

ULTIMATE STAKING PLANS

Accelerate Your Profits



RACE ADVISOR

ODDS-ON WINNERS

**What Happens
When You Combine
a Proven Winning
System with the
Right Staking Plan?**

1

Introducing... the Gambler's Fallacy

The single greatest myth that pervades betting of all kinds is the notion that an event which hasn't happened recently becomes 'overdue' and is, therefore, more likely to happen. It is known as *Gambler's Fallacy*. There are countless betting systems on the internet and some of them are based on mathematical sequences that are centuries old and were NEVER intended to be used for betting.

It has become normal for punters to bet the opposite way of recent outcomes in the hope of striking it rich. Here's the thing: it doesn't work at the casino, and it doesn't work in horse racing.

First and foremost, you will only make a profit in the long-term by consistently backing horses that are overpriced. As Patrick Billingsley wrote in *Probability and Measure*:

“No betting system can convert a subfair game into a profitable enterprise.”

In other words, it is impossible to win in the long-term (aside from blind luck) using ANY system if there is no value in the wagers. This is the main premise of **Odds-On Winners**. It is a system designed to find winning bets at odds-on prices that are still value.

For example, if a horse is 1.25 (1/4) to win a race, the bookie is technically stating that the horse's chances of winning are 80% (100 / 1.25). However, if your research shows that the horse's actual chance of winning is 85%, you have a **value** bet *despite* the short odds. When you back such winners consistently, long-term profit will follow.

The other important rule is **always** to use either a Level Stakes or Compounding System (based on Level Stakes) as this is the most logical, and successful, means of maximising profits and growing your betting bank.

All other betting systems are ultimately ineffective and could actually ruin your chances of success, regardless of how often you choose winners. In this guide, I look at a wide variety of commonly used systems in horse racing betting, show their weaknesses, while extolling the virtues of the Level Stakes and Compounding systems. ►

2

The Importance of a Sensible Staking Plan

The most important tenet in betting is to ensure you consistently *find value* with your wagers. Otherwise, you're merely playing into the hands of the bookmakers who will win in the medium to long-term. When you understand **value**, that is 'finding bets where you have an edge,' you're more than halfway towards consistent bankroll growth.

Alas, there is another major factor overlooked by punters. The **type** of staking plan. I have seen almost every significant plan and let me tell you, practically all of them are utterly useless! In my opinion, only **two** plans are based on logic and are capable of yielding a consistent profit. All the rest are based on guesswork, superstition and faulty premises.

Let me be clear, I only recommend Flat Staking and Compounding in conjunction with Odds-On Winners. You will be sabotaging your profits if you choose any of the other staking ideas I outline in this guide. I discuss them mainly to help you understand why they are not the right option; not just for Odds-On Winners, but for any kind of betting strategy.

Let's say your bankroll is £500; a substantial investment for the majority of people. What would be your stake for a horse to win at 5/2?

£50?

£100?

£10?

If you decide to bet £50 for instance and it loses, you are only nine bets away from going bust, a fate that happens a lot quicker than you think, if you insist on backing horses at Odds above Evens. Many of the plans mentioned in this guide involve rapidly increasing stakes in the event of a loss. That is a recipe for disaster. ▶

3

Flat Stakes – Percentage of Bank

Whether you are a newcomer to horse racing betting, or a savvy punter with several years of experience, a Flat Stakes plan carries a host of advantages. As the name suggests, you bet the same amount on each bet, no matter the odds. First of all, consider your bankroll and decide how many 'units' you wish to divide it into.

For example, you can deposit £500 with the intention of splitting it into 100 units. Each unit is worth £5. You will bet £5 on each wager regardless of whether the horse is 1.5 (1/2) or 4.0 (3/1).

“But I am winning far less with the 1.5 shot!!! Why not bet with a profit figure in mind?”

This is a common refrain from punters who reject the notion of Flat Stakes. In the pricing example above, they may elect to bet £60 on the 1.5 shot and £10 on the 4.0 shot because both bets would result in a profit of £30. I hope I don't need to explain the dangers of such a tactic!

In horse racing, **nothing** is guaranteed. Just ask high-stakes punters who backed *Tree of Liberty* at Ludlow in March 2018! He was 1/20 to win but was defeated by 20/1 shot *Cap'N* in a three-runner race. It was part of a crazy half-hour spell in UK and Irish racing where **four** odds-on favourites lost. Flat stakes punters were well covered and could easily make up lost ground. People who wagered heavily had a giant hole in their bankroll.

15:05 Epsom
Mon 27 Aug | 5f Hcap

Live Stream Radio Tote Form & Results Multiples

Win	Each Way	Place										
<input checked="" type="checkbox"/> Going In-Play <input checked="" type="checkbox"/> Cash Out <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Pin <input checked="" type="checkbox"/> Betfair SP [?] <input checked="" type="checkbox"/> Timeform			Matched: GBP 4,563 <input type="button" value="Refresh"/>									
7 selections			103.6%		Back all		BSP		Lay all		96.1%	
2 (3)		Blue De Vega Oisín Murphy	3.1 £9	3.15 £44	3.2 £79	SP	SP	3.3 £110	3.35 £68	3.4 £113		
7 (5)		Jack Taylor Nicola Currie	7.4 £10	8.2 £2	8.4 £7	SP	SP	9.4 £2	10.5 £6	15 £14		
4 (7)		Boom The Groom Robert Winston	6 £30	6.2 £3	6.4 £9	SP	SP	6.6 £2	6.8 £2	7 £6		
3 (2)		Pettochside Josephine Gordon	4.8 £10	4.9 £51	5 £17	SP	SP	5.2 £49	5.3 £34	5.4 £250		
1 (4)		Just Glamorous Adam Kirby	9 £3	9.4 £5	9.6 £3	SP	SP	10.5 £4	12.5 £10	16 £10		
5 (6)		Carlton Frankie James Sullivan	11.5 £8	12 £3	12.5 £2	SP	SP	18.5 £4	21 £2	30 £10		
6 (1)		Bahamian Sunrise Hayley Turner	14 £2	15 £12	15.5 £2	SP	SP	17 £10	19 £3	19.5 £2		

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13:55 Epsom
Mon 27 Aug | 7f Nov Stks

Live Stream Radio Tote Form & Results Multiples

Win		Place		Back all		BSP		Lay all	
4 selections	101.3%								97.5%
1 (3)	Indian Viceroy Oisín Murphy	1.42 £41	1.43 £47	1.44 £2	SP	SP	1.45 £9	1.46 £451	1.49 £77
2 (4)	Water Diviner Rossa Ryan	5.2 £13	5.3 £8	5.5 £23	SP	SP	5.8 £48	6.2 £28	6.4 £28
3 (1)	Jean Valjean Tom Queally	11 £9	12 £4	12.5 £5	SP	SP	17 £2	21 £3	22 £2
4 (2)	Maronnier Daniel Muscutt	16.5 £6	17 £4	17.5 £4	SP	SP	18.5 £2	19 £15	29 £11

A £10 bet on *Blue De Vega* would yield a return of £32 (including stake). A £10 bet on *Indian Viceroy* yields £14.40 (including stake). A lot of punters would elect to place £20 on the short-priced horse and £5 on the longer price. The result would be a profit of £8.80 on *Indian Viceroy* ($20 \times 1.44 = 28.80$) and £11 on *Blue De Vega* ($5 \times 3.2 = 16$) if they both won.

However, horse racing is **unpredictable**. It would not be unusual for *Blue De Vega* to win and *Indian Viceroy* to lose. With a Flat Stakes plan, that outcome would yield a total profit of £12 on two £10 bets. If you followed the scenario where you place the lion's share of your bankroll (£20) on *Indian Viceroy*, you would be **down** £9 despite picking a winner at 3.2 because you only bet £5 on the outcome!

"Yes, but *Indian Viceroy* was more likely to win."

Perhaps, but *Blue De Vega* was also the favourite, albeit in a more competitive affair. Throughout my years as a horse racing punter, it has become very clear to me that *you must be confident that every single bet has a good chance of winning*. Remember, as a smart punter, most, if not all, of your bets have an 'edge' of some kind.

If you're not confident that a selection will bear fruit, why waste your money on it? **If** the short-odds horse wins, and the longer odds selection loses, with our two x £10 bets you are down £5.60 overall. However, if it wins with your bigger £20 bet and *Blue De Vega* loses with your £5 bet, you are only up £3.80 after taking a **much larger** risk. That's NOT sensible betting.

Assuming you are betting with an edge the majority of the time (with Odds-On Winners it is virtually ALL the time), a Flat Stakes plan ensures you profit in the long-term. Your bankroll can bear lengthy losing streaks, although the nature of the Odds-On system means you won't have excessively long sequences of losses.

Finally, the Flat Stakes plan takes all emotion out of the equation. It prevents you from becoming hot-headed and over-betting on a race. Sure, it seems weird to bet the same regardless of the odds, and you may not earn enough to buy a house, but at least you have a lower chance of losing your bankroll and a greater chance of consistent profit.

You can alleviate some of the frustration of Flat Staking by altering the unit size when your bankroll grows. For instance, if you bet £2 a time with a £100 a bank (2%), you can wait until the bank swells to £150 and bet 2% again. At this point, your new flat stake is £3. It rises to £4 when your bank hits £200 and so on. In a high-percentage win system, it helps your profits grow that little bit faster, but with minimal risk.

Finally, you could choose to bet solely as a percentage of your betting bank. With each bet, your bankroll rises and falls. All you have to do is pick a percentage of your bankroll and stick with it regardless of your balance. Here is a quick look at it in practice:

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Bank	%	Stake	Odds	Result	Win/Loss	Rolling Balance
£200	2%	£4	3.0	Win	+8	£208
£208	2%	£4.16	2.5	Loss	-4.16	£203.84
£203.84	2%	£4.08	2.75	Win	+7.14	£210.98
£210.98	2%	£4.22	4.0	Loss	-£4.22	£206.76
£206.76	2%	£4.14	2.25	Win	+5.18	£211.94

Again, this is a good option for systems with lengthy winning streaks. ►

4

Compound Stakes

This is a variation of the Flat Stakes plan that involves slightly higher risk but significantly greater profits when you do it correctly. It is an ideal staking plan for Odds-On Winners because your win percentage is so high.

The main principle of compounding is to take a percentage of your betting bank (normally 1-5%) and wager it on races. It is used in the banking industry, and is an extremely useful tool when backing horses at short odds.

Typically, a punter using compounding will try and earn 2% of their bankroll a day. For example, if you have £200 as your betting bank, you're trying to make £4 to bring it to £204. If you are successful, you try to earn 2% again, which equates to £4.08. A successful bet means you're now at £208.08.

A loss hits a little harder than with Flat Stakes, but remember - we're dealing with an 85%-win rate in Odds-On Winners, so long winning streaks are normal because we are backing horses at short odds.

7:10 Ripon

in 27 Aug | To Be Placed

Live Stream Radio Tote Form & Results Multiple

Win	Each Way	Place	2 Places	4 Places
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Going In-Play Rules Pin Betfair SP [?] Timeform Matched: GBP 6

elections		384.6%		Back all	BSP		Lay all	234.4%	
4 (8)	Jurrane Dane O'Neill	1.07 £5	1.1 £107	1.11 £30	SP	SP	1.17 £11	1.18 £16	1.62 £15
2 (10)	Calendimaggio John Egan	1.23 £500	1.3 £82	2 £12	SP	SP	2.32 £7	2.34 £3	7.4 £15
3 (1)	Jawshan Tony Hamilton	1.14 £82	1.23 £847	1.99 £7	SP	SP	2.66 £10	2.82 £4	8.6 £15
9 (6)	Agincourt Shane Gray	2.24 £36	2.26 £6	2.42 £2	SP	SP	4.1 £7	19.5 £15	
6 (9)	Mr Maxx David Allan	2.32 £14	2.34 £4	2.68 £2	SP	SP	5 £6	29 £15	
8 (4)	Stand Firm Jack Mitchell	2.04 £43	2.28 £11	2.86 £2	SP	SP	12.5 £2		
7 (7)	Sledmere Rob J. Fitzpatrick	2.52 £29	2.54 £10	3.8 £2	SP	SP	11.5 £3	400 £25	
1 (5)	Nearly There Nathan Evans	2.56 £33	3.9 £2	3.95 £5	SP	SP	14.5 £3	400 £25	
5 (2)	Last Glance Cam Hardie	2.52 £29	2.54 £2	3.45 £2	SP	SP	400 £25	600 £25	

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Let's say you back *Jurran* to finish in the top three at 1.11 (this race does NOT qualify for an Odds-On Winners bet for reasons you'll understand when you read the guide). To achieve your 2% goal, or a £4 profit on a bankroll of £200, you will need to bet £36.36.

The risk is clear: Lose three to four bets out of 20 or so at short odds, and you could have a problem. However, the Odds-On Winners selections are horses likely to **win** the race rather than merely place, **and** you have an edge. With winning streaks of 10+ a feature of savvy short-odds selections, compounding can work like a dream.

Using our 2% of a £200 bank example as a starting point, 10 straight wins would result in a profit of £43.80. 15 consecutive wins mean a profit of £69.17 and 20 successive wins means a profit of £97.19.

For the record, in a 500-bet sequence with an average win rate of 80% (lower than that of Odds-On Winners), the likely maximum winning streak is set at 28. If you hit that with our 2% of £200 starting bank example, your profit becomes £148.20.

If you are concerned about the size of the bets, you can use a variation of compounding to lower the risk. Instead of placing £36.36 on *Jurran*, you can decide to increase the initial size of the unit and work with profits. For instance, place £10 on *Jurran* and if it places at 1.11, bet £11.10 (original stake plus profit) on your next Odds-On Winner selection.

At this point, it is up to you to determine how long you wish to increase the stakes in this manner. Five consecutive wins at 1.11, for example, means your sixth bet would be £18.70. By now, you may want to play it safe and go back to a £10 stake. While you won't benefit maximally from 20-bet winning streaks, you limit the damage in the event of a loss. ►

5

The Fibonacci Sequence

The continuing search for staking systems that make sense brings punters all the way back to the year 1202. An Italian mathematician named Leonardo Pisano Bigolio created what became known as the Fibonacci Sequence. It begins with zero and one. Each successive number is the sum of the two previous numbers. As a result, it looks like this:

0, 1, 1, 2, 3, 5, 8, 13, 21...

As you can see, $0+1 = 1$; $1+1 = 2$; $2+3 = 5$, and so on.

This sequence of numbers appears relatively often in mathematics, and it has an array of practical uses. However, Bigolio did NOT create the Fibonacci Sequence for betting, and an outline of how it would work when backing horses clearly displays its weaknesses.

Fibonacci in Horse Racing Betting

Those who use this system must always begin by staking a single unit. After a losing bet, you move to the second number in the sequence. If you lose this bet, you move on to the next number. You continue until you back a winner, and then return to a single unit stake. In theory, it means you can lose six or seven bets in a row (a normal situation in horse racing betting) but win **big** just once for a huge profit.

I'm hoping you see the problem! If not, let's spell it out by performing an example with 10 consecutive losing bets where a unit is worth £5.

- **Bet 1:** 1 unit = £5
- **Bet 2:** 1 unit = £5
- **Bet 3:** 2 units = £10
- **Bet 4:** 3 units = £15
- **Bet 5:** 5 units = £25
- **Bet 6:** 8 units = £40
- **Bet 7:** 13 units = £65
- **Bet 8:** 21 units = £105

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- **Bet 9:** 34 units = £170
- **Bet 10:** 55 units = £275

As you can see, things get scary **very** quickly; and if you think you won't lose 10 in a row, you clearly haven't been backing horses for long. That, or you are backing short odds favourites. Those 10 losing bets cost you £715, or 143 units. With a level staking plan, you would have lost just £50.

Sure, a win from bet five onwards would be lovely but, at this stage, the pressure is on, and you **have** to pick a winner! If you have a betting bank of 100 units, which is a good starting point, it will be almost wiped out by the time you reach bet 10.

If you are someone who enjoys a £5 bet now and then, how will you feel if you have £40+ on a bet? Or £275? What if your **big** win comes on a relatively short odds winner? Finally, there is the all-important fact that the outcome of each race is an independent event. There is NO logic in suggesting that just because you lost six in a row, that you are **due** to win a bet.

Even if you bet on Even money shots which have a 50% chance of winning, you could statistically suffer a losing streak of six or more in a 50-bet sample. Using Fibonacci, you are already down 20 units and under severe pressure. ►

6

The Martingale System

A *martingale* is one of a class of betting strategies widely used in 18th century France. One of the simplest versions, which has ultimately made its way into modern betting, was the concept of doubling your bet after a loss. It was designed for a coin toss since the probability of winning is 50% (not allowing for biased coins).

For some bizarre reason, it has become popular amongst roulette players which does little to curb the suggestion that they are amongst the least savvy gamblers around. Why is it so foolish to use Martingale in roulette you ask? First of all, it was originally used for coin tosses which technically involve a 50% chance of winning. With roulette, there is an in-built house advantage which means Martingale is essentially useless.

Martingale in Horse Racing Betting

First and foremost, the Martingale system is one of the fastest ways to the poorhouse if your win rate isn't extremely high. You have to **double** your stake after **every** loss until you get a winner. Then, you revert back to a single unit stake. Here is the system in action using 10 failed bets in a row with £5 as our unit stake:

- **Bet 1:** 1 unit = £5
- **Bet 2:** 2 unit = £10
- **Bet 3:** 4 units = £20
- **Bet 4:** 8 units = £40
- **Bet 5:** 16 units = £80
- **Bet 6:** 32 units = £160
- **Bet 7:** 64 units = £320
- **Bet 8:** 128 units = £640
- **Bet 9:** 256 units = £1,280
- **Bet 10:** 512 units = £2,560

It doesn't take long to reach "I'm risking my mortgage here" levels of panic. If you continue to bet 15, you are staking 16,368 units or £81,840.

For the record, if your 'profitable' system has a 30%-win rate, there is a chance of hitting an

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11-bet losing streak within any 50-bet sequence, so the above scenario is entirely possible when using Martingale.

Even worse, if you hit a winning streak of say, four in a row, you are winning with single unit bets. All it takes is three losses in a row to undo all of your good work, depending on the amount you won with the initial good streak. Unless you win at pretty long odds, it is almost certain that four losses in a row are enough to wipe out the proceeds of four consecutive wins.

Likewise, a win isn't guaranteed to eliminate past losses. If you lost five bets in a row with £5 as your initial stake, you would be down £155. If your next bet of £160 happens to be on a horse at 1.50, your winnings of £80 still mean you are down £75 overall. In other words, Martingale is pointless for short odds bets and dangerous for long odds. ►

7

Stop At A Winner Staking Plan (SAW)

Better known as SAW, the Stop at a Winner system is exactly what you think; you continue betting on races until you get a winner. Regarding staking, it is entirely up to you. Some punters follow the Martingale system while others prefer a Level Stakes Plan.

Although the latter option is infinitely better, the SAW system once again relies on the Gambler's Fallacy. The 'reason' that you are supposed to stop at a winner is because you are supposedly less likely to get two winners in a row. Once again, there is no **logic** behind this assertion.

Do you think a white-hot favourite is suddenly going to lose because you bet on him after backing a winner 45 minutes ago? Does the horse or jockey think: "John, a random punter I have never met, won on another race today so I guess it means we're less likely to win now."

Of course not; and when you look at things this way, the idea that your chances of winning or losing betting on outcomes, with no relation to one another, can decrease because you happen to be successful, or increase because you happen to fail, is absurd.

If you are confident in your selections, and profitable punters always are, why would you Stop at a Winner for any reason other than superstition? Imagine you had six selections for the day, and easily have enough bankroll to cover them all. You don't win race one but your second selection wins.

Because you are a SAW devotee, you ignore the last four selections and realise that there were two more winners at odds of 7/1 and 9/2. Oh, wait! You didn't get these wins because you figured that for some reason, those two horses were less likely to win. If you follow SAW's 'logic,' why bet on anything tomorrow either? After all, you're apparently doomed to failure.

By the way, most SAW systems have a 'stop loss' system whereby you stop betting at say, five losses in a row. While I can understand a desire to avoid crippling losses on any given day, you will prevent a catastrophe by using a Level Staking Plan, and sticking to a sensible number of selections per day/week/month in any case. ►

8

Kelly's Criterion

John L. Kelly developed Kelly's Criterion in 1956 and guess what? He didn't create it for betting, yet a horde of punters use it anyway. It is another staking plan that makes some semblance of sense in theory, but falls apart under closer scrutiny, and also in practice, for reasons I will outline later.

The purpose of Kelly is to determine the optimal stake on a bet to maximize your bankroll's growth. It sounds good so far, right? Here is the original formula:

$$f^* = (bp - q) / b$$

Here's what all that means:

- f^* = The fraction of your existing bankroll used to make a bet. For example, betting 1/40 of your £400 bankroll would be a £10 bet.
- b = The odds of the bet in decimal form - 1. Also known as odds in fractional form. So, odds of 3.00 - 1 = 2. In fraction form, the odds are 2/1.
- p = Probability of winning.
- q = The probability of losing which equates to $1 - p$

Let's say your bankroll is £200 and you are planning to make a bet at odds of 2.5 (6/4). However, you believe there is a 45% chance of the bet winning. Here is how much you should bet according to Kelly's formula:

$$\begin{aligned} f^* &= ([1.5 \times 0.45] - 0.55) / 2.5 \\ f^* &= 0.125 / 2.5 \\ f^* &= 0.05 \end{aligned}$$

0.05 = 5%, so you should bet 5% of your £200 bankroll which is £10.

The problem with Kelly is that you have to **KNOW** your edge over the bookmaker. In the example above, I said that a bet had a 45% chance of winning, but the bookies only gave the horse a 40% chance of winning odds-wise. The thing is, how do I **know** that the horse's chance

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is exactly 45%? What if it is 43% or 37%? Kelly's Criterion falls apart unless you are 100% precise with every single bet.

If you are wrong and you **don't** have the edge you think, your bankroll will quickly become empty. If your Kelly calculations tell you to bet 60% of your bankroll, are you confident enough in your selection to do so? With Level Stakes betting, getting your edge wrong is a lot less costly. ▶

9

The D'Alembert Staking Plan

This is yet another mathematical system that is hundreds of years old. It was created during the 18th century by Jean Le Rond D'Alembert in France, and makes the mistake of supposing a balance of wins and losses of a long series of specific events.

According to the D'Alembert plan, you have to increase stakes by a unit after a loss and decrease by a unit after a win. The idea is to end up at the start of your sequence but earn a unit profit. Here is a simple outline based on £5 as a single unit.

- **Bet 1:** 1 unit = £5 (lose).
- **Bet 2:** 2 units = £10 (lose).
- **Bet 3:** 3 units = £15 (lose).
- **Bet 4:** 4 units = £20 (win).
- **Bet 5:** 1 unit = £5 (lose).

The D'Alembert plan has no staking limit, so after 12 losses in a row, you are betting 13 units on the next race. It is easy to see how you could lose your entire bankroll in a hurry. Let's say you lose the first three bets but win the fourth using the stakes mentioned above. As your **total** stakes are £50 at this point, you need to back a 2.50 (6/4) winner just to break even after the fourth race.

As is the case with most betting systems in this guide, the D'Alembert plan assumes that you're more likely to win after each loss. It was initially used on the roulette wheel or Even Money bets, but you could bet on everything from 1.1 to 100 in horse racing. Once again, the proceeds of three consecutive wins are often wiped out after three straight losses, but NOT vice versa. ►

10

A Rundown of Weird & Not So Wonderful Staking Plans

The Labouchere System

Unlike several other systems on the list, this one **was** created for betting, roulette to be precise. Henry Labouchere developed it in the 19th century, and it is designed for 50/50 propositions (bizarre since the roulette wheel is **not** 50/50!). It is somewhat complex and can only realistically be used on horses at Even money or thereabouts.

Begin by writing down a sequence of numbers. For example 1-2-3. The potential profit equates to the value of the numbers in the sequence. If you use 1-2-3, the possible profit is 6 units. With each bet, the stake must be equal to the total of the first and last number in the sequence. Again, with 1-2-3, that means 4 units (1 + 3).

If you win, remove the first and last number. Using our example, you would be left with 2. If you lose, add the amount you staked to the sequence. We lost 4 units, so our new sequence is 1-2-3-4. Each time you win, cross off numbers. Each time you lose, add a number (the total you lost).

If you are left with one number, simply stake that amount. For example, if you use 1-2-3 and win, bet 2 units on the next race. If this bet wins, start all over with a new sequence. You can make Labouchere as simple or as complicated as you like, but it gets complex once you lose a few wagers regardless.

Here is an example with some wins and losses using 1-2-3 as our initial sequence and one unit = £5:

- **Bet 1:** Bet 1 + 3 units = 4 units or £20. (Lose)
- **Bet 2:** Sequence becomes 1-2-3-4. Bet 1 + 4 = 5 units or £25. (Lose)
- **Bet 3:** Sequence is 1-2-3-4-5. Bet 1 + 5 = 6 units or £30. (Win)
- **Bet 4:** Sequence is 2-3-4. Bet 2 + 4 = 6 units or £30. (Lose)
- **Bet 5:** Sequence is 2-3-4-6. Bet 2 + 6 = 8 units or £40. (Lose).
- **Bet 6:** Sequence is 2-3-4-6-8. Bet 2 + 8 = 10 units or £50. (Win)
- **Bet 7:** Sequence is 3-4-6. Bet 3 + 6 = 9 units or £45. (Lose)

You have won two from seven bets and are down £80 or 16 units if you won on Even money shots. With a Level Stakes plan, you would be down 3 units or £15. Although the Labouchere System can yield spectacular profit, you can see how quickly it gets out of hand on losing streaks.

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Reverse Labouchere

Believe it or not, there is a 'reverse' Labouchere! The difference between it and the regular system is that you add the amount staked to the sequence after a **winning** bet and remove the first and last numbers when you **lose** a bet. Here is how it looks in practice with a 1-2-3-4 sequence and £5 per unit.

- **Bet 1:** Bet 1 + 4 = 5 units or £25. (Lose).
- **Bet 2:** Sequence becomes 2-3. Bet 2 + 3 = 5 units or £25. (Win).
- **Bet 3:** Sequence becomes 2-3-5. Bet 2 + 5 = 7 units or £35. (Lose).
- **Bet 4:** Sequence becomes 3. Bet 3 units = £15.

With Reverse Labouchere, the sequence runs out quickly when you go on a losing streak, so it is arguably slightly better than the original system. The most you will lose is the sum of the sequence in units so with a 1-2-3-4 sequence; you can only lose 10 units. However, it only takes two losses for that to happen, compared to 10 consecutive losses with a Level Stakes plan.

Loss Recovery

As you can probably guess, the goal is to recover losses by adding them to your target win. It seems like a decent idea in theory, but in practice, it falls into the same old trap. If you hit a losing stream, losses mount up quickly.

Let's begin with a bankroll of £100, and your first target is 3% of your bank which equals £3. To win £3, you have to calculate the stake based on the odds.

14:50 Ripon
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Going In-Play Cash Out Rules Pin Betfair SP [?] Timeform Matched: GBP 2,025 Refresh

		102.1%		Back all	BSP	Lay all		94.5%
1 (1)	Returning Glory Daniel Tudhope	4.7 £9	4.8 £3	4.9 £8	SP	SP	5.1 £9	5.3 £3
6 (2)	Raaqyah David Egan	7.6 £5	7.8 £12	8 £2	SP	SP	8.8 £5	9.2 £4
7 (3)	Buckland Boy Stevie Donohoe	6.2 £21	6.4 £12	6.6 £4	SP	SP	6.8 £2	7 £7
4 (4)	Snowdon Callum Rodriguez	6.2 £42	6.4 £5	6.6 £16	SP	SP	7 £5	7.2 £4
9 (9)	Ventura Crest David Allan	8 £24	9.2 £6	9.4 £10	SP	SP	11 £4	12 £2
5 (8)	Cheeky Rascal Pat Dobbs	15 £5	16.5 £5	18 £7	SP	SP	21 £3	23 £3
2 (6)	Winged Spur P. J. McDonald	7.8 £4	8 £9	8.2 £21	SP	SP	8.6 £13	8.8 £8
3 (5)	Rhosneigr Paul Hanagan	13 £11	14 £5	14.5 £7	SP	SP	15.5 £4	16.5 £2
8 (7)	Apple Anni John Egan	16 £3	26 £5	28 £3	SP	SP	38 £12	40 £5

If you want to bet on *Returning Glory* to make a profit of £3, you will bet £0.77. If the horse doesn't win, you add the current stake to the target for next bet and perform the same process. Your new profit target is £3.77 (£3 + £0.77). If bet #2 is at 2/1 odds, you would need to bet either £1.88 or £1.89 to achieve your target.

It isn't a good plan whether you back Odds-On winners or longer shots. Here's what can happen in just five losing bets with a bank of £100:

Target	Odds	Stake	Running	Result
10.00	2.50	-6.67	-6.67	Lost
16.67	3.00	-8.33	-15.00	Lost
25.00	2.50	-16.67	-31.67	Lost
41.67	4.00	-13.89	-45.56	Lost
55.56	2.00	-55.56	-101.11	Lost
111.11				

ULTIMATE STAKING PLANS

As you can see, it doesn't take very long to hit the dreaded 'bankrupt' status.

The Predicted Winners System

As you know, losing bets is a sad reality of horse racing betting, and the Predicted Winner's System uses this titbit to operate. For this plan to work, you have to know your average win rate. For instance, imagine that your system has a 33% win rate. You lose two out of every three bets, and the Predicted Winner's System purports to help you avoid these losses.

You also need to track your bet performance, which is a prerequisite for all punters serious about making a profit. If you have won 20 out of 50 bets including four of your last 10, the Predicted Winner's System suggests that you're not likely to win your next bet. As a result, make the selection, but don't bet on it.

Hopefully, you can see the utter foolishness associated with this line of thinking. What if you end up avoiding 15 bets out of 100 and five of them win? It throws your bankroll balance completely out of line with where it should be. If you believe a horse has a good chance of winning and you have an edge, **make the bet!**

Retirement

This complicated staking plan was apparently devised by Barry Hughes of *Grandstand* fame. It is similar to the Recovery plan except you use the average price of winners rather than individual odds. A figure known as a *divisor* is used and is double your advised odds as a fraction. Therefore, a 4.0 (3/1) average odds figure has a divisor of 6.

Let's say the average price of your winners is 4.0 (3/1) and you are betting 2% of your £100 bank as your first bet. Regardless of the horse's odds, your first target will be your divisor (6) multiplied by your stake (£2) which equals 12.

All subsequent losses are added to the target. You get the new stake by taking the existing target and dividing by the divisor. If you have a six-race losing streak, you have to increase the divisor by one after every successive loss. When you win, reduce the target by the profit.

Here is a betting table to explain it better.

Selection	Result	Divisor	Target	Stake	Balance
#1	Loss	6	£12	£2	£98
#2	Loss	6	£14	£2.33	£95.67
#3	Loss	6	£16.33	£2.72	£92.95
#4	Loss	6	£19.05	£3.18	£89.77
#5	Loss	6	£22.23	£3.71	£86.06
#6	Loss	6	£25.94	£4.32	£81.68
#7	Win at 4/1	7	£29.26	£4.18	£98.40 (£16.72 profit)
#8	Loss	6	£12.54	£2.09	£96.31

Although it is a good way to protect a bank, it is a needlessly complicated plan that isn't as effective a bank builder as Flat Stakes by percentage, or Compounding. ►

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The Betting Forums' Finest

Betting forums are awash with punters inflicting their 'systems' and staking plans on others, which range from dubious to downright diabolical. Here are some of my favourites (these systems don't have names, so I made some up):

- **The Eton Mess:** If your first two bets lose, multiple your loss by the odds of the next selection and take away two points. This is except for Saturdays when you take away three points because it is a more competitive day. *This is simply magnificent. If anyone, anywhere can find any sense in this, please email me to explain.*
- **Tasty Tuesdays:** Only back horses on a Tuesday because that's when most favourites win. *I'm willing to guess that this individual came to this conclusion after a rigorous two-week trial. Not a staking plan per se but still hilarious.*
- **1-5 Point Strength:** Once again, it is a staking plan which appears to be based on common sense and is regularly used by punters. You assign a 'value' to each selection and bet based on whether it is a 1-star or 5-star bet. Obviously, 5-star bets are the selections you think have the best chance of winning, so you bet 5 units. With 1-star bets, you bet 1 unit and so on. *The issue here is that you are regularly wasting money on bets you feel have no realistic chance. Why risk money on low value bets when you can set it aside for the 5-star selections?*
- **Staking According to the Odds:** For instance, you bet 10 units on odds-on horses, 8 units on horses at 2.0 to 3.0, 6 units on 3.05 to 4.0 and so on. *I think you know what the problem is here! I wish punters would stop assuming that an Evens shot is 10 times more likely to win than a 10/1 shot; that is NOT how horse racing works.*
- **Increase at Loss:** In this particular system, the increase only takes effect after the third bet for some reason and increases by a point. It stops after a profit has been made. If you don't make a profit by bet #5, each winner you have decreases the bet by an amount determined by the odds of a winning bet. *The icing on the cake with this plan is that the point decreases dependent on the odds of winners. For instance, your bet remains the same with an odds-on winner, but drops by a point if it wins at Evens to 11/8 (2.37), two points from 2.5 to 3.25 and three points if over 3.3. This is pure nonsense. ▶*

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Final Thoughts On Staking Plans

There are a veritable **ton** of staking plans used by horse racing punters. Some of them were developed specifically for the Sport of Kings, others are taken from casino games, while most of the popular ones are derived from mathematicians who never intended their work to be used on the 3:50 at Kempton. Then, of course, we have the ridiculous staking plans, found on forums, which are doomed to failure.

These systems have two things in common. First, they seem to believe that horse races are NOT independent of one another. Ludicrously, there is an assumption that a win or a loss is 'overdue.' That somehow, winning three in a row means the probability of the next horse winning falls. This is based on nothing other than superstition.

Likewise, the Gambler's Fallacy believes that when you lose 10 in a row, your eleventh bet becomes more likely to win. This, of course, ignores the fact that you're probably very bad at betting if long losing streaks occur regularly.

Second is the belief that they will 'beat the house edge.' In reality, there is no staking plan capable of making up for bad selections. The only way to win in the long-term is to use a sensible staking plan combined with a betting system that takes advantage of a built-in edge.

This is the premise behind Odds-On Winners. I have found a method of finding, and taking advantage of, an edge in the Betfair Exchange markets. There is nothing sexy about this system. It won't make you a millionaire or pay for a five-star hotel in the Maldives for two weeks.

What it WILL do is help you achieve steady and consistent profits; a feat that very few punters ever manage. Although I am talking short-odds horses, the 85%-win rate means short losing streaks, long winning runs, and a bankroll you can grow over time. Just make sure you use Flat Stakes or Compounding or else you won't maximise the potential of odds-on winners. ■

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