



# BETSMART

## RACING SERVICE

## Multi Betting – What Every Punter Should Know!

Multi betting has become very popular over the last 5 years. A multi (or all up) bet involves linking a number of separate betting events together (racing and / or sports) and if all of your bets are successful, you get the multiple of their odds as your dividend. For example, if you take a 3 leg multi bet that includes a \$3.00 chance in the first leg, a \$5.00 chance in the 2<sup>nd</sup> leg and a \$2.00 chance in the 3<sup>rd</sup> leg, if all three win you collect a dividend of  $3 \times 5 \times 2 = \$30$  for every \$1 you invest. A \$20 bet on this multi would earn you a \$600 win. Sounds unreal, doesn't it?

While the appeal of outlaying a small amount for the potential to win a lot has been ever present for punters, the increase in popularity of multi bets has been largely driven by the huge investment that Corporate Bookmakers have made in marketing and creating state of the art apps which make it easy for punters to get multi bets on. They can't wait to show us "one lucky punter" that turned \$20 into a few thousand because his 5,6,7 leg multi bet got up.

There's one reason why Corporate Bookmakers have put so much money into strategies that increase the demand for multi bets... because they are enormously profitable for them, not their punters!

If you take multi's as a part of your betting strategy then you really should continue reading. I'm about to reveal some key information that you need to know!

### WHAT'S YOUR REAL WINNING CHANCE?

Do you know the chance of a multi bet actually winning when you take it? Many punters greatly overestimate their prospects of success.

If you take a 3 leg multi with every horse a \$2.00 chance, then your dividend is \$8.... Sounds terrific for three morals winning, doesn't it? However did you realise that the probability of three \$2.00 chances all winning is just 12.5%?

For simplicity I'm assuming that the \$2.00 on each horse is actually the right price, neither under nor over the odds. When you take a 3 leg multi with all of the chances at \$2.00, there's a 12.5% chance of winning and 87.5% chance that at least one of the legs will be beaten and you won't collect a cent.

## How do you calculate this?

### Step 1

Firstly you need to work out the chance each individual horse has of winning. This is done by dividing the market price into 1. So for a \$2.00 chance it is  $1 / 2 = 0.5$  or 50% chance of winning. If a horse is \$5 in the market then the percentage chance of winning is  $1 / 5 = 0.2$  or 20% chance of winning. If a horse is \$3.00 then its chance of winning is  $1 / 3 = 0.333$  or 33.3% chance of winning.

If you are using market prices then you are assuming that price reflects the real chance of the horse. You can also use your own assessed prices if you are confident in them, but either is fine to get a practical guide to your winning chance.

### Step 2

Once you have the chance of each horse, you multiply them together to get your chance of winning the multi bet. Three \$2 chances in a multi are calculated as  $0.5 \times 0.5 \times 0.5 = 0.125$ . Multiply that by 100 gives you a 12.5% chance of winning.

### Other examples

The chance of a 3 leg multi bet winning with prices of \$2.00, \$5.00 and \$3.00 is  $0.5 \times 0.2 \times 0.33 = 3.3\%$ . Can you believe that? Three horses well in the market that you really like, but the chance of all three winning is 1 in 30!

- A 3 leg multi at \$2.50, \$3.00 and \$3.20 = just a 4.1% chance of getting up!
- A 4 leg multi at \$1.80, \$2.00, \$2.10 and \$1.90 = just a 6.9% chance of getting up!
- A 4 leg multi at \$2.50, \$2.20, \$3.00 and \$2.80 = just a 2.1% chance of getting up!

Can you start to see why these bets might be so profitable for bookmakers?

- What about a big multi of all the “near certainties” coming up across the weekend in racing and sports at \$1.70, \$1.60, \$1.50, \$1.40, \$1.30, \$1.20 and \$1.10. That has just a 10.2% chance of winning. You’ll lose 90% of the time.

Unless you’ve done these calculations for yourself in the past, it’s more than likely that the real chance of winning the last multi bet you took (and the one before that etc.) is only a fraction of what you instinctively thought and expected.

With an understanding of your real winning chance, it’s now important to understand the second key point and that’s about your staking

## HOW DO YOU STAKE THEM?

The reality is that most punters significantly overstate their multi bets relative to their bank, whether they have a formal betting bank or simply bet week to week using some extra disposable income. Think about it like this... a 3 leg multi with top winning chances in each race at \$2.50, \$3.00 and \$3.20 has just a 4.1% chance of winning. It's effectively a \$24.40 longshot! If you've taken a multi like this in the past, has your bet size been consistent with what you might normally have on a \$24 chance? Most likely not and this is a big threat to your potential of succeeding in the long term.

When you employ betting strategies with such a low winning strike rate, say between 1% and 10% depending on your spread of multi's, then the natural variance you will experience is huge! You might get lucky early and experience the positive side, which will grow your bank very quickly. Even if you are one of the lucky ones though, it won't be long before the maths catches up with you. You will experience massive losing runs, it's inevitable.

Think about like this, the example multi above doesn't seem that hard to win, but it only has a 1 in 24 chance of success. Have a friend write a number down between 1 and 24 on a piece of paper and see if you can guess it. How many incorrect guesses do you think you could have before getting one right? How many before you get the next one right? The prospect of you winning that multi bet example is exactly the same.

### The correct bet size

Using my recommendation to stake each bet to collect 4% of your bank based on the price you receive, if you are taking a \$2.5 x \$3.00 x \$3.20 multi with a 4.1% chance of winning (\$24.40 shot) you should only stake 0.16% of your total bank. On a \$10,000 bank that's just \$16. If that sounds ridiculously low to you, then you are almost certainly over staking your multis and face the real prospect of having your bank decimated by natural losing runs.

Your multi strategy could even be profitable in the long-term, but if you bet too much of your bank for the strike rate you achieve, then there will eventually come a losing run that sends you broke or reduces your bank so low that your confidence is shattered and you give up.

### Losing runs?

If your average multi has just a 4% chance of winning, then in a sample of 100 bets you could achieve anywhere from 0 to 8 wins (statistically there's a 95% chance your result will fall somewhere in that range.) That's right, you could take 100 multi bets with a \$2.5, \$3.00 and \$3.20 chance and not collect one... and that would be completely within the normal range for a strategy that in the long-term has a +10% profit edge. Of course you could be on the lucky side and collect 8 times for a massive profit.

Statistically there is a 95% chance that your profit on turnover in 100 bets using this example would be between -98% and +118%. That's how large the variance can be when working with a low strike rate.

A 3 leg multi with \$2.00 chances in each leg has a 12.5% chance of success. If you make 100 of those bets then you could still only collect 5 times and lose 95 times. Imagine how much damage that would do to your betting bank?

## WHAT IS MORE PROFITABLE?

It's natural to assume that the potential for big collects on multi bets makes them far more profitable than just backing the individual horses for smaller wins along the way. Let's take a look at that.

### Multi bets

I will use a theoretical example where you take a 3 leg multi with each horse \$2.00 in the market and offering a 10% edge. That means each \$2.00 horse is a 55% chance of winning, so their real price should be \$1.818. Even though you can't bet, win or collect in decimals, I will use the exact numbers to keep the example technically accurate.

Your assessed price for the multi bet is therefore  $1.818 \times 1.818 \times 1.818 = \$6.00$

If staking these bets correctly to collect 4% of your bank on your assessed price of \$6.00, you would stake 0.6667% of your bank. On a \$10,000 bank that's \$66.67 bet on each multi. If you take this multi 100 times then your outlay is \$6,667.

Your chance of winning the multi is  $0.55 \times 0.55 \times 0.55 = 16.64\%$ .

Each horse is \$2.00 in the market so your winning dividend is  $2 \times 2 \times 2 = \$8$ .

You collect \$66.67 (stake)  $\times$  \$8 (dividend) = \$533.36 every time you win.

In 100 multi bets you collect 16.64 times = \$8,875.11 total return.

A return of \$8,875 less your outlay of \$6,667 gives you a profit of \$2,208. That's equal to a profit on turnover of 33%. The key point to focus on is that you made +\$2,208 profit and had to endure 83.36 losing bets in the group of 100 (100-16.64)

### Win bets on the same horses

In the above example you took 100  $\times$  3 leg multis at \$2.00 for each horse. That means there are 300 horses in 300 separate races with a 10% edge (55% win chance = \$1.818 price).

Using the bet to collect 4% of your bank method based on the assessed price rather than market price (as we did with the multi's) then each bet is to collect \$400 on an a price of \$1.818 = \$220 bet on each horse.

There are 300 horses, so your total outlay is \$66,000.

Every time you collect you receive  $\$220 \times \$2.00 = \$440$ .

Each horse is a 55% chance of winning, so across 300 bets you will collect  $0.55 \times 300 = 165$  times.

Your total return will be  $165 \times \$440 = \$72,600$ .

A return of \$72,600 less your outlay of \$66,000 gives you a profit of \$6,600, which is 10% profit on your turnover (exactly the same as your edge on each bet.)

## Who wins?

Multi bets: **Profit of \$2,224** collecting on 16.67% of your bets.

Win bets: **Profit of \$6,600** collecting on 55% of your bets.

Does this come as a shock to you?

## Just to clarify

- Each bet is staked appropriately, according to its winning chance. Each multi is a \$6.00 chance of winning and the bet size is \$66.67. Each win bet is a \$1.818 chance of winning, which is 3.3 times greater than the \$6.00 multi chance and your stake is \$220, which is 3.3 times greater than your \$66.67 stake on the multi.
- Each horse has a 10% edge.

You might be thinking “well the profit on turnover percentage on the multi bets is much larger”... but that’s irrelevant. What you can spend in this world is real \$ profit, not profit on turnover percentages. One strategy made \$2,224 and the other made \$6,600, which would you rather?

The key to an effective betting strategy is being able to leverage your bank to extract the most dollars profit from it for a given number of bets at a given level of risk. That risk is not equal to your turnover, it’s equal to the potential drawdown you face during natural losing runs. Drawdown is driven by the variance created from the win probability across your bets (i.e. strike rate %.)

As your strike rate decreases, variance significantly increases, so smaller bet sizes are required to maintain the same level of risk (i.e. drawdown on your bank during losing runs.) So outlaying \$66.67 on each multi bet with a 16.67% chance of winning is equivalent to \$220 bets with a 55% chance of winning.

## The Reality and my advice

The reality is that on a profitable set of bets you will make more money backing each of them to win at the right staking level compared to a multi betting strategy at the corresponding staking level. Just as importantly, your frequency of collects with win betting will be significantly higher; this drastically reduces your losing runs in the process.

Let's recap the results:

Multi bets: **Profit of \$2,224** collecting on 16.67% of your bets.

Win bets: **Profit of \$6,600** collecting on 55% of your bets.

Does this help to reinforce why Corporate Bookmakers are happy to spend millions of dollars encouraging punters to take multi bets?

One of my key betting philosophies is: **"don't make the task of winning money any more complicated or difficult than it needs to be."**

Adopting a strategy where you significantly reduce your strike rate by linking an otherwise already profitable group of horses into multi bets is in direct conflict with this philosophy and makes no sense to me. It increases losing runs in between collects and makes the entire punting journey far more frustrating than it needs to be. More importantly, it's far less profitable!

The appeal of outlaying a small amount and landing a big collect seems exciting and logical, but for the average punter it's a mindset that needs to be overcome. Thinking that way steers you towards strategies that are contrary to maximising your profit and result in much larger losing runs that you can likely deal with, both financially and psychologically.

Corporate bookmakers know this and that's why they put so much effort into encouraging us to take multis. They will let you on to win much more in a multi bet than a standard win bet, because on average it's more profitable for them. They know your chances of collecting are small and that big losses can accumulate in between.

To be a successful punter you need to "embrace the grind" of playing each bet for the opportunity it presents and let the cumulative effect of smaller but more regular wins build your profit. You will have many more winning days compared to multi betting and in the end will make more profit.

Smart punting!

**Daniel**