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“The Very Best Way We Know to Play the Exacta”

Common Sense vs. Calculator

The Exacta is one of the very best wagers in racing. We do not say this lightly. There are very specific reasons why the Exacta is such a good wager. We explore these reasons below. We also present a two part process to handicap for the win and place horses and we cover how to spot the best Exacta combination values to play in a race. Then, to wrap it up, we discuss how to effectively structure Exacta wagers to maximize your return.

Why the Exacta is Such a Good Wager

There are only three types of wagers in racing where you know, with certainty, what a winning wager will pay, before you place the bet. These three wager types are Win wagers, Daily Double wagers and Exacta wagers. You can see what Exactas will pay by looking at the probable payoffs which are continually updated right up to post time. It is not possible to overemphasize how important this probable payoff information really is. It will let you spot the best win/place horse Exacta combinations in terms of wagering value and it will help you structure your wagers to maximize this value.

Exacta wagers with very good values present themselves frequently, mainly because the general public is very ineffective at playing Exactas. They bet too many combinations, generally by boxing too many horses. They over-bet combinations with the favorite and second favorite horses. They bet on too many long shots. The combinations over bet by the public become poor values. **Conversely, combinations under bet by the public become the values we are looking for.**

Playing for Value

You will continually see the word "value" when discussing how to play Exactas. Just what is meant by "value"? There is a formula, shown on the next page, that we learned

many years ago that has proven to be a good way to determine the Fair Payoff for any particular straight Exacta combination.

The Fair Exacta Payoff equals

$$\text{\$Bet} \times (\text{Win Odds}) \times (\text{Place Odds} + 1)$$

Here is how to read this formula. The Fair Payoff for an Exacta equals the size of the bet, such as a \$2 Exacta, multiplied by the (win horse's odds-to-1) multiplied by the (place horse's odds-to-1 plus 1). The odds are each horse's going-off win odds.

For example, if the horse in the win position is going off at 3 to 1 and the horse in the place position is going off at 4 to 1, the Fair Payoff for a \$2 Exacta is:

$$\text{\$2} \times (3) \times (4 + 1) = \text{\$30}$$

Another example: If the horse in the win position is going off at 4 to 1 and the horse in the place position is going off at 5 to 1, the Fair Payoff for a \$2 Exacta is:

$$\text{\$2} \times (4) \times (5 + 1) = \text{\$48}$$

Using this concept, the Fair Payoff figure is the lowest payoff deemed acceptable for the specific straight Exacta combination. The small table below shows the Fair Payoff figures for different going-off-odds combinations. The odds of the horse in the Win slot are down the left side and those for the horse in the Place slot along the top. We do not include horses going off at less than 2-1 odds because they rarely yield value.

Fair Payoffs for \$2 Exacta Wagers

		Place Horse Odds – 1							
Win Horse Odds – 1		2	3	4	5	6	7	8	9
	2	12	16	20	24	28	32	36	40
	3	18	24	30	36	42	48	54	60
	4	24	32	40	48	56	64	72	80
	5	30	40	50	60	70	80	90	100
	6	36	48	60	72	84	96	108	120
	7	42	56	70	84	98	112	126	140
	8	48	64	80	96	112	128	144	160
	9	54	72	90	108	126	144	162	180

Example: If the horse in the win slot is going off at 3 to 1 and the place horse is going off at 6 to 1, the Fair Payoff is \$42.

Common Sense vs. Calculator

Being able to see the probable Exacta payoffs before you wager coupled with the concept of "Fair Payoffs" is indeed powerful and important. Most articles you will read on playing the Exacta will start with this Fair Payoff concept, just as we do. However, many of these other articles go deeper into the mathematics, seeking more precision with variable "Edge" multipliers, proportional wagering allocation and recovery of guaranteed losing combinations. These concepts, rules and guidelines related to playing the Exacta, are certainly valid, but they **scream "C-A-L-C-U-L-A-T-O-R!"** However, we have had solid success playing the Exacta following these general concepts, but doing so more intuitively and using common sense in lieu of a calculator. And, that is where we are now going to head.

Some Exacta Payoff Statistics

We used the Track Payoff Analysis built into ALL-Ways software to analyze the actual Exacta payoffs at fourteen different tracks in North America. Our ALL-Ways Race Databases for these tracks totaled approximately 26,000 races. The chart below shows the average Exacta payoffs for All Weather Surface races, real dirt races and turf races based on the win odds of the actual winning horse.

Average \$2 Exacta Payoffs				
Winning Horse Going-off-odds				
	1-1 and less	2-1 to 3-1	3-1 to 4-1	4-1 to 5-1
Synthetic	\$21	\$50	\$70	\$85
Real Dirt	\$21	\$45	\$66	\$79
Turf	\$25	\$59	\$75	\$98

This chart shows us several helpful things. Turf races generally produce better payoffs than races on real dirt or synthetic surfaces. This is due primarily to the typical pace scenarios in turf races and, perhaps most important, to the typically larger field sizes in turf races. The somewhat higher payoffs on synthetic surfaces compared to real dirt, is due primarily, we believe, to the added complexity of handicapping synthetic surface races.

Top Level Value Plays

When we refer to "value plays", we are looking for straight Exacta combinations with probable payoffs somewhat above the Fair Payoff figure. These value plays will be straight Exacta combinations that are under bet by the public. Straight Exacta combinations that are over bet by the public should be avoided. The public tends to over bet the first and second favorites in the race. And, somewhat surprisingly, the public also tends to over bet long shots at 10-1 and higher. This leads us to what we call "the Exacta Sweet Spot" which is to focus on horses going off in the range of 3-1 up to 9-1. And, even if the favorite is in this range, we will generally not play the favorite in the win position.

A Two Part Process

Successfully playing Exacta wagers requires a two part process. The first part is to handicap the race for the potential win and place horses. The second part is to look for straight Exacta combinations that offer sufficient value and to determine the structure of the wager. "Structure" covers which specific combination(s) to play and how much to bet on each combination.

The Handicapping Part

We are not going to cover general handicapping principles here. We refer you to the list of Related ALL-Ways Newsletters on the last page of this newsletter. What we are going to do now is to focus on handicapping concepts that are particularly helpful for playing Exactas.

Caveat

We start with the caveat "Never say never." There are some solid guidelines for playing Exactas that will serve you well 95% of the time, including such things as "Do not bet favorites in the win position." and "Do not waste money on very high odds horses." As part of handicapping to play an Exacta, we suggest always asking if there is a good reasons to break a general rule.

Exacta Handicapping Objectives

First, as we have said many times: **"The fundamental goals of handicapping are to identify, in advance, the two out of three races that are not won by the crowd favorite and to identify the two non-favorite horses most likely to beat the favorite."** For the Exacta, this gets further refined to finding the place horse as well. And, we recommend

your Exacta handicapping process also look for a possible non-favorite Key-Horse that can be singled in both the win and place positions.

Exacta Handicapping Guidelines

Here are some guidelines that have served us well when handicapping for the Exacta.

- Approach the handicapping task in a way that identifies one or more specific straight Exacta win/place combinations. This will help avoid the tendency to box different horses and it will help you assess the value of the probable payoffs.
- Some races are simply too contentious to play. Save money by passing such races in favor of playing other races that you have figured out. If you have \$200 to wager on Exactas on a ten race card, it is generally best to not bet \$20 on each of ten races, but to bet \$40 on five races.
- If you play both Exactas and Trifectas, keep in mind that it is often better to play one large Exacta than smaller Exactas and Trifectas in the same race. This is particularly the case if you believe the favorite will not win, but may finish in the place or show position
- Do not box a bunch of horses to cover up insufficient and/or ineffective handicapping. Be intellectually honest about this. If you can't figure out good straight Exacta combinations that you have confidence in, pass the race.

Characteristics of Place Horses

Here are a number of characteristics that are helpful for identifying place horses.

Opposing Pace: This one is very strong and it happens frequently. The place horse often has a running style that is the exact opposite of the winning horse. Consider this: As you watch the horses coming down the stretch run approaching the finish line in a race, you are generally rooting either for an early running horse to hold on or you are rooting for a closer to catch and pass the front runner.

Not an Early ("E") Running Horse: Horses with an "E" running style, by definition, must get and hold the lead. It is axiomatic in horse racing that when an "E" horse is passed by another horse, far more often than not, the "E" horse gives up and is no longer a factor in the race. If you think an "E" horse is going to get passed early to mid stretch, you can generally leave the horse out of the Exacta.

Anti-Bias Horses: This is the case when a horse has a running style that is clearly going against the track's pace bias. For example, horses with Presser ("P") or Sustainer ("S") running styles are often the better candidates for the place position when running on a heavily early biased dirt track such as Belmont Park.

Unbalanced Horses: We consider a horse to be "unbalanced" if it has good speed, but lower class or if it has high class, but lower speed. These horses are generally not good candidates to win the race because they come up short and finish in the place spot.

"Seconditis": Some horse's figures look very good on paper, good enough to win the race, but the horses come up short because they simply have a habit of finishing second. These horses tend to "jump out at you" on past performance reports.

Pace Handicapping for Exactas

Using the concepts of pace is a particularly effective way to handicap for playing Exactas. We already mentioned the Opposing Pace concept above. There are other pace considerations too.

Best Early-Best Late: ALL-Ways Newsletter #8 introduced a pace handicapping method we called "Opposing Pace – Gap Strategy". This has proven to be an extremely effective way to approach pace handicapping, particularly for playing Exactas. This method has you separate the early running horses ("E" and "EP" horses) and the late running horses ("P" and "S" horses) into two separate groups and then use the concept of Gap handicapping to identify the best early horse(s) and the best late horse(s) in each group. Gap handicapping includes looking at speed, class, compound pace and comprehensive ratings. The best early horse(s) and the best late horse(s) are the best candidates to include in your Exacta combinations. **Note:** The ALL-Ways Top 10/Ranking Handicapping Report is a great tool for spotting the Gaps in as many as sixteen different handicapping factors of your choosing.

Good Conditions for Closers: More often than not, the horses that finish in the win and place positions at decent, mid-range odds, and often at high odds, are closers ("P" and "S" horses) that surprise the public. The public is very tuned in to early speed, but not so much with late speed. Thus, race situations that are favorable to closers can be very helpful for Exacta play. Three such race situations are:

- 1) The track bias for the surface and exact distance is not too strong against late runners. This is a bit of an odd statement, but it is intentional. Almost all track

bias statistics tend to favor early speed to some degree. What you are looking for here is an early bias that is not too strong;

2) This one is obvious, but it is worthwhile restating. Races with a fast early pace (races designated by ALL-Ways as "EEE" or "EE" races) often set up for closers to do well. The fast pace compromises the early running horses, making it easier for closers to catch them in the stretch;

3) Longer sprints (6 ½, 7 and 7 ½ furlongs) and longer routes (1 1/16, 1 1/8 and 1 3/16 miles) give closers more distance to catch the front runners coming down the stretch and, conversely, make it more difficult for front runners to hang on to the finish.

Visualize the Stretch Run: This is a very helpful handicapping technique because it channels your handicapping efforts and your decision making process in a very good direction for playing Exactas. Visualize how the front runners at the 2nd Call will enter the stretch run. Will they have an easy time getting to the 2nd Call or will they endure moderate to tough early pace pressure? Visualize how the closers will enter the stretch run. Will they be close enough at the 2nd Call to be a factor in the race? Will the early pace pressure tire out the front runners so the closers will have a better shot at passing them on the way to the wire? Will the length of the race help or hurt the early runners or the closers? Are there multiple early ("E") and/or early presser ("EP") horses in the race that will form a "wall of horses" coming around the final turn that will compromise the closers, forcing them to go very wide? This technique is a very good way to isolate the horses that legitimately have a shot at finishing in the win and place positions. And, you may want to use the special Stretch Gain Performance Index in ALL-Ways that shows you how well each horse tends to hold or improve its position down the stretch.

The Value and Structure Part

We consider the Fair Payoff number to be the mid-point of a range, specifically a range of plus or minus 20%. So, if the Fair Payoff calculation shows a \$30 value, we consider the acceptable range to be from \$24 to \$36. Note that the Fair Payoff calculation is based on the public's assessment of each horse's probability of winning the race in the form of each horse's going-off-odds. We consider these odds to be loose approximations and not precise, which is why we prefer using a range.

When we look for value, we do two things: 1) Using the simple chart shown earlier, we determine the Fair Payoff figure and convert it to a range from minus 20% up to plus

20%; 2) We then select an acceptable payoff figure within the range based on our own confidence level for the specific straight Exacta combination. If we are very confident, we will accept a payoff in the lower end of the range. If we are moderately confident, we use the mid-point. If we are barely confident, if there is such a thing, we use the higher end of the range. In other words, the more confident we are of a particular combination, the lower the payoff can be for us to consider it a Value Play.

Here is an overall example. If the combination we are evaluating is a 3–1 horse over a 4–1 horse, the chart tells us the Fair Payoff is \$30. We consider the acceptable payoff range to be \$24 to \$36. If we are very confident of our assessment of these two horses, we will accept a payoff lower in the range, say \$24.

A very good method to do this and one that will help you both determine acceptable value and how to structure your wager, is to draw a simple Exacta Matrix as shown below. The win horses are down the left side along with their odds. The place horses are shown across the top with their odds. Simply fill in the appropriate cells with the probable Exacta payoffs shown at the track. Obviously, we include a tablet of paper as part of our handicapping paraphernalia ... but, not a calculator.

Exacta Probable Payoff Matrix

		Place Horses					
		Odds		8-1	2-1	5-1	4-1
				#2	#3	#6	#7
Win Horses	2-1	#3	38	XXXX XXXX	16	15	
	5-1	#6	98	28	XXXX XXXX	54	
	4-1	#7	80	23	48	XXXX XXXX	

Let's pause a minute and review where we are. We have handicapped the race and identified the straight Exacta combinations we want to further consider and we have a sense of the level of our confidence for each combination. We also know the probable payoffs for each combination and, using the Fair Payoff chart shown earlier, we also know the mid-point of a Fair Payoff Range for each combination.



At this point, you actually have everything you need to play the Exacta effectively. It is not necessary to read the balance of this article that illustrates our personal approach for completing our Exacta wagers, still without the need of a calculator. On the other hand, you may see some ideas for refining your own approach.

The next step, and we are getting towards the end, is to write down a simple table like the one shown on the next page. We call this our Exacta Decision Table.

Exacta Decision Table

Win/Place Horses	Fair Payoff	Adjusted Fair Payoff	Probable Payoff	Bet Decision & Multiplier	Bet Size	Win Payoff
3-2	36 low	43	38	no		
3-6	24	24	16	no		
3-7	20	20	15	no		
6-2	90 wash	90	98	x 1	2	98
6-3	30 high	24	28	x 4	8	112
6-7	50 high	40	54	x 2	4	108
7-2	72 low	86	80	no		
7-3	24	24	23	x 4	8	92
7-6	48	48	48	x 2	4	96

Total Wager = \$26

Here is what the column labels mean:

Win/Place Horses:	Win and Place horse's program numbers
Fair Payoff:	Fair Exacta Payoff with confidence notation
Adjusted Fair Payoff:	Acceptable payoff adjusted for the confidence level
Probable Payoff:	Probable payoff from our Probable Payoff Matrix
Bet Decision & Multiplier:	Yes/No bet decision, including bet amount multiplier
Bet Size:	Total size of the bet based on the Bet Size Multiplier
Win Payoff:	Total expected payoff for this winning combination

We start creating the table by writing down all the information we need in order to make informed final decisions. In this example, we determined that three horses could win or place (#3, #6, #7) and we added #2 as an additional possible place horse. This gives us nine possible combinations. Our overall confidence in the #6 horse was high and it was low for the #2 horse. We rated the 3-2 and the 7-2 combos as low, the 6-3 and 6-7 combos at high and the 6-2 combo as a "wash". We then adjusted the Fair Payoff value based on our confidence level. For example, we raised the 3-2 combo payoff requirement from \$36 to \$43, a 20% increase and we lowered the 6-7 combo payoff requirement from \$50 to \$40, a 20% reduction.

Now, let's look at a couple lines in the Exacta Decision Table to help explain our final wagering decisions. We decided to not play the 3-2 combo because the probable payoff was too low. The same is true for the 3-6, 3-7 and 7-2 combinations. Then we set a bet amount multiplier for each combo we bet such that the total win payoff will be in the same general range. For example, if we are playing a \$2 Exacta, we bet \$2 on the 6-2 combo, \$8 on the 6-3 and 7-3 combos, \$4 on the 6-7 and 7-6 combinations. This means, if one of our combinations is a winner, our total payoff will be between \$92 and \$112 for our total wager of \$26. Betting more on the more probable combinations is a very important tenet of effective wagering.

Once you have used this overall process for playing the Exacta for a little while, it is very logical, straight forward and very easy to use. And, no calculator is required.

Note: Some people will want to skip the Exacta Probable Payoff Matrix and, instead, simply write the probable payoffs directly in the Exacta Decision Table.

Summary

We have long recommended that serious horseplayers work to become expert at some element of playing the horses. The Exacta is one of the very best areas to focus on. You know, in advance of making the wager, what the payoffs will be. You can determine if the payoffs yield sufficient value. And, you can maximize your return by allocating the amounts wagered based on the probabilities of winning combinations. So, why not become an expert at playing the Exacta? And, if you are really serious about this, consider using the special ALL-Ways version of Custom Card to specialize on the specific types of races and the race situations that yield the best Exacta returns.

Related ALL-Ways Newsletters

All ALL-Ways Newsletters are posted on the Frandsen Publishing Web site at www.frandsen.com and they are absolutely free. Here is a list of past newsletter articles that you may find helpful in support of the article on how to play the Exacta.

<u>Article</u>	<u>NL#</u>	<u>Article</u>	<u>NL#</u>
Pace Handicapping (Race Pace Shapes)	#3	When an Exacta is Better Than a Trifecta	#26
Spotting High Priced Horses	#7	Curse of the Legitimate Favorite	#30
Handicapping Honest Pace Races	#8	Become Expert at Something	#49
Pass or Play?: Should be the Question	#12	Handicapping Process Series:	starts #42
Best Early-Best Late	#18	Wagering Series:	starts #36
Effective Pace Handicapping Process	#21		

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