

KEY CONCEPTS AND ESSENTIAL TERMINOLOGY

UNDERSTANDING THE BET TYPES, KEY
CONCEPTS OF BETTING AND AVOIDING
ROOKIE MISTAKES



TRADEMATE
S P O R T S

PREFACE

In Trademate, we are passionate about finding the edge, and are always on the lookout for new ways to improve. Now, we have created this eBook to share our enthusiasm for sports betting.

The goal is that after reading this, your idea of basic betting concepts - the knowledge required to do betting - is a bit clearer. We will also introduce you to the assumptions we rely on to justify why we do what we do.

You might be a professional sports trader, or you might be reading about sports trading for the first time. No matter the starting point, we hope you will take some time to understand and appreciate the basic principles of what we are trying to do.

This is the first in this series of four eBooks covering betting from the basic concepts to strategies and how to make a living out of it.

I hope you find it interesting.

-Marius, CEO of Trademate Sports.



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1 Bet Types

MONEYLINE BETTING

Moneyline is the easiest form of betting, in which you bet on either of two teams to win. There are no draws, which makes this betting type common among sports such as ice hockey, basketball and American football.

Note: There is a clear distinction between Moneyline betting and Moneyline odds. The latter is written about in the next chapter.

1X2

1X2 is a type of bet that is common in sports where a draw is possible. There are three different outcomes, which is represented by each of the three symbols. 1 represents a home win, X is a draw and 2 is an away win. It really is that simple.

You may also observe compositions of the home win, away win and draw. This is called double chance betting, in which every bet contains two possible outcomes:

1X – Team 1 wins or the game is a draw.

2X – Team 2 wins or the game is a draw.

12 – Either Team 1 or Team 2 wins.

TOTALS OVER / UNDER

A total or over/under is a bet on whether the combined number of points in a single game will be over or under a given value. For example, consider the following game between Arsenal and Sunderland:



Outcome	Odds	Outcome	Odds
Over 0.5	1.01	Under 0.5	30.00
Over 1.5	1.10	Under 1.5	8.00
Over 2.5	1.30	Under 2.5	3.65
Over 3.5	1.76	Under 3.5	2.10
Over 4.5	2.70	Under 4.5	1.48
Over 5.5	4.70	Under 5.5	1.21
Over 6.5	9.00	Under 6.5	1.09
Over 7.5	18.00	Under 7.5	1.03

Let's say you bet on 'Under 1.5', with odds of 8. If the total number of goals scored by both Arsenal and Sunderland don't exceed 1.5, you win the bet. In other words, as long as the game ends either 0-0, 1-0 or 0-1, you win.

Note: Unless otherwise stated, most bookmakers consider the end of regulation time as the end of the game. This means that goals scored in extra time will not necessarily be part of the total.

ASIAN HANDICAP

Let's say Liverpool play against Leyton Orient in the FA Cup. Liverpool are clear favorites, and you are looking to place a bet on them to advance to the next round. However, when you find out that the odds on a home win is only 1.1, you are reconsidering your initial decision.

In games where there is a clear favorite, the odds might be unfavorable. Therefore, bookmakers offer a handicap in order to create desirable bets on both the favorite and the underdog.



In the example above, the odds book could look something like this:

LIVERPOOL -1.5 (1.90) | LEYTON ORIENT +1.5 (2.10)

When determining the outcome of your bet, 1.5 points will either be added to Leyton's score or subtracted from Liverpool's. If the final score turns out to be Liverpool 2-0 Leyton Orient, a bet placed on Liverpool will result in a win. If the final score is 1-0, the bet on Liverpool is lost.

Full, Half and Quarter Goal Handicaps:

The Asian handicap can be divided into three categories, depending on its value. The full goal handicap consists of only whole numbers, for example +1, +2 or +3. This means that a draw is still possible, and in this case, your stake will be returned.

The half goal handicap could look like +0.5, +1.5, +2.5 etc. This eliminates the possibility of a draw and reduces the number of possible outcomes from three to two.

The quarter goal handicap is nothing but a mix between the full and half goal handicaps. Let's take an example of +1.25. In this case, your money is split in two: One-half goes to a bet with the handicap of +1. The other half goes to a bet of +1.5.

With the quarter goal handicap, your bet can end in more ways than two. Consider a handicap of either -0.25 or +0.25, and the following results:

Handicap	Game result	Bet result	Handicap	Game result	Bet result
-0.25	Win	Win	+0.25	Win	Win
	Draw	Half lose		Draw	Half win
	Lose	Lose		Lose	Lose



You placed a bet on handicap +0.25, and the game ends in a draw. Half of your bet (placed on handicap 0 is lost, while the other half(placed on +0.5) is a win. This is known as a half win. In the opposite case where a handicap of -0.25 is followed by a draw, your bet would result in a half lose. In another example, consider the handicaps of -0.75 and +0.75:

Handicap	Game result	Bet result	Handicap	Game result	Bet result
-0.75	Win by 2+	Win	+0.75	Win	Win
	Win by 1	Half win		Draw	Win
	Draw	Lose		Lose by 1	Half lose
	Lose	Lose		Lose by 2+	Lose

This time, the half win is achieved if you place a bet with handicap -0.75, and your team wins by 1 (The half on -1 is lost, while the half on -0.5 is won). The half lose comes into play if you place a bet with handicap +0.75, and your team lose by 1 (Half on +1 is won, half on +0.5 is lost).

EUROPEAN HANDICAP

European handicap is almost the same as Asian handicap, but with one clear distinction. With the european, draws are possible, and they result in you losing your bet.

Take a simple example where you place a bet on Tottenham at -1, and they win 1-0. With Asian handicap, you get your money back. With European, your bet is lost.

From a larger perspective, both handicaps are two sides of the same coin. For any given full goal European handicap, the corresponding half goal Asian handicap functions exactly the same way. To illustrate, consider the following scenarios:



	0-0	0-1	0-2
Asian +0.5	Win	Lose	Lose
European +1	Win	Lose	Lose
Asian +1.5	Win	Win	Lose
European +2	Win	Win	Lose

DRAW NO BET

The Draw no bet (DNB) is a type of bet offered by most online bookmakers. As the name suggests, it is characterized by the fact that you get your money back in case the game ends in a draw.

For example, you think that Bayern München will win against Borussia Dortmund. However, you recognize that a draw is also relatively likely. The Draw no bet gives you the opportunity to bet on Bayern while protecting your stakes against a tie.

What if my bookmaker doesn't offer draw no bet?

Not all do. Luckily, you can always make them yourself.

The easiest way to do this is to choose the team you think will win (as you would with the DNB), and make a bet with Asian handicap 0. Since the Asian handicap returns your stake if the bet is a draw, this is equivalent to playing DNB.



Another strategy is to place one bet on the team you think will win, and an extra bet on a draw. If your bet sizing is correct, you will be able to insure against the draw. To illustrate how this works, consider the following game:

AMOUNT: \$20

1 (1.20) | X (4.00) | 2 (8.00)

You want to bet on a win for team 1, but also want to protect yourself against a draw. First, divide the amount you want to spend by the odds of the draw ($\$20 / 4.00 = \5). Then, place \$5 on the draw, and the rest (\$15) on team 1. If the game ends in a draw, you get your money back. No profits, no loss.



2 Odds Formats

When displaying their odds, there are generally three different ways bookmakers choose to do so. These are:

DECIMAL ODDS

Widely used in various parts of the world, decimal odds is arguably the easiest odds format to comprehend as it reflects the inverse of the probability of its corresponding outcome.

Decimal odds quote the ratio of the potential payout to the initial stake. In other words, if you place a \$10 bet at odds of 1.9, a winning bet returns \$19. Remember that the stake is included in the return, making the remaining \$9 your profit.

MONEYLINE

Also called American odds, Moneyline odds can either be quoted with a positive or negative sign. To illustrate the difference, consider the following example:

New York Yankees -145

Toronto Blue Jays +125

When positive, the number indicates the potential profits on a \$100 bet. This is used when the outcome is considered less likely to happen than not, and suggests that you are betting on an underdog.

When negative, the number indicates the amount that must be wagered to potentially win \$100 in profits. This is used when the outcome is more likely to happen than not, making a negative sign the hallmark of a favourite.



FRACTIONAL

Favoured in the United Kingdom and Ireland, fractional odds quote the potential return relative to the stake. For example, a won £100 bet at odds of 2/1 would imply that the bettor made £200 in profits, whereas the same bet at 1/2 imply profits of £50.

HOW DO THESE THREE ODDS TYPES RELATE TO EACH OTHER?

It's easier to see for yourself:

Implied probability	Decimal	Moneyline	Fractional
80 %	1.25	-400	1/4
66.7 %	1.50	-200	1/2
55.6 %	1.80	-125	4/5
50 %	2.00	+100	1/1
40 %	2.50	+150	3/2
33.3 %	3.00	+200	2/1

DO I NEED TO KNOW THEM ALL?

No. Bookmakers usually give you the option to choose your preferred odds format. If you understand the conversion table above, you are probably more proficient than you necessarily need to be.



3 Key Concepts in Sports Betting

EDGE, EDGE BET, VALUE BET

To put it simply a value bet, edgebet or trade is the edge that you have versus the bookmaker. Because bookmakers offer different odds, inefficiencies occur. For instance, once the lineups are released and a key player is injured the odds on the other team will drop and some bookmakers lag behind the rest of the market.

TRADES

Strictly, trading could be referred to as buying and selling assets, in the case of sports trading that would be taking a value bet and hedging it out for a guaranteed profit.

THE DIFFERENCES BETWEEN SPORTS BETTING AND SPORTS TRADING, BETS AND TRADES, SPORTS BETTORS AND SPORTS TRADERS

We consider traditional sports betting or punting to be for entertainment purposes only. Sports trading is when you are serious about making a profit from betting and view it as a form of investment. This also applies to us describing bets as trades inside Trademate. It is also why we refer to ourselves as sports traders, rather than sports bettors.

ODDS

A different way of writing probability. $\text{Odds} = 1 / \text{Probability}$. There are different odds types, such as decimal odds, American odds and fractional odds.

TURNOVER

The total amount wagered on all of your trades or for a given time period.



RETURN ON INVESTMENT (ROI)

The return from an investment, calculated by $(\text{Gains} - \text{Costs}) / \text{Costs}$.

CLOSING LINE

The odds at the time the games starts given by the sharpest bookmakers. Whether you traded on higher or lower odds than the closing line determines whether the expected value is positive or negative respectively.

EXPECTED VALUE (EV)

In probability theory, the expected value of a random variable, intuitively, is the long-run average value of repetitions of the experiment it represents. E.g. the expected value of getting tails in a coin toss is 0.5 or 50% chance of the outcome occurring. With Trademate your EV is equal to your edge % multiplied with your stake size in a given game. We also separate between your EV based on your edge placed and your EV based on your closing edge. The latter being the most important. See paragraph on the closing line.

VARIANCE

It is the sum of deviations from the mean / expected value where outlier values are weighted more heavily.

MARKET LIQUIDITY

In this particular instance, how high the max bets are. In general we are referring to how much money has been wagered on a particular game, but since one can not see the actual amount, the max bets give a good indication of whether a game has a high or low liquidity. Higher liquidity markets are better, because money wagered = information. So basically the odds in these markets are more efficient. This also reduces the volatility of the odds, meaning that it takes larger wagers to move the odds.



PAYOUT RATE

How many percents of the money wagered on the game a bookmaker pays out to customers. E.g. if the payout rate is 98%, then the bookmaker will keep 2% (margin) for themselves and pay out 98% to customers. Alternatively, they keep \$2 out of every \$100 wagered and pay back \$98 to customers.

MARGIN

The bookmaker's cut of a bet. $\text{Margin} = 100\% - \text{Payout rate}$.

VIG-FREE

Vig is another word for margin. So vig-free = margin free. Vig-free odds = the odds when the bookmaker's margin has been removed.

THE DIFFERENCE BETWEEN AVG. FLAT ROI PER TRADE AND AVG. ROI PER TRADE

Avg. ROI per trade is based on the actual stake sizing you register on each trade you record with Trademate. Flat ROI per trade is what your average ROI per trade would have been if you placed a fixed amount per trade. See flat stake sizing. To wheter we actually have an edge versus the market, flat stake sizing is the best measurement, as it removes the effect stake sizing has on the actual returns. While in practice using a proportional staking strategy is better as it does not make sense to given a 2% edge, bet as much on a 2.0 in odds and 10.0 in odds game.



THE DIFFERENCE BETWEEN A VALUE BET AND AN ARBITRAGE BET

In an arbitrage bet or surebet you will bet on all outcomes of the game for a sure win. In a value bet you only bet on one outcome of the game. Thus the risk is higher, but so is the potential reward. A typical arbitrage bet is typically around 1%. In theory arbitrage bets are great, but in practice there are a couple of elements that makes them less appealing. E.g. the odds changing after you have placed one side of the bet or that the bookmaker voids the bet (palpable error). Both of these would lead to the surewin no longer existing. If you loose that bet, it will take you a lot of arbitrage bets to make up for the losses. Also, the number of arbitrage opportunities are less frequent as the odds needs to be high on all of the game's outcomes. Because of this it is also a lot easier for bookmakers to identify and limit arbitrage bettors than value bettors.

Value bets are typically between 1-5%. However, the largest value bet recorded with Trademate was 182% ! Valuebets occur far more frequently than arbitrage bets, because there only has to be deviations in odds on one outcome of the game. This means that you can get in several hundred bets/trades per week. Which again implies that you can get in a higher overall turnover and a higher compounded growth. The downside is that there is more variance, so the ups and downswings are larger. This is best mitigated by reducing the odds range and stake size.

PROPORTIONAL STAKING STRATEGY

Betting an amount proportional to your overall bankroll on each bet. E.g. 1% of your bankroll. Inside Trademate we use something called the Kelly Criterion to calculate stake size.

FLAT STAKING STRATEGY

Betting a fixed amount. E.g. \$10 per bet.



EUROPEAN / SOFT BOOKMAKERS

For example Unibet, William Hill etc. Caters to punters. They are position takers, so you are betting against the house. The majority of soft bookmakers are European.

ASIAN / SHARP BOOKMAKERS

For example SBO, IBC and ISN. Caters to sharp bettors and traders. They are book-balancers, so you are betting against other players. The Asian bookmakers are sharp, but they are not the only sharp bookmakers.

BETTING EXCHANGES

For example Betfair and Matchbook. Enables players to give and take bets from each other.

BETTING BROKERAGES

For example Sportsmarket, VIP Sportsbook and Asian Connect. Enables sharp bettors and traders to place bets on exchanges and sharp bookmakers with only 1 account.



4 Rookie Mistakes in Sports Betting

ACCUMULATOR BETTING

An accumulator bet is a bet which combines four or more individual bets into a single bet that only returns gains if **all of the individual bets** win.

Accumulator betting is generally a terrible idea. There are some exceptions to this rule, but 9 times out of 10 you should run a million miles from accumulator betting. The reasons are simple. Your hunch bet, which on average is losing 10% of your stake every bet, compounded with another 3 hunch bets, is actually making you lose on average 34% of your stake.

For example, let's say you place a £10 on a 4 leg accumulator at 60 in odds. The bookmaker is essentially saying this will happen 1 time every 60 times. However, you should be getting odds of 91 (average payback at 90% giving $0.9^4 = 0.6561$, $60/0.6561 = 91.45$). That means the bookmaker has an edge of 34% over you.

Doesn't sound very fair does it? That's why bookmakers are spending millions on advertising accumulators.

NOT TRACKING OR ANALYSING YOUR GAME

Lack of knowledge and analysis of your performance against the bookmakers is one of the biggest factors in not becoming a profitable long-term sports trader. Whether you are a poker player or day trader, keeping track of your results enables you to determine whether your strategy is working and whether you are running good or bad. This can in turn enable you to change your strategy for the better.



When trading sports you should measure your performance versus the closing lines of the sharp bookmakers. If you are able to consistently place bets where you get better odds than the bookmakers closing lines you should be profitable in the long term.

NOT HAVING A STAKING STRATEGY

Even if you are placing profitable trades, without a correct staking strategy, variance could wipe you out. So what does a profitable staking strategy look like? Well there's two options you can deploy profitably. A flat stake, and a proportional stake.

With a flat bet size, you either put the same wager on every single game, or you put the same wager on games that have the same odds and edge. Flat bet sizing is fairly easy to use, but it's hard to select a proper size. A size too big will increase the chance of going broke, while a size too low will not yield big enough profits.

A proportional strategy is where you place a certain percentage of your current bankroll on each bet. Kelly's Criterion is a formula that maximizes the growth rate of your bankroll. You should be aware that following the Kelly Criterion is high risk. You can reduce your risk by following for instance 30% of whatever the Kelly Criterion tells you to. I've also made a [video on Youtube](#) where I explain the Kelly Criterion and how to apply it in betting.

KNOW THAT "TIPSTERS" WHO ARE PROFITABLE WOULD NEVER GIVE AWAY THEIR ADVICE FOR FREE

Most tipster make money from affiliate deals with bookmakers where they get money if you use their links to sign up to the bookmaker site or by getting a percentage of losses made by bettors. If a tipster has an actual edge or inside information they will act upon this themselves. Only once they have taken a position in the game will they be willing to give up this information. The result being that they get better odds than you.



For instance if a tipster recommends Troy at home versus South Florida in the NCAA at 1.75. They could take an earlier position at 1.80. Once people start following their advice and the market drops to let's say 1.65 they can take a bet on the other side to make a surebet.

Most tipster also don't want to give away their track record and for the once that do, there is no guarantee that they have not simply deleted some of the bets they have lost. For the tipsters who actually do show you their full track record, the sample size is often very low. If they only place 250 bets a season for example their results will mainly be down to luck. There are two good articles on Pinnacle, which covers [how to evaluate tipsters](#) track records and [survivorship bias](#).

NOT CLEARING OUT SIGNUP BONUSES ON THE SOFT BOOKMAKERS

The majority of soft bookmakers offer bonuses with a turnover requirement, e.g. a 10x. You can use arbitrage to clear these bonuses. For instance let's say you are betting on an Over / Under in a basketball game. Bookie A offer 2.05 in odds on an over, while Bookie B offers a 2.05 in odds on under. By placing \$100 on each side, you have a surebet with a guaranteed profit of 2.5%. $[1 / (1/2.05 + 1/2.05)]$. Remember that your goal is to clear the bonus, so you can go break even by taking 2.0 and 2.0 or even go slightly below. Just make sure that your bonus is large enough to justify taking bets with a slightly negative expected value.



5 Tools to Improve as a Sports Bettor

ODDSPORTAL

[Oddsportal](#) is a free service that allows you to compare the odds offered by different bookmakers in one place. They also have a surebet (arbitrage) and some other nice to have tools.

FLASHSCORE

[Flashscore](#) is another free service that is great for keeping track of the score on the trades that you have placed and for checking the results. They also have an app and if you create a user, you can get notifications whenever there is a goal in a game you want to follow.

ODDS CONVERTERS

Using an [odds converter](#) enables you to quickly see the relationship between decimal, American, fraction odds and implied probability.

BROKERAGES

Betting brokerages enables you to place trades at the sharp bookmaker's with one account. It reduces the hassle of managing multiple accounts in addition to increasing the speed with which you are able to execute trades. The Trademate members have used Sportmarket as a brokerage to bet at the sharp bookmakers. Other brokerages include AsianConnect and PremiumTradings.



6 Additional Resources and Articles

PINNACLE'S BLOG

In addition to being one of the bookmaker's with the highest liquidity and payout rate, Pinnacle has some great educational content on a range of topics that are important for sports traders. We have included some of our favorites below:

CONCEPTS

- [How betting odds and the bookmaker's margin work](#)
- [More on the bookmaker's margin](#)
- [Opening vs closing odds and market efficiency.](#)
- [Expected value in sports betting](#)
- [Standard Deviation](#)
- [Wisdom of the Crowds applied to betting](#)
- [Favorite-Longshot bias](#)
- [How often does the lead change in a match](#)
- [Different bet types explained](#)
- Bettingexpert: [How to calculate an Asian Handicap](#)

STRATEGY

- [How to hedge a bet for guaranteed profit](#)
- [Pinnacle and market movements](#)
- [The importance of evaluating your performance versus the closing line](#)
- [Are you getting better odds on a draw no bet or by betting on both home and away?](#)
- [Betting Asian handicap lines vs laying on exchanges](#)



PSYCHOLOGY

- [The Gambler's Fallacy & law of large numbers](#)
- [Confirmation bias](#)
- [Framing](#)
- [The halo effect](#)

DEVELOPING PREDICTION MODELS

- [Building a betting model](#)
- [Using the Poisson Distribution to create an expected goals model in football](#)
- [Creating an expected goals model with limited data](#)

NEWS

- [Tony Bloom and Starlizzard](#) - One of the world's most profitable sports traders.

FIVETHIRTYEIGHT

- A [stats centered blog](#) run by Nate Silver that covers American sports. Nate is known for his predictions on Baseball and past US elections.

TRADINGEUROPE

- Trademate's [youtube channel](#) where we trade live in the European betting markets and discuss key topics in sports trading.

TRADEMATE SLACK COMMUNITY

- If you are not already a member, join our community on Slack to discuss betting. Just ask for an invite.



CREDITS

This eBook is written by Trademate Sports for educational purposes.
All rights of the content and the right to distribute this ebook lies with TM Sports
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If you have any questions, please do not hesitate to contact us.
This ebook is the first in a series of four ebooks about the topic of betting and
value betting, each book with increasing complexity.

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