Fixed % Minimum Betting - A proposed betting approach

Perhaps <u>the</u> prime objective for a horse race bettor serious about reaching professional status should be . . . **finding out how to best handle losing streaks**. Any valid long-term money management method must take this extremely important factor into account.

The "Kelly" betting method (to be discussed another article) is optimal for increasing the bankroll during a positive series of wagers where winners are numerous enough to have produced a flat bet profit; however, the same method can decimate a race bettor's hard-won profits during even short losing streaks.

The most used of all horse betting approaches is likely the "Fixed Percentage" approach. This is where a fixed % of the race betting bankroll (example - 4%) is always used to figure the next bet amount. This approach (which essentially will become "flat betting" when a 'comfort-level' ceiling has been reached) somewhat smoothes the more radical bankroll gyrations of the Kelly approach, but it also still cuts deeply into bankroll profits during losing streaks.

I believe it was James Quinn who, about 20 years back, wrote about a method he called, "Fixed Percentage - Minimum." This is one of the better money management methods for lessening the often devastating effects of grouped clusters of losses - i.e. the dreaded, yet inevitable, losing streak.

A warning: The F%M method performs very poorly when you are in an alternating pattern. A pattern like this: w,l,w,l,w,w,l,l,w,l,l,w. But because most players don't come close to hitting 45-50 % of their win bets, for this pattern to last over an extended series of wagers is rare. The usual win/loss patterns for most players most of the time settle into clusters of (smaller) groups of wins and (larger) groups of losses.

Why the F%M method performs poorly in the alternating pattern runs will become apparent. Here are the betting "rules" -

You will bet a fixed percentage of your starting bankroll after every winning race - but you will bet only a non-changing base amount after every loss.

Let's say you set your fixed percentage at 5% - <u>that also becomes the non-changing base bet</u>. If your starting horse betting bankroll is $1000, your starting bet, and your un-changing base bet then becomes $50.

So you can get a better idea of this approach, below is an example of the method applied to a series of 15 races. Gold numbers are the races where the <u>base bet minimum</u> was used after a loss:

Bank Roll	Bet @ 5%	Pays	Profit/Loss
$1000	$50	$8.00	+$150
$1150	$58	$7.20	+$150.80
$1300.80	$65	x	-$65
$1235.80	$50	x	-$50
$1185.80	$50	x	-$50
$1135.80	$50	$11.00	+$225
$1360.80	$68	$6.20	+$142.80
$1503.60	$75	x	-$75
$1428.60	$50	x	-$50
$1378.60	$50	x	-$50
$1328.60	$50	x	-$50
$1278.60	$50	x	-$50
$1228.60	$50	x	-$50
$1178.60	$50	x	-$50
$1128.60	$50	$7.40	+135
$1263.60			

Now let's compare that same series to a straight fixed percentage of bankroll betting approach:

Bank Roll	Bet @ 5%	Pays	Profit/Loss
$1000	$50	$8.00	+$150
$1150	$58	$7.20	+$150.80
$1300.80	$65	x	-$65
$1235.80	$62	x	-$62
$1173.80	$59	x	-$59
$1114.80	$56	$11.00	+$252
$1366.80	$68	$6.20	+$142.8
$1509.60	$75	x	-$75
$1434.60	$72	x	-$72
$1362.60	$68	x	-$68
$1294.60	$64	x	-$64
$1230.60	$62	x	-$62
$1168.60	$58	x	-$58
1110.60	$55	x	-$55
$1055.60	$52	$7.40	+$140.40
$1196.00			

The horse race betting bankroll using the F%M method (first table) has retained 5.7% more profits - $1263.60 versus $1196.00 in the standard fixed percentage approach (shown in the second table).

This in a good series of 33% winning race wagers at average mutuel $7.96. The difference would be even greater in a very poor series (say a streak of 11 straight losing races) that resulted after fairly large profits (say a doubling of the original bankroll) had first been accumulated.

As always - test this on your historical horse betting records and see what would have resulted. You may like what you find!

That's it for now -   As always, Good Luck and Good Wagering!