36.50	164.54	64.54	448.51	48.51
Hockaday, Nick	81.48	-18.52	26.58	-73.42	266.00	166.00	67.86	-32.14	441.92	41.92
May, Tim	178.00	78.00	59.50	-40.50	0.00		0.00		237.50	37.50
Ord, Simon	100.58	0.58	84.00	-16.00	162.05	62.05	89.15	-10.85	435.78	35.78
Blackwell, Brian	40.00	-60.00	155.75	55.75	38.67	-61.33	190.94	90.94	425.36	25.36
Cousins, Peter	114.40	14.40	99.13	-0.87	89.65	-10.35	121.00	21.00	424.18	24.18
Turner, Lee	134.00	34.00	32.42	-67.58	138.50	38.50	112.12	12.12	417.04	17.04
Dalton Michael	0.00						107.53	7.53	107.53	7.53
Chapman Tim							106.00	6.00	106.00	6.00
Keeble Mark							99.50	-0.50	99.50	-0.50
Percival James	99.38	-0.62							99.38	-0.62
Webb Steve	99.19	-0.81							99.19	-0.81
Cornelius Malcolm			0.00		89.47	-10.53	109.25	9.25	198.72	-1.28
Bedford Linda							96.57	-3.43	96.57	-3.43

Remember no one can accept responsibility for the outcome of any bets you make only you. This article must not be construed as a

Maggs, Dave	128.93	28.93	89.05	-10.95	130.01	30.01	48.56	-51.44	396.55	-3.45
Gottlieb Peter	65.59	-34.41	163.97	63.97	61.31	-38.69	0.00		290.87	-9.13
Morgan Don							88.50	-11.50	88.50	-11.50
Bamfield, Trevor			104.86	4.86	101.65	1.65	78.25	-21.75	284.76	-15.24
Harvey, Stephen			103.50	3.50	107.27	7.27	73.00	-27.00	283.77	-16.23
Glittings Paul							76.25	-23.75	76.25	-23.75
Curry Kevin	73.25	-26.75							73.25	-26.75
Harfoot, Brian	78.50	-21.50	53.50	-46.50	140.50	40.50	0.00		272.50	-27.50
Hill Mike							66.36	-33.64	66.36	-33.64
Petty, Steve	106.50	6.50	59.50	-40.50	0.00		0.00		166.00	-34.00
Russell Michael			0.00		64.50	-35.50	0.00		64.50	-35.50
Blount, Chris	70.37	-29.63	90.55	-9.45	0.00		0.00		160.92	-39.08
Gerhard	101.65	1.65	72.50	-27.50	77.00	-23.00	109.00	9.00	360.15	-39.85
Davies, Brian	53.38	-46.62	107.07	7.07	63.75	-36.25	134.31	34.31	358.51	-41.49
Rose, Ray	73.25	-26.75	82.80	-17.20	0.00		0.00		156.05	-43.95
Redding, Stuart	95.75	-4.25	68.00	-32.00	65.00	-35.00	127.00	27.00	355.75	-44.25
Shaw, Graeme	37.80	-62.20	109.67	9.67	123.00	23.00	80.25	-19.75	350.72	-49.28
Johnstone Duncan			0.00		108.60	8.60	40.00	-60.00	148.60	-51.40
Rothwell Alan			0.00		49.91	-50.09	92.30	-7.70	142.21	-57.79
Blunden Frank			0.00		37.00	-63.00	86.00	-14.00	123.00	-77.00
Brown, Alan	58.98	-41.02	84.00	-16.00	72.00	-28.00	0.00		214.98	-85.02
Patten-Walker, C	63.92	-36.08	40.94	-59.06	99.00	-1.00	90.00	-10.00	293.86	-106.14
Gourley, Bill	100.55	0.55	37.40	-62.60	107.22	7.22	23.50	-76.50	268.67	-131.33
Arnett, Geoff	72.75	-27.25	49.00	-51.00	52.00	-48.00	90.00	-10.00	263.75	-136.25
Totals	2495.70	-604.30	2739.43	-260.57	3792.63	492.63	4236.80	636.80	13264.56	264.56

recommendation by the contributor the proprietor of this magazine or the organiser of the TippingComp and no liability can be accepted for any losses incurred. A table follows on the next page



There is evidence to suggest the weight carried by a horse will have differing effects depending upon underfoot conditions. Peter May checks the evidence comparing turf with artificial all-weather surfaces.

THE EFFECT OF WEIGHT FOR ALL-WEATHER RACES

Peter May

The effect of weight on the speed at which a horse can run has been widely debated. There appears to be two opposing camps: those who believe that the more weight a horse carries the slower it will run, and those who feel sure that the weight increase makes no material difference.

In my first book I supported the latter view, however on reflection I am now not so sure and in 1998 offered an amended view in *Forecasting Methods For Horseracing*. So is there any way of deciding for sure and if so does it vary between the Turf and All Weather?

Well, there are two approaches which can be employed to determine the effect of weight carried. The first uses physics and considers such things as mass, acceleration, gravity etc, the second follows a statistically-based route and uses average race times, weight carried etc. Now physics is not my strong point, I always felt that it was a cold, hard, far too practical subject that lacked any creativity (well that's my excuse for failing the O level Physics exam). So the statistics approach is the only option I can comment on in this article.

For Turf racing there is a well-established scale of the weight effect. This scale is based on the amount of weight it takes to slow a horse by one length (distance). It varies for the race distance and essentially starts at about 3 - 4 lbs per length for 5 furlong races and reduces to 1lb per length for 16 furlong races.

But, even if you accept that weigh does make a difference, is this

scale also applicable to All Weather racing?

Within the pro-weight camp there appears to be a difference of opinion here regarding the weight-per-distance scale for the two types of racing.

Using a statistical approach to approximate the scale it is necessary to consider historical races and for this article I have chosen 6 furlong AW races. (Naturally the method employed here can be extended to cover all race distances, or types of racing surface.)

In order to reduce the noise in the data I have also restricted the pool of races to non-juvenile handicaps.

Considering the past few seasons, 161 races have been extracted which are characterised by the following features:

- Average (mean) race time of the winner: 75.06 seconds
- Average (mean) BHB rating of the winner: 59
- Average (mean) weight carried by the winner: 125 lbs (8-13)

From the data it is a straightforward task to determine that the higher (BHB) rated horses take, on average, less time to run the 6 furlongs.



This is to be expected since they are the better animals.

In general the reduction in time is approximately 0.0226 seconds per 1lb, in other words a horse rated 80 will run the course 0.0226 seconds faster than one rated 79, on average.

Since 1 point on the BHB rating scale equates to 1lb in weight carried (i.e. if a horse is rated 1 point higher than another it will carry one pound more in a handicap) then a relationship can be determined between weight and race time as follows:

6 furlongs	=	1320 yards
Assuming one horse length	=	3 yards, then
6 furlongs	=	440 lengths
Average race time (6f)	=	75.06 seconds,

therefore the horses run at 5.86 lengths per second
 $(5.86 = 440/75.06)$.

From the historical results we know that;

$$\begin{aligned} 1\text{lb} &= -0.0226\text{s,} \\ \text{so } 1 \text{ second} &= -44.2478\text{lbs} \end{aligned}$$

$$\begin{aligned} \text{therefore } 1 \text{ length} &= -44.2478/5.86 \\ &= -7.5\text{lbs} \end{aligned}$$

So to slow the horse by one length requires an extra 7.5 lbs over a distance of six furlongs on the All Weather.

This is significantly higher than for Turf races which implies that if you are going to use a weight adjustment then a second, different, scale needs to be created to account for the different surface. For comparative purposes, the average (median) increase made by the BHB handicappers for a winner of a six furlong AW race during 1999 was 4.6 lbs per length.

Assuming that our result of 7.5lbs is somewhere near correct and

that a greater allowance should be made for the distance beaten than is currently the case, how would it affect race results?

Well, one test is to compare the success rates of horses that won on their latest starts for the different racing surfaces. If our theory is correct then there should be more winners on the AW since their superiority is underestimated by the weight for distance scale compared to the same runners on the Turf.

During 1999 there were 225 runners in 6 furlong non-juvenile handicap races on the Turf that had won on their latest start.

Of these 21 (9%) were successful, slightly better than a random expectation of 15 winners. For the AW there were 84 cases with 22 (26%) winners which compares to a random expectation of approximately 8.

Clearly there may be other factors which impact on this result, but at least it does support the hypothesis.

But there is no reason to stop here. Is there a difference between the courses i.e. does it take more or less weight to slow a horse by a length at Epsom than at Beverley, or on heavy as opposed firm going?

To generate these results it would be necessary to recalculate all the figures given here including the distance covered per second of racing, and the relationship between the BHB rating and race time.

However it is achievable and would produce a more reliable scale for future use.

So it would appear that weight has more effect on Turf than the AW and that, at present, the weight for distance scale does not fully account for the differences in ability between the runners on the AW. Whether this result can be exploited to return a profit is questionable but no doubt various systems could be generated using this fact.

I would like to thank SMARTsig Member Alan Rogers for his contributions to this article.



Research to discover whether using draw bias can improve the chances of predicting the first three finishers in a horse race.

DRAW BIAS, TRICASTS & TRIFECTAS

AD Renham

How many punters, year in, year out, get close to winning vast sums of money, through either multiple win bets, tricasts, trifectas, placepots, etc?

You've all heard the hard luck stories, which more often than not begin with the words "if only"! This article looks into trying to improve ones chances of predicting the first three horses in a race.

Over the past two seasons I have attempted the occasional tricast and/or trifecta on certain races where I knew a strong draw bias existed. I felt that tackling races where there was likely to be draw bias would help me narrow down the candidates, from which to eventually choose from.

On several occasions I managed to get two out of three placed, but that all-important final place eluded me. I began to appreciate the difficulties involved in predicting the first three even in races where draw bias was prevalent. In addition to this, there were other problems to consider.

Firstly, tricast returns do take draw bias into account, and winning dividends are significantly lower when the first three horses finish from the same section of the draw.

Secondly, the problem with trifecta bets is that as it is a "pool" bet, the winning dividend does depend on how much money goes into the "pool". Unless it is a big handicap at one of the major meetings, trifecta returns are often smaller than one would reasonably expect.

Most people who experiment with such bets, "perm" their selections to give themselves more chances of winning. However, the more horses you "perm", the more bets you have.

For example :

3 horse full cover permutation	-	6 bets
4 horse full cover permutation	-	24 bets
5 horse full cover permutation	-	120 bets

Therefore, if you decided to perm 5 horses, so that all permutations were covered, you need to have win odds in excess of 120/1 to make a profit. Now tricast and trifecta returns can run into thousands, but more usually they are in the hundreds.

Here are two examples from competitive handicaps on a Saturday in May this season :

Example 1 13/5/00 Beverley 5 furlong handicap

1st	Shirley Not	6/1
2nd	Bodfari Komaite	5/1 CF
3rd	Whizz Kid	8/1

Tricast £243-24
Trifecta £1330-94

Example 2 13/5/00 Lingfield 6 furlong handicap

1st	San Salvador	2/1F
2nd	Awake	10/1
3rd	Eastways	8/1

Tricast £141-09
Trifecta £416-20

Not only were these were the two big sprint handicaps of the day, but they were also on a Saturday, and usually, under these circumstances, the trifecta pays more than the tricast. In both cases mentioned, considerably more.

However, here are two further examples of handicap races held during the week at minor tracks :

Example 1 24/5/00 Brighton 6 furlong handicap

1st	Bramble Bear	11/2
2nd	Entropy	33/1
3rd	Halmanerror	9/2F

Tricast £822.35
Trifecta Not Won. . .

Example 2 30/5/00 Redcar 6 furlong handicap

1st	Cryfield	14/1
2nd	Eastern Rainbow	7/1
3rd	Indian Bazaar	25/1

Tricast £2354.14
Trifecta Not Won

As we can see – totally the reverse. As they were not major handicaps, the interest in them was restricted. Therefore the tricast fared much better than the trifecta. Indeed there were no winning trifecta tickets.

The message in terms of which bet to use and when seems quite clear : –

- *use a trifecta when it is a big handicap on a Saturday and/or a major meeting;*
- *use a tricast when it is a handicap at either a minor track and/or when the race is run at a small meeting during the week.*

Predicting the first three home in 99.9% of races is extremely difficult, even allowing for using permutations. One can see why bookmakers simply love to accept this type of bet.

However, before we dismiss this type of bet to the “punting scrap heap”, let us look at some of my recent findings :

Those who read the extracts from my new book “Bias 2000” in last

month's issue, will know that I have studied draw bias in some depth over the past four seasons. Splitting the draw into "thirds" has enabled me to pinpoint the strength of draw bias at a variety of courses, and I have used some of this data for my most recent research. I have concentrated this research on trying to find the most likely areas of the draw to finish 1st, 2nd and 3rd. My eventual objective being to improve my chances of landing the tricast / trifecta.

Here are my initial observations. I chose seven course and distances, which I consider to be extremely biased to one particular of the draw. These were : Beverley 5f, Chester 5-6f, Epsom 5f, Goodwood 7f, Hamilton 5-6f, Lingfield 6f and Thirsk 5-6f (N.B. Other than Chester, which strongly favours the bottom "third" of the draw, the other six courses all favour the top "third"). Handicap races of 10 or more runners were studied – there were 215 races in all.

There are 27 different permutations in terms of which "third" of the draw finishing where, ranging from the most favoured "third" of the draw filling the 1st three places, to the least favoured "third" filling the first three places. I am not going to list all 27 combinations with their respective success percentages, (based on the 215 races), but will list the top six, and the bottom six.

Key : F – favoured "third"
 M – middle "third"
 U – unfavoured "third"

No particular surprises here with horses from the favoured "third"

Top 6 combinations (% in brackets)		Bottom 6 combinations (%)	
FFF	(10.7)	UFM	(0.5)
FFM	(7.9)	MMU	(0.5)
FMF	(7.4)	UMM	(0.9)
FFU	(7.0)	UUU	(0.9)
FMM	(6.5)	MUU	(0.9)
FUM	(6.5)	MUM	(0.9)

prominent in the first six combinations, while horses from the other two "thirds" prominent in the bottom six combinations.

However, the first interesting point about these figures is that 3 horses from the most favoured "third" fill the first three places roughly once in every ten races. Clearly, and perhaps not surprisingly the best, but one in ten is not a particularly good strike rate, especially when you take into consideration that you will not necessarily choose the correct three horses from the most favoured "third", or indeed get them in the right order!

Perming your bets, as stated earlier, would increase your chances of winning, but not necessarily of making a profit.

At this point I decided to narrow down the 215 races and look at 15 runner races only. I followed this by studying the effect of perming all five horses from the most favoured "third" in every qualifying race, which would cover 120 bets in each race.

Working on the premise that the bet would be successful once every ten races (see above), true probability states that it would take roughly 1200 "bets" before winning.

This clearly looks a risky strategy for two reasons (amongst others).

Firstly, a strike rate of one in ten can see horrendously long losing runs, which could wipe out your entire betting bank!

Secondly, bookmakers are more "wise" to draw bias these days, and hence prices of well-drawn horses tend to be cut as a result – the returns on winning bets will therefore be less.

However, undeterred I looked at the results. Of the original 215 races, 49 were 15 runner races. Of these 15 runner races, it came as a pleasant surprise that this bet would have been successful 9 times (a strike rate of 18% - nearly double what was expected).

I looked at tricast returns, because in several of the 49 races, the trifecta was not in existence at the time. The pay-outs ranged from less than £200 up to £3,402.22. Overall

the outlay for 49 races would have been £5,880 – the returns £7,659. A profit of £1788, which equates to just over 30% profit on turnover.

Not a bad return, considering the simplicity of the bet. Of course, take the £3,402 win away and you would have had a 30% loss instead.

What conclusions can one draw from this initial study? It is clear, that tricast / trifecta betting does have some scope for the brave draw punter.

I have just started to look at alternative ideas, such as perming the four most favoured stalls in 12 runner races. However, I believe already that there are much better combinations to look at than concentrating solely on the most favoured "third" of the draw.

The number of times two horses from the most favoured "third", and one from the middle "third" finish in the first three provides me with a further "avenue" for continuing my tricast / trifecta research.



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The daily horseracing spread bets are a sadly neglected area for the majority of horse players out there. Are opportunities for profit being passed over?

HORSERACE SPREAD BETTING

SMARTsig

For virtually every race meeting on every racing day the spread-betting firms offer related markets to tempt the punter to play. There is fierce competition in this area and each firm is constantly looking to invent new angles and ideas to light the fire of the would-be investor.

You should all be familiar with the principles of UK spread betting at this stage, but just in case you've not been paying attention over the past few years, it briefly works like this: Whereas traditional betting works on the yes/no concept in general - if your selection wins, so do you - if your pick is the fastest, you win, if not you lose, etc., spread betting, again in general terms, offers a 'position' on the event where the actual result can be either side of this.

An example would be, after analysis a spread firm thinks a team will win by 1 goal. The punter can go higher, or 'buy' at that position should he think the team will win by more than that margin. Or he can go lower, or 'sell', if his assessment is the team will fare worse than the spread's prediction of a 1 goal win. The punter wins if his assessment is correct and loses if not.

The big difference of spreads over traditional is that the amount won or lost in each 'contract' is multiplied by the size of the margin away from the original spread quote. Let's say we bought our example team at 1 goal, at say, £50 per goal. They win 6-2. The margin of victory is 4 goals, which is 3 more than the original quote. Our winnings are therefore $£50 \times 3 = £150$.

If however our team blew it and lost 2-6, their standing in goal terms is now *minus* 4, this is a 5 goal difference from the quoted +1. Losses therefore are unit stake $£50 \times 5 = £250$.

Football was used for the example because its very nature of a final score, an easily seen difference in measurable terms which is ideal for spread betting purposes.

The world of traditional horserace betting however has to be viewed slightly differently in order to suit the high/low areas necessary for allow spread-betting to work effectively.

There are four individual horseracing spread markets common to all five sports spread-betting companies now operating in the UK.

SPs. The total of the winning starting price odds at a specific meeting. e.g. 6-race card with winners prices of 2/1, 10/1, evens, 6/4, 11/2 & 4/1. (SPs total = 24)

Racecard Numbers: Aggregate total of the day's winning racecard numbers. More usually now called 'Double numbers', same principle but every racecard number is doubled. The higher total allows the spread firms a greater degree of flexibility.

Favourites: For each race of a specific meeting, 25 points are awarded for each winning favourite, 10 points if favourite is placed 2nd, and 5 points if 3rd. Spread quote is the aggregate total for the specific meeting.

Winning Distances: Aggregate of the day's official winning margins between the 1st and 2nd placed horses. (dead-heats = 0)

These daily 'regular' horserace spreads are virtually ignored by the mainstream press, attributable perhaps that the quotes are rarely posted before midday on actual race day. Indeed, the spread firms appear to play a cat & mouse game around lunchtime every day, each waiting for the other to publish their quotes first. The racing press though, without the actual quoted figures to work with are left with nothing with which to compare their analyses.

This is a good a reason as any I suppose that many punters have never really examined the possibilities offered. But, with such a lack of press coverage and consequential minimal 'public' examination of the statistics, it could be an area ripe for profitable exploitation.

Winning distances were my chosen area and as a starting point in my research I tried to enlist the assistance of the couple of hundred

SMARTies on our email group. My first message read;

*Anyone had a look at, or indeed making inroads into the daily *cumulative winning lengths* spread for each race meeting? I've been doing some research for a future article, I'll relay the research findings via this List in the next day or so asking for comments .
Unfortunately I missed yesterday's (Thursday) opening quotes - can anyone oblige?*

My request was met with a deafening silence . . . not a single reply. Had I said something along the lines of "I think this <value> concept is a complete nonsense, what do others think?" I would have been inundated with replies, sparking a debate which would still have been going on a couple of weeks later.

That silence though in itself reinforced my assumption that the daily horseracing spreads were indeed a neglected area. I continued my research.

A couple of days later I made a further posting to the email List;

*Further to my previous mail regarding spread betting *cumulative winning distances* quotes. I'm putting together an article, hopefully for next issue. As an experiment I'll open my investigations and interpretations to the List on an ongoing basis so anyone who wants to can comment and/or ask for clarification en route.*

The researched data gives an impression that winning distances are influenced somewhat by conditions, but by just how much? .. and can any value be had by studying the area maybe a little closer than, or better than the spread firms?

Winning distances in flat racing are shorter than the National Hunt equivalents, so there is less volatility in the cumulative lengths over a race meeting. Whether this also means there is less room for gaining an edge remains to be seen.

Looking back over the most recent 5 full seasons the mean average for ALL turf flat races is as follows;

Races	Lengths	Ave
16531	28692.18	1.74

Knowing nothing else then, the market spread for any flat turf race meeting is a simple task of multiplying the number of races by 1.74

My first tactic was to split these results into course-specific data, to see if there was any significant differences at individual venues from the overall picture. The results of this trawl were;

Average winning lengths per race flat racing 1995-1999

Venue	Races	Lengths	AveLen
Ascot	427	675.65	1.58
Ayr	414	869.90	2.10
Bath	434	762.85	1.76
Beverley	573	1046.70	1.83
Brighton	602	1171.35	1.95
Carlisle	278	461.75	1.66
Catterick	432	823.05	1.91
Chepstow	304	578.20	1.90
Chester	327	663.80	2.03
Doncaster	667	1032.30	1.55
Musselburgh	423	822.10	1.94
Epsom	282	491.65	1.74
Folkestone	432	822.60	1.90
Goodwood	642	958.90	1.49
Hamilton	521	970.60	1.86
Haydock	574	1094.85	1.91
Kempton	404	679.10	1.68
Leicester	586	957.90	1.63
Lingfield (Turf)	574	1027.60	1.79
Newbury	534	899.85	1.69
Newcastle	467	786.00	1.68
Newmarket (July)	465	739.20	1.59
Newmarket (Rowley)	634	929.35	1.47
Nottingham	689	1204.50	1.75
Pontefract	507	893.50	1.76
Redcar	551	867.05	1.57
Ripon	421	751.70	1.79
Salisbury	468	885.85	1.89
Sandown	549	845.80	1.54
Thirsk	424	684.45	1.61
Warwick	403	750.75	1.86
Windsor	490	791.30	1.61
Yarmouth	542	980.50	1.81
York	490	770.15	1.57

Averages ranging from a low of 1.47 (Newmarket Rowley) to a high of 2.10 lengths per race at Ayr.

Different racecourses have varying geography, straights, severity of curves, left-handed, right handed, uphill, downhill, undulating, etc., etc. But is this enough of an influence on its own to make an average difference of more than half a length per race?

Some stiff courses may tend to string out the field, but its not the field we're interested in, just the first two home. Conditions after all are equal for both of the winning pair. A stiff track perhaps exaggerates the differences in the best and the worst horses in the field, but is this transferable to the first two?

Do the best and worst (if they're the appropriate words to use) from the above list conform to what other members would regard as stiff and/or easy tracks? Or is it not simply a case of stiff and/or easy? Are other influences at work here? Race values, distances, going, handicap or not?

Interestingly, and much as you would have predicted, the handicapper does a fair old job in his task of levelling all runners by the addition or subtraction of weight. The statistics from a straight handicap/non-handicap split show this quite clearly;

Races	Lengths	Average
8009	12291.33	1.53
8522	16400.79	1.92

Almost a half & half split over the 5 years, just a few less handicaps overall. Any thoughts so far from anyone?

This second posting did cause a ripple of response;

From Alan Potts

Surely the key factor is the number of runners - small fields must be more likely to produce longer winning distances.

I'm sure if you produced a table showing average winning distance

compared to field size, you'd find there was a relationship. I would guess that Ayr simply has fewer runners and hence a longer average winning distance.

From Geoff Arnett

I agree, field sizes and the going are the two factors that seem to influence the spreads most significantly. Interestingly I read an article by, I think, Geoff Harvey that said that spreads are almost always over-adjusted upwards on soft/heavy ground and that selling was a consistently profitable approach in these conditions.

My response:

The first week I was checking (end of May, beginning of June) it was certainly true that by simply adopting a tactic of selling every winning lengths spread at every meeting was winning hand over fist.

Here are the statistics for going conditions only;

Conditions	Races	Lengths	Average
goingFI & HA	1772	2963.90	1.67
goingGF	6648	10697.71	1.61
goingGO	4404	7415.76	1.68
goingGS	2058	3831.61	1.86
goingSO	1425	3192.35	2.24
goingHV	224	590.95	2.64

Remember overall average lengths per race 5 year period is 1.74

Seems that deepening the mud increases the winning margins - a slight blip at the other extreme however where firm & hard goings (lumped together because low sample with hard going) buck the downward trend.

With regard to Alan's comments on a possible relationship between winning distances and field size, and that the increased winning distances from Ayr were probably as a result of fewer runners.

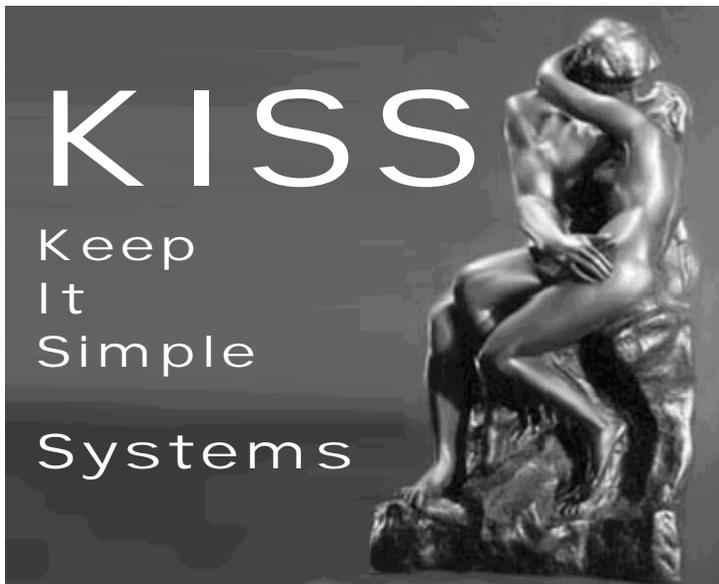
A new course by course table is printed overleaf, this time I include details of field sizes and a reference to the number (and percentage) of races at each venue which are handicaps.

Five year statistics, UK flat courses showing winning distances, proportion of handicap races and runners per race.

Venue	Races	Lengths	AveLen	HCaps	HCap%	Runrs	RperRace
Ascot	427	675.65	1.58	176	41.2%	5062	11.9
Ayr	414	869.90	2.10	226	54.6%	4084	9.9
Bath	434	762.85	1.76	202	46.5%	4513	10.4
Beverley	573	1046.70	1.83	310	54.1%	5928	10.3
Brighton	602	1171.35	1.95	299	49.7%	5623	9.3
Carlisle	278	461.75	1.66	139	50.0%	2806	10.1
Catterick	432	823.05	1.91	204	47.2%	4536	10.5
Chepstow	304	578.20	1.90	157	51.6%	3128	10.3
Chester	327	663.80	2.03	176	53.8%	2843	8.7
Doncaster	667	1032.30	1.55	306	45.9%	7870	11.8
Musselburgh	423	822.10	1.94	245	57.9%	3877	9.2
Epsom	282	491.65	1.74	146	51.8%	2639	9.4
Folkestone	432	822.60	1.90	197	45.6%	4517	10.5
Goodwood	642	958.90	1.49	312	48.6%	6540	10.2
Hamilton	521	970.60	1.86	288	55.3%	4723	9.1
Haydock	574	1094.85	1.91	290	50.5%	5826	10.1
Kempton	404	679.10	1.68	184	45.5%	4682	11.6
Leicester	586	957.90	1.63	234	39.9%	7175	12.2
Lingfield (Turf)	574	1027.60	1.79	249	43.4%	5941	10.4
Newbury	534	899.85	1.69	235	44.0%	6140	11.5
Newcastle	467	786.00	1.68	245	52.5%	4859	10.4
Newmarket (July)	465	739.20	1.59	180	38.7%	5864	12.6
Newmarket (Rowley)	634	929.35	1.47	285	45.0%	6674	10.5
Nottingham	689	1204.50	1.75	339	49.2%	8802	12.8
Pontefract	507	893.50	1.76	258	50.9%	5833	11.5
Redcar	551	867.05	1.57	292	53.0%	6136	11.1
Ripon	421	751.70	1.79	223	53.0%	4745	11.3
Salisbury	468	885.85	1.89	213	45.5%	5195	11.1
Sandown	549	845.80	1.54	266	48.5%	5561	10.1
Thirsk	424	684.45	1.61	207	48.8%	4596	10.8
Warwick	403	750.75	1.86	199	49.4%	4609	11.4
Windsor	490	791.30	1.61	227	46.3%	6364	13.0
Yarmouth	542	980.50	1.81	247	45.6%	4871	9.0
York	490	770.15	1.57	252	51.4%	5603	11.4

Unfortunately I'm out of space this month for any more on this particular topic, but I'll continue next issue with further revealing statistics regarding winning distances and the factors that may or may not affect them.

I'm currently logging the 'distances' quotes on a daily basis and to date have shown I can beat them on a regular basis. However, come next issue I'll have the benefit of another month's worth of comparisons - let's hope I can continue the trend.



A question that is often asked at the SMARTsig office is "Are there any simple systems that really do work?" and the answer is a straightforward "yes". One such method, featured here before is still making regular after-tax profits.

KISS #1

FIVE-DAY METHOD

Jim Streek

In response to enquiries about the main method I spoke of last time. Yes - the five-day method is alive and well and still making profits.

My original interest in this tactic resulted from a couple of articles by Methodmaker (Philip Alexander) in Raceform Update who reported good results over several seasons.

Philip recommended a maximum of four days, my study encouraged me to extend this to five days.

I now have a record of results from 16th June 1999 to 13th May 2000.

As I'd previously stated last time I covered this subject, the non-handicap category in this system did no better than break even, and as such have been excluded from the system rules.

So handicaps only are considered.

This check resulted in 141 selections, producing 56 winners and a L.S.P. of 48.44 points, tax paid on.

Over the almost one-year period the 141 selections yielded 56 winners, prices up to 10/1 and a level stake profit (tax paid on) of over 48 points.

A more than satisfactory return I am sure you will agree.

A satisfactory return I am sure you will agree. For those who prefer fewer bets and perhaps a banker selection, apply the further filter of using only those that are second, or joint second, in the Daily Mail betting forecast.

Over the above period there were forty-nine selections producing twenty three winners.

L.S.P. 59.68 points, tax paid.

Winners at 10/1, 8/1, 13/2, 11/2, 6/1, 5/1, etc..

It was surprising to find that the number of runners in the race made no difference over the period I have checked - although Philip recommended only using up to nine runners originally.

Time may well prove him right, we will see.

For new readers I give the rules of the system in full; (all results are from the Daily Mail)

FIVE-DAY METHOD

- Handicaps only.
- 1st, 2nd or 3rd, last time out.
- That result was within the last 5 days.
- Top-rated by Daily Mail's FORMCAST
- 1st, 2nd, or joint 2nd in betting forecast.
- All codes of racing included

Eleven months is a short test for any method, but it should not be overlooked that Philip Alexander checked for several seasons earlier and there can be no more experienced a researcher.

A solid system for all seasons.

Beaten Favourites:

I was recently asked if I could recommend a system based on beaten favourites, the enquirer stated that many such horses win. Well, yes they do - but many more lose.

I know of no reliable system as such but as a foundation consider only those near the top of the racecard, and in particular beaten favourites running within nine days. Such a filter will eliminate more losers than winners.

As a final snippet, as always I keep a lookout for consistent winning tips in newspapers, etc. Another has come to my notice over the last few months.

The News of the World sometimes has a feature headed 'Inside Track' When featured the item will be found in the sports pages and the ones I have seen give two tips for the following week. A best bet and a long-shot.

They both win on occasions, and there have been many good prices too. This feature has not up to now appeared every week. But when it does, make a note and if there are any non-runners consider them if they're running again within a week or so.

Picking up on some research we published in an issue earlier this year, Alan Hitchcock suggests a simple method of spotting a horse with the right credentials

KISS #2

HORSES FOR COURSES

Alan G Hitchcock

As you know, I am not a horseracing fan - far too complicated for me. However, I was interested in your Courses v Courses in the March 2000 issue (7.03) , and particularly the charts on pages 48 to 53.

If I did decide to follow horses, instead of greyhounds and football, I would take a look at all-weather racing, as I would reckon that good form on one track has a good chance of being replicated on any one of the others.

It is first of all clear that the success rate of horses going from one all-weather track to another is better than your overall average of 17.4%. This may not be too helpful, as there will often be all runners in an all-weather race, having previous all-weather form.

The next step is to look at turf tracks where previous all-weather form is higher than the average and there are four main contenders - Brighton, Carlisle, Chepstow, and Hamilton - where combined previous all-weather ratings are all more than 60 (average of 20).

I then thought to myself, if horses perform well at Brighton, for example, after a win on the all-weather, then perhaps a horse should perform well at Brighton after a win at Carlisle, Chepstow, or Hamilton and vice versa

- and they do!

The results are quite amazing as far as your form figures are between those four tracks (Chepstow - Carlisle is just the one exception but this is a very small sample) and, are:-

<i>Running at this course today</i>		<i>Has previously won at this course</i>	<i>percentage chance</i>
Brighton	-	Carlisle	(26)
Brighton	-	Chepstow	(24)
Brighton	-	Hamilton	(34)
Carlisle	-	Brighton	(21)
Carlisle	-	Chepstow	(23)
Carlisle	-	Hamilton	(21)
Hamilton	-	Brighton	(24)
Hamilton	-	Carlisle	(19)
Hamilton	-	Chepstow	(30)

There are also two other tracks that are not quite as good as the above, but are worth looking at and they are Folkestone and Yarmouth.

It is very interesting how well spread out these tracks are geographically. The most telling is a horse going to Brighton with a previous win at Hamilton.

Just taking individual ratings can be misleading. Take a horse that has won at Ascot - the chances of it winning, at any minor race course, the next time out, must be very good and no doubt this will be reflected in the starting price!

So, here is a system to work at;

- *Just follow the three all-weather racecourses plus Brighton, Carlisle, Chepstow, Folkestone, Hamilton and Yarmouth.*
- *Then any, runner at one of these tracks, which has finished first or second in one of its last two races, at one of the other listed tracks, should be backed!*

Worth a punt or two?

Finding a good price and refusing to bet without it makes basic economic sense. Just like bargain hunting for anything else, find the right product at the right price and you'll be financially better off.

PROFITS FROM RACING

Bob, Edinburgh

Picking winners is not the be all and end all of successful betting. It is making a profit that is important. As most SMARTies are aware and contrary to popular belief, there is a difference.

In previous articles I set out my idea of the basics. We must:

- select the most likely winner, this is the only one to bet;
- identify the value in the most likely winner;
- stake for optimum returns;
- stake for control over losses.

I also showed that the best bets were most likely in the price range somewhere between 5/1 and 20/1. But picking winners is important too. And I argued that when picking winners it was better to look for the most likely winner among the horses which didn't carry unduly high weights.

Other approaches will be successful but I do believe that the value method offers a reliable way for punters to win in the long term. Some say that looking for value is a waste of time and does not exist because value cannot be defined. I cannot agree.

Can value be defined?

The dictionary defines 'value' simply as 'worth'.

Also 'value' legally exists in an item that is fit for the purpose for which it is sold.

This is a definition that is also appropriate to betting.

What is the purpose of a bet?

If I bet a horse to win a race then I expect it to win and what I am buying is the strength of my belief that it will win. This is the value of a bet to me.

If the price of the horse is too short then I have been ripped off. If it is too long, then I've got a bargain. And if I keep picking bargains then I will become rich. A big 'if' I know.

A shopper searches first for the item he needs. Then he looks for a price and decides whether the item is affordable. This is the normal way to shop. A punter also searches for horses with good chances. But only a certain few consider whether the price is affordable.

Clearly value can be defined but it appears that this is still too imprecise for its critics.

So can value be determined precisely?

Many want to be able to assign a fixed chance to a horse, i.e. to say that it is a 6/4 chance or a 5/1 chance or an outsider worth about 20/1. If they can do this then they can compare this chance with the price on offer and say what the precise value of a bet actually is.

Many punters feel that value cannot be determined in this way because it is subjective. This is a practical objection and is based on the needs of those who pick winners on the basis of an historic system.

But those such as myself ask if detailed measurements are really necessary? And indeed whether they are relevant.

Successful value punters seek palpable value. In this case fine-tuning of estimates is pointless. The idea that one can say that a horse is a true 6/4 chance but is a value bet only if it is on offer at 2/1 would be an example of a fine-tuned estimate.

Now if it was on offer at 7/2 say, I believe that the punter has a much firmer basis for saying that he has got a value bet. In other words, its

value is palpably clear even if this palpable value is clear only to the punter concerned!

More precise pricing techniques are in fact available for those who want them and have been published in previous editions of SMARTsig.

Many system punters use the underlying strike rate of their system as a pricing basis. And professionals seek prices which tie in with their own known strike rates. So fine-tuned estimates of value are in common use and considered to have a practical purpose, regardless of any theoretical objections of mine.

At one time I too noted my estimate of a reasonable price for my selection before looking at the betting forecasts. Nowadays I don't bother. I still start with the horse's chance before looking at the forecast in the Post. I then push the prices in or out according to my view of their chances.

Nor do I fuss with the over-round, having for many years held the Barry Dennis view that this is simply fiddling with the figures. It may fascinate journalists. In the search for palpable value over-round is hardly a significant matter for punters!

Value certainties

It is a complete fallacy to believe that value punters pursue big prices! Value punters pursue what I might call value certainties. This is best explained with the 4 basic scenarios.

- 1 A horse is more likely to win than to lose and the horse is odds on.
- 2 A horse is more likely to win than to lose and the horse is odds against.
- 3 A horse is more likely to lose than to win and it is odds on.
- 4 A horse is more likely to lose than to win and it is odds against.

SMARTies will note that there is precision here. Experienced backers can almost always say for the great majority of races whether a horse is more likely to win than it is to lose. Clearly if it's more likely to win than it is to lose it ought to be odds on. If it isn't odds on then it is odds against and it is value.

Horses 1 and 4 may be value but we do not know for sure. Horse 3 is not value and we know this for sure. Only horse 2 is value and we know this for sure. Horse 2 is therefore a value certainty.

Obviously the horses don't have labels 1, 2, 3 and 4 and the trick is to discern which is which.

Plainly there is little point in looking for the obvious because when this happens the price usually collapses. But on the other hand it is rare for the market to totally overlook value. The best practical advice is to copy the Pricewise technique rather than simply follow their selections!

There are other methods. Last flat season a punter complained in the Racing Post about a long priced Mark Johnston winning newcomer at Musselburgh because the winner had no form.

True, retorted Mark in the Post, but the 4 other runners in the race did. They were all well exposed, having beaten a total of only 2 opponents between them and Mark's horse had very little to beat. I found this one of the year's most illuminating, even if obvious, statements and took it to heart.

Ways to be a winner

Basically, there are 3 ways of betting to be a winner and I follow all 3.

- 1 You can analyse form on a daily basis.
 This is the most popular way yet deceptively it is the most difficult!
 This is the way of the pin-stickers but also of the expert private handicappers and form experts.
- 2 You can follow a system.

This is the easiest with so many ideas for the punter to follow. But pitfalls abound and popular systems may well lose value and fail to show a profit.

Easy it may be but common-sense is also needed, although unfortunately often absent.

3 You can play the numbers game.

This is surprisingly not popular in the UK. Coupled-odds specialists and punter's bank exponents place the emphasis on identifying a group of horses from which they believe the winner is sure to come.

Small profits, quick returns is the key for this group.

Small stakes Tote pools specialists also follow route 3 and good profits are available for those who have mastered the requirements for regular pick-ups from the Exactas and Trifectas, not to mention professionals who tackle jackpots and the mammoth Scoop6 pool.

Tote betting is currently my favoured source and can be adapted to almost any race, any meeting, any time.

One week's betting - an example

A professional punter recently said to me that I bet like his wife with a complete hotch potch of methods.

It is true that I simply must have an interest in any race I watch.

The passive role of going racing simply as an uninvolved observer has no appeal for me. And losing my money has no appeal either.

Consequently I put a lot of thought into figuring out bets for most situations.

Punters are always interested in the bets of others, even if only to scoff.

So by way of example, I would like to offer one week from my betting, including the Imperial Hurdle at Sandown, to hopefully illustrate the points being made.

Route 1 - form analysis

Venue	Selection	My analysis	f/c	SP	Result
Muss 6/3	HOT BUNNY C.Swan/C.Swan	Favourite opposable Hot Bunny under-rated by Post tipsters. No danger in my view Great value. Premium stake	4/1 2f	5/1	WON
Catt 8/3	LURPAK LEGEND Reveley/Dempsey	Favourite opposable Lurpak Legend 'decent claims' per Spotlight. Mrs R a huge plus. Solid value; 'error prone' so danger; thus basic stake	5/1 2f	5/1	WON
Ayr 11/3	FORREST TRIBE Hammond/Harding	Favourite opposable with top weight on heavy ground 3 runners and I 'picked' one. Solid value; form query so basic stake	7/2 3f	3/1	LOST the fav. won!
Sand 11/3	THE GATHERER Moore/Williamson For JP.McManus	Another favourite with top weight to be opposed! Spotlight said selection was the value pick. I agreed but thought value tenuous in big field so basic stake	8/1	7/1	LOST 2nd beaten by BJ Curley

Route 2 - systems

There were no bets during week prior to the Festival.

Route 3 - visits to Musselburgh 6/3/00 and Sedgfield 7/3/00

I always play the Tote pools to cover most races when I visit a racetrack and expect a contribution towards the cost of my trips south.

Plus, from time to time, an exceptional dividend with higher priced placed horses to provide the value.

This is a subject to discuss in its own right and there were too many

details to mention but in the event, I had a winning return from the Musselburgh meeting. But lost at Sedgfield, a shock, and with no other visits route 3 was slightly down on the week. But the pools at the smaller meetings are frequently not worth anything other than trivial stakes and that was the case here. So overall this had no impact on my win singles betting!

And final summary

During the week prior to Cheltenham 2 winners were backed from 4 bets for a 50% strike. And one winner carried a premium stake. As a yardstick for this performance, favourite punters in these races backed only one winner, a 25% strike with a miserable return. Admittedly this is below average for favourites but we know that the average favourites punter will lose in the long run at SP.

In contrast I hope that this brief extract illustrates that if you keep value foremost in mind then you will find that you will not be unduly stretched to make a profit.



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