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ALL-WAYS™ NEWSLETTER

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Status Update

New ALL-Ways Software updates were released specifically to help handle Santa Anita's move back to real dirt and to handle the change of track name and track code for Philadelphia Park. These two updates are available in the What's New Section of the Frandsen Publishing Web site. Also, while we have experienced some minor delays, we will be releasing two modest upgrades of ALL-Ways Software and we will go live with the new Frandsen Publishing Web site during the next few months. Plus, as promised, several additional articles have been published as part of the Favorite ALL-Ways Newsletter Article Series. They are posted in the Newsletter section of the Frandsen Publishing Web site.

Triple Crown Saturdays

In 2010, Frandsen Publishing provided some special help for handicapping the full race cards on Triple Crown Saturdays. It was both very effective and extremely popular. Watch for the release of the April 2011 ALL-Ways Newsletter and for postings on the Frandsen Web site for updated information and help for the 2011 Triple Crown Saturdays!

Building a Solid Foundation

Background

Frandsen Publishing has published quarterly ALL-Ways Newsletters for going on sixteen years now, mainly comprised of articles written by Frandsen Publishing staff, but also some great "guest articles" written by ALL-Ways handicappers. In addition, as of this date, more than thirty articles have been selected, updated and republished as part of the Favorite ALL-Ways Newsletter Article Series. These articles, which have been available to over 100,000 handicappers, continually receive widespread praise in the industry.

As we have reviewed these past articles and responses to them, we have been struck by two things: *First*, there has been a truly extraordinary level of interest in the fundamentals. A large number of people want/need to get back to the basics. *Second*, we have seen some very strong concepts that, while at first glance may look somewhat simplistic, have now passed the test of time and proven to be very powerful indeed. These two things, a very strong interest in the fundamentals and some profound handicapping and wagering concepts, motivated us to create and publish this article on how to construct a solid foundation of handicapping and wagering skills.

Introduction

The main goal of this article is to explore the "Foundation Wagers" and the "Foundation Handicapping Skills" and then tie them together with a fast and simple handicapping/wagering process. We also include some gems that will help achieve a high level of success. **The beauty of this approach, as you will see, is how simple all of this is**!

So, why are the Foundation Handicapping Skills and Foundation Wagers so important? There are three reasons:

1. Mastering these fundamentals provides a realistic way to achieve profitable play. Quoting from one of our guest authors, "I am more interested in winning often than winning big."

2. Mastering these fundamentals provides a way to make very good levels of profit without taking the big risks associated with the "big ticket" wagers. The Foundation Wagers can indeed generate a very nice return-on-investment.

3. It is futile to try to play the "big ticket", "high risk" wagers of Trifectas, Superfectas, Pick 3's etc. before achieving success with these Foundation Wagers and related Foundation Handicapping Skills. Once these fundamentals are mastered, you will be better prepared to move up to the higher risk wagers…...if you still want to do so.

Before we get started, here again is what we believe to be the most profound handicapping advice ever published.

"Your primary handicapping job is 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."

Keep in mind that long term statistics consistently show us that favorites win only about one third of all races.

The Foundation Wagers

There are three "Foundation Wagers."

- **The "Dutched" 2-Horse Win Wager**

- **The Win/Insurance Wager**

- **The Show Partial Parlay Wager**

Here is how we will proceed with this article. First, we will look at the Foundation Wagers in more detail to get a clear understanding of the handicapping answers we need in order to decide when and how best to play the wagers. Second, we will look at an easy to implement handicapping process to carry out the four Foundation Handicapping Skills. Third, we will tie the handicapping results with the Foundation Wagers to determine how best to play the wagers.

The "Dutched" 2-Horse Win Wager

As the name implies, this wager calls for betting on two horses to win in a single race. The "Dutched" notation means that different amounts are wagered on the two horses such that the payoff will be the same regardless of which horse wins. And, like most wagers, it is preferable to play this wager when the crowd's top pick is a false favorite and is not one of the two horses on which you bet.

Not everyone "buys in" to this wager because you are guaranteed one losing ticket. However, we do like two horse win betting and here is why. A **<u>very</u>** good handicapper will achieve 25% to 30% win success betting one horse to win that is not the favorite. The two horse win bettor will probably average about 50 to 55 percent wins. Now, it is true that the two horse win bettor will always have one losing ticket. But, here, in our opinion, is what "tips the scale" in favor of the two horse bettor. Losing streaks will be far less frequent and will be shorter in duration. Your chances of "tapping out" will be greatly diminished. Because of this, the percentage of your bankroll that you wager on a race can safely be increased. The disadvantage of a guaranteed losing ticket is more than offset by a higher win percentage at a higher average bet size.

Once again, it is best to play this wager when you are confident the crowd favorite will not win the race. The wager would be made on the two horses you believe have the best chance of beating the favorite. With that said, we know some players who will include the favorite if it is going off at 3 to 1 or higher.

Once you have decided that you are going to play the race and you have selected the two horses for the wager, you need to determine how much to wager on each horse. This is where the concept of "Dutching" comes in, which is betting a different amount on each horse so the win payoff will be the same regardless of which horse wins. Here is the "Dutching" formula.

Horse "A" Bet = (Horse "B" Odds to 1) + 1

Horse "B" Bet = (Horse "A" Odds to 1) + 1

For example, if Horse "A" is going off at 3 to 1 and Horse "B" is going off at 5 to 1, here is what the formula looks like.

Horse "A" Bet = 5 + 1 = 6

Horse "B" Bet = 3 + 1 = 4

This tells us to wager $6 on Horse "A" for every $4 bet on Horse "B". So, if you want to wager a total $20, you would wager $8 on Horse "B" and $12 on Horse "A". If either one of these horses win, your payoff will be $48, which is a $28 net profit for the total $20 wagered.

Here is another very important point: If you win this wager 50% of the time, you would wager a total of $40 (2 x $20) on two races with a total payoff of $48 for a net profit of $8 for the total $40 wagered. This is a return-on-investment (ROI) of 20%. The following chart shows the profit that would be generated based on a 50% win rate.

Horse "A"	Horse "B"	ROI
3 to 1	3 to 1	0%
3 to 1	4 to 1	11%
4 to 1	4 to 1	25%
4 to 1	5 to 1	36%

This chart is really informative. Based on a win rate of 50%, we believe this makes it clear that we should be looking for no less than a 3 to 1 horse and a 4 to 1 horse in our 2-horse win wager. Preferably, both horses in the wager would be 4 to 1 or higher.

The Win/Insurance Wager

Simply stated, the Win/Insurance wager is a "win-place-show" bet on one horse in the race. The characteristic of this wager that is different than how most people place an "across the board" win-place-show wager is that the amounts wagered are different for the three finish positions. What we have used, with considerable success, is to wager in a ratio of $2 to win, $4 to place and $12 to show.

The place and show parts of this WPS wager provides some insurance in case our selection does not win, but comes in 2nd or 3rd. If our selection does win, the place and show wagers increase the profitability. Here is a pretty typical example when a 3-1 horse selection wins the race. The horse paid $8.40 to win, $5.40 to place and $3.20 to show. We are paid $8.40 for our $2 win wager. We are paid $10.80 for our $4 place wager. We are paid $19.20 for our $12 show wager. In total, we are paid $38.40 for our total $18 wager, a profit of $20.40.

Now, had the horse come in 2nd and assuming the same example payoffs for the place and show positions, we would have received $30.00 ($10.80 + $19.20) for our total $18 wager. Had the horse come in 3rd, we would have received $19.20 for our total wager. So, if the horse wins, we make a nice percentage profit. If the horse comes in 2nd, we still make a profit. If the horse comes in 3rd, we at least get our wager investment back, hence the use of the word "Insurance" in the wager name.

We have found that the minimum odds we would want when making this wager is 3 to 1. About the only time we would wager on a 3 to 1 horse is if the horse is the favorite and we believe it is legitimate. If we believe the crowd favorite is false, which is the best situation, we would bet on one of the two horses we identify as having the best chance of beating the favorite and we would demand no less than 4 to 1 odds.

Now, here are some very important points regarding the potential payoffs:

- The lowest payoffs for this wager occur when all three of the top three crowd favorites finish in-the-money. This has no bearing on the win payoffs because the win payoffs are not affected by the actual place and show horses.

- The place payoffs are affected by both the actual win and place horses. The place payoffs will increase if one of the crowds top two favorites do not win or place in the race. The place payoffs will go up even more if both of the top two crowd favorites do not finish in the win or place positions.

- The show payoffs are affected by all three of the actual win, place and show horses. The more of the public's top three favorites that finish off-the-board, the higher the show payoffs will be.

This has a major bearing on what we look for when we are handicapping the race. And, it has a major bearing on whether we play the 2-Horse Win Wager or the Win/Insurance Wager. If we determine that the top 3 crowd favorites will finish in-the-money, we will play the 2-Horse Win Wager because the win payoffs are not affected by the place and show finishers. On the other hand, if we believe one or more of the top 3 crowd favorites will finish off-the-board, we will play the Win/Insurance Wager because the place and show payoffs will increase.

Precision

To be precise when estimating the impact on the place and show payoffs, instead of looking at the going-off-odds to determine the top two or top three public choices, you would look at the Place Pool and the Show Pool. For the best place payoffs, you want the two horses with the most money bet on them in the Place Pool to not finish in the win or place positions. For the best show payoffs, you want the three horses with the most money bet on them in the Show Pool to not finish in the win, place or show positions. We have found, with respect to the Win/Insurance Wager, that using "going-off-odds" is faster and does a pretty good job for our purpose.

The Show Partial Parlay Wager

First, what is a parlay wager? Simply stated, it is a "let it ride" consecutive series of bets. A three race parlay means you bet on the first race and if you win, you bet it all on the second race and if you win you bet it all again on the third race. Lots of people play this way. Our problem with the wager is that when you lose, and you will frequently lose a race in a parley series of wagers, you lose all the money you won including your initial wager. In our Show Partial Parlay, we do not bet our entire balance at any time. We do, however, bet larger and larger amounts as our bankroll grows. Indeed, you will not win every one of these show wagers either. But, when you lose, you still have a nice bankroll to go forward. We can handle losses, even a series of losses, without getting tapped out. We also do not necessarily play consecutive races.

To play this wager, we recommend starting with a bankroll dedicated to the wager. We recommend a starting bankroll of $100, but as little as $20 will do. Once again, unlike traditional parlay wagers, you do not necessarily play consecutive races and you do not bet your entire bankroll at any time. We tested the Show Partial Parlay concept over a four month period. We started each month with a fresh $100 bankroll. We played four days in each month, betting on 2 or 3 different tracks. We ended each of the four test months with a nice profit just using this wager. We increased our bankroll from $100 to $1,016, from $100 to $1,080, from $100 to $656 and from $100 to $880.

Managing Expectations

We have heard from some players who believe you should be able to win a show bet 60% to 70% of the time. This may indeed be possible if you wager on the crowd favorite to show. However, the show payoffs would then average only about $2.50 and you would lose money at a 12.5% to 25% clip. **You cannot make money betting to show on the crowd favorite**.

Here are two facts that greatly influence how we should play the Show Partial Parlay Wager and that, as you will see, make it such a powerful wager to have in our arsenal. First, the lowest show

payoffs occur if the top 3 horses in the show pool finish in-the-money. The show payoffs increase if one or more of these top 3 show pool horses finish off-the-board. Second, the less of the show pool money wagered on a horse, the higher that horse's show payoff will be if it finishes in-the-money.

Stated positively, we will make a Show Partial Parlay wager if we are confident that at least one of the top 3 show pool horses will finish off-the-board and our show horse selection is not one of the top 3 show pool horses. Given this reality, we can probably expect to win the wager about 40% of the time. The math then tells us that our winning show payoffs must average $5.00 to break even.

The Power of the Show Partial Parlay

Here is some powerful logic:

• The more of the crowd's top 3 favorites that finish off-the-board, the higher our confidence level will be for our show horse to succeed because there will be more open slots for the horse to finish in-the-money

• The higher our confidence level, the higher percentage of our bankroll we are willing to wager.

• The more of the crowd's top 3 favorites that finish off-the-board, the higher the show payoffs will be.

Stop and think about this. The more top 3 favorites that will likely finish off-the-board, the higher our confidence will be, so we wager more of our bankroll and, at the same time, we can expect the best payoffs. This is like a positive "perfect storm" … if there is such a thing.

Here is an excellent way to approach the issue of how much to wager on the Show Partial Parlay horse you select. It was recommended to us by a long term ALL-Ways handicapper. Here, in her own words, is what "Linda from Minnesota" recommends:

> *"A little 'trick' I use here is that the more top 3 public favorites I think will finish off the board, the higher the percentage of my Show Partial Parlay bankroll I will bet. If just one top 3 favorite will be off the board, I bet 10% of the bankroll. If I think two will be off the board, I bet 15% of the bankroll. If I think all three will be off the board, I play 20% of the bankroll. Again, the more top 3 public favorites that finish off the board, the better chance my show horse selection has of finishing in the money. If all the top 3 public choices are likely to take the win, place and show positions, I do not make the wager, again, because the show payoffs would just be too small."*

Note: The ALL-Ways Favorite Article Series includes two articles covering the Show Partial Parlay Wager in some depth. Part 2 includes a thorough discussion on how Show payoffs are calculated, illustrating the importance of wanting one or more of the top 3 crowd choices to finish off-the-board.

The Foundation Handicapping Skills

The four "Foundation Handicapping Skills" are:

• **Evaluating the crowd favorite as legitimate, vulnerable or false**

• **Identifying the two non-favorite horses with the best chance to beat the favorite**

• **Identifying a good Show Partial Parlay Horse**

• **Determining how many of the top 3 crowd favorites will likely NOT finish in-the-money**

Here is how we will approach the discussions regarding the four Foundation Handicapping Skills. We will start by discussing the preparatory thinking that should be done before making our decisions related to these four special skills. Then we will specifically cover each individual Foundation Handicapping Skill.

Preparation

Isolate All Contenders

The first preparatory step is to look at the full field of horses and isolate those horses you believe have any reasonable chance of finishing in the top four finish positions. Depending on the size of the field, this effort will generally eliminate 2 or more horses from further consideration.
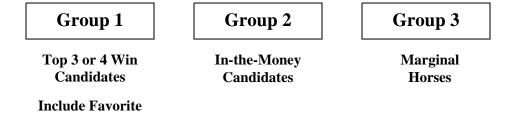
Initial Group Assignments

This preparatory step has you assign all of the contenders from above to one of three different groups. The groups are:

Group 1: The top 3 or 4 candidates to win the race: Try to keep the horses in this group to no more than 3 or 4 horses including the favorite.

Group 2: The remaining contenders having a decent chance of finishing in-the-money

Group 3: The remaining marginal horses

These initial assignments can generally be made by looking at fundamental handicapping factors such as class, speed and pace factors as well as comprehensive ratings such as the BRIS Prime Power rating and the ALL-Ways Comprehensive Rating. This effort often also leads to the elimination of one or more horses from any further consideration.

Group 1	Group 2	Group 3
Top 3 or 4 Win Candidates	**In-the-Money Candidates**	**Marginal Horses**
Include Favorite		

Final Group Assignments

This has you move horses between groups based on suitability to distance/surface, the pace scenario, form factors, jockey/trainer influence and situational changes from past performance races to today's race.

Regarding the situational changes, here are two questions to ask that will be helpful:

- If the horse ran well in its last race, is it reasonable to expect the horse to run well again today or are there reasons why the horse may not do well today?

- If the horse did not run well in its last race, is it reasonable to expect the horse to run poorly again today or are there reasons why the horse may do better in today's race?

Making the Foundation Handicapping Skills Decisions

At this point, you have looked at all the horses in the race and isolated those that you think have a shot at the top 4 finish positions. And, you have gone through the process of making both the initial and final assignments of the contenders into either Group 1 (3 or 4 Win Candidates including the favorite), Group 2 (Other In-the-Money Candidates) or Group 3 (Marginal Horses). Because of this preparatory work, you are now in a good position to make well informed decisions regarding the four Foundation Handicapping Skills.

Skill #1: Evaluate the Crowd Favorite

The initial group assignments required you to place the crowd favorite into Group 1. However, in the final group assignments, you were free to move the favorite to a different group. So, at this point, if the favorite is still in Group 1 it is "Legitimate". If the favorite is now in Group 2 it is "Vulnerable". If the favorite is now in Group 3 it is "False".

Skill #2: Identify the 2 Non-Favorite horses with the best chance of beating the favorite.

If you have removed the favorite from Group 1 in Skill #1 above, then you have two possible scenarios:

First, if only two horses remain in Group 1 after removing the favorite, they are the 2 non-favorite horses with the best chance of beating the favorite. This skill step is complete.

  OR

Second, if three horses remain after removing the favorite, you must select 2 of the 3 remaining horses. If you are left with horses "A", "B" and "C" to choose from, we suggest using a chart like the one below to decide which horse to exclude by moving it from Group 1 to Group 2.

	Horse A	Horse B	Horse C
Class	++	+	+
Speed	+	++	+
Suitability	+	+	-
Form	++	+	+
Pace	+	+	-
Situational	+	-	+
Other?			

In this example, we would demote Horse "C" which seems to be at a pace disadvantage in a race that is not at a distance and/or on a surface the horse likes.

Skill #3: Identify a Good Show Partial Parlay Horse.

Because we are discussing the Foundation Wagers and the corresponding Foundation Handicapping Skills, this Skill #3 is aimed at finding a Show Partial Parlay Horse. If we move up the logical progression of wagers to Exactas, Trifectas and Superfectas, we would be looking for a Key Horse. The main objective of a Key Horse is not to be the crowd favorite, but still finish in-the-money a high percentage of the time, something in the range of 60% to 65%. **On the other hand we want the Show Partial Parlay horse to NOT be one of the top 3 crowd favorites and we are pleased if it finishes in the money more than 40% of the time**. Taking this into account, our Show Partial Parlay horse will most likely come from Group 2 (Other In-the-Money Candidates). However, provided it is not one of the public's top three choices, it could come from Group 1 or Group 3. Theoretically, the higher the group, the better chance the horse has of finishing in-the-money.

Skill #4: Determine how many of the top 3 crowd favorites will likely **NOT** finish in-the-money.

To determine this, look to see if any of the top 3 crowd favorites either did not make any of the 3 Groups or that you assigned the horse(s) to Group 3 (Marginal Horses). It is also a good idea to take another look at Group 2 (In-the-Money Candidates) to see if you spot a top 3 crowd favorite that probably should be moved down to Group 3 (Marginal Horses). To net this out, you can probably safely expect any of the top 3 public favorites to have a good chance of finishing off-the-board if it is Group 3 or not in any of the three groups.

Decisions: The Foundation Wagers to Play and How Best to Play Them

After completing the steps required for the four Foundation Handicapping Skills, it is time to decide which of the Foundation Wagers to play. Here are some considerations that are helpful for making the wagering decisions.

Regarding the "Dutched" 2-Horse Win Wager: The wager payoffs are not affected by the place and show horses. You pretty well know what the payoffs will be by looking at the "going-off-odds". If we deem the favorite to be "legitimate", the only time we would play this wager is if the crowd favorite is going off at odds of 3 to 1 or higher and the second horse is going off at 4 to 1 or higher. If we believe our two non-favorite horses have a good chance of beating the favorite, then we would play the wager if both of these horses are going off at 4 to 1 or higher.

Regarding the Win/Insurance Wager and the Show Partial Parlay Wager: We would not play either wager unless at least one of the top 3 crowd favorites is likely to finish off the board. If we believe one or more of the top 3 crowd favorites will finish off-the-board and if we have identified a Show Partial Parlay horse that is not one of the top 3 crowd favorites, we would play the Show Partial Parlay Wager. If we believe we have identified the likely non-favorite winning horse that is going off at 4 to 1 or higher, we would play the Win/Insurance Wager. There may be times when you decide to play both of these wagers in a race. But, more often than not, you will feel more strongly about one of these wagers and would be better off just making that wager.

Regarding the size of the wagers you make, you may want to consider having just a single bankroll covering all three wager types and using a "percentage of bankroll" approach to determine the wager amount for each wager you make. **We are being repetitive here on purpose. If it appears one of the crowd's top 3 favorites will finish off-the-board, wager 10% of the bankroll. If two will be off-the-board, wager 15% of the bankroll. If all three will be off-the-board, wager 20% of the bankroll**. This would apply to the Win/Insurance and Show Partial Parlay wagers. We suggest staying with the ratio of $2 to Win, $4 to Place and $12 to Show when making the Win/Insurance Wager. The percentage of bankroll you use for the "Dutched" 2-Horse Win Wager should align with your confidence in your selections to win, the more confident you are, the higher the percentage you would wager.

Summary

When the four Foundation Handicapping Skills and the three Foundation Wagers are mastered, it may be time to move up the logical progression of wagers to include Exactas, Trifectas, Superfectas, Daily Doubles, Pick 3's etc. …... if you want to. The fact is that when these foundations are solidly built, you may not want to go further. The results of mastering these skills and wagers will be lots of wagering action and frequent payoffs because the probabilities of winning the wagers are comparably high. **Lots of action, frequent payoffs and consistent profitable play ... who could ask for anything more**?

🔴 **ALL-Ways Home Page**