

Looking at football
from a different
point of view

MAFL 2008

24th March
Round #1.1 2008

Round 1 Results

| Carlton v Richmond (M.C.G, 20th March 2008) | |
|--|---|
| Sportsbet | \$1.65 \$2.15 53% - 61% 39% - 47% Carlton -6½ pts (\$1.90 / \$1.90) |
| Heritage | - |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | Carlton by 19 |
| Quila | Carlton by 4 |
| Shadow | Carlton |
| CTL | Carlton |
| MM | Richmond (41-2) (Dissenters: MM22 & 23) |
| Super MM | Richmond (14-0) (Dissenters: None) |
| Uber MM | Richmond |
| Simplified | Richmond |
| Result | Richmond 17.7 (109) def Carlton 11.13 (79) |

| Pt Adelaide v Geelong (Football Park, 20th March 2008) | |
|---|---|
| Sportsbet | \$2.25 \$1.60 38% - 44% 56% - 63% Port Adelaide +9½ pts (\$1.90 / \$1.90) |
| Heritage | - |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | Port Adelaide by 9 |
| Quila | Port Adelaide by 3 |
| Shadow | Geelong |
| CTL | Geelong |
| MM | Geelong (40-3) (Dissenters: MM2-4) |
| Super MM | Geelong (14-0) (Dissenters: None) |
| Uber MM | Port Adelaide |
| Simplified | Port Adelaide |
| Result | Geelong 15.15 (105) def Port Adelaide 14.12 (96) |

| Collingwood v Fremantle (M.C.G, 22nd March 2008) | |
|---|---|
| Sportsbet | \$1.68 \$2.10 52% - 60% 40% - 48% Collingwood -6½ pts (\$1.90 / \$1.90) |
| Heritage | - |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | Collingwood by 24 |
| Quila | Collingwood by 17 |
| Shadow | Collingwood |
| CTL | Collingwood |
| MM | Collingwood (29-14) (Dissenters: MM2, 4-8, 10, 12 & 30-35) |
| Super MM | Fremantle (9-5) (Dissenters: SMM3, 4, 5, 6 and 23) |
| Uber MM | Collingwood |
| Simplified | Collingwood |
| Result | Collingwood 16.15 (111) def Fremantle 13.7 (85) |

| St Kilda v Sydney (Docklands, 22nd March 2008) | |
|---|---|
| Sportsbet | \$1.38 \$2.90 66% - 72% 28% - 34% St Kilda -17½ pts (\$1.90 / \$1.90) |
| Heritage | - |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | St Kilda by 24 |
| Quila | St Kilda by 15 |
| Shadow | Sydney |
| CTL | Sydney |
| MM | Sydney (40-3) (Dissenters: MM3, 11 & 34) |
| Super MM | Sydney (14-0) (Dissenters: None) |
| Uber MM | St Kilda |
| Simplified | Sydney |
| Result | St Kilda 6.15 (51) def. Sydney 6.13 (49) |

| West Coast v Bris Lions (Subiaco, 22nd March 2008) | |
|---|---|
| Sportsbet | \$1.40 \$2.80 64% - 71% 29% - 36% West Coast -15½ pts (\$1.90 / \$1.90) |
| Heritage | - |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | West Coast by 23 |
| Quila | West Coast by 9 |
| Shadow | West Coast |
| CTL | West Coast |
| MM | West Coast (43-0) (Dissenters: None) |
| Super MM | West Coast (14-0) (Dissenters: None) |
| Uber MM | West Coast |
| Simplified | West Coast |
| Result | West Coast 14.8 (92) def. Brisbane Lions 11.10 (76) |

| W Bulldogs v Adelaide (Docklands, 23rd March 2008) | |
|---|--|
| Sportsbet | \$2.05 \$1.72 42% - 49% 51% - 58% Bulldogs +6½ pts (\$1.87 / \$1.93) |
| Heritage | Won 7.83% (7.83%) |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | Adelaide by 6 (Game of the Round) |
| Quila | Adelaide by 20 |
| Shadow | Adelaide |
| CTL | Adelaide |
| MM | Adelaide (43-0) (Dissenters: None) |
| Super MM | Adelaide (14-0) (Dissenters: None) |
| Uber MM | Adelaide |
| Simplified | Adelaide |
| Result | W Bulldogs 19.12 (126) def. Adelaide 18.15 (123) |

| Hawthorn v Melbourne (M.C.G, 23rd March 2008) | |
|--|---|
| Sportsbet | \$1.31 \$3.25 69% - 76% 24% - 31% Hawthorn -20½ pts (\$1.90 / \$1.90) |
| Heritage | - |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | Hawthorn by 28 |
| Quila | Hawthorn by 7 |
| Shadow | Hawthorn |
| CTL | Hawthorn |
| MM | Hawthorn (43-0) (Dissenters: None) |
| Super MM | Hawthorn (14-0) (Dissenters: None) |
| Uber MM | Hawthorn |
| Simplified | Hawthorn |
| Result | Hawthorn 23.16 (154) def. Melbourne 6.14 (50) |

| Kangaroos v Essendon (Docklands, 24th March 2008) | |
|--|---|
| Sportsbet | \$1.84 \$1.90 47% - 54% 46% - 53% Kangaroos -6½ pts (\$2.00 / \$1.80) |
| Heritage | - |
| Alpha | - |
| Beta | - |
| Chi | - |
| Line | - |
| Chi | Kangaroos by 27 |
| Quila | Kangaroos by 10 |
| Shadow | Kangaroos |
| CTL | Kangaroos |
| MM | Kangaroos (43-0) (Dissenters: None) |
| Super MM | Kangaroos (14-0) (Dissenters: None) |
| Uber MM | Kangaroos |
| Simplified | Kangaroos |
| Result | Essendon 19.8 (122) def. Kangaroos 9.13 (67) |

| Round 1 Statistics | | |
|--------------------|-----------------------|--------|
| Scoring | Winners | Losers |
| Goals | 129 | 88 |
| Behinds | 96 | 97 |
| Ave Score | 108.8 | 78.1 |
| Ave Marg | 30.6 | |
| Qtrs Won | Winners | Losers |
| 1st | 6.5 | 1.5 |
| 2nd | 4 | 4 |
| 3rd | 6 | 2 |
| 4th | 6 | 2 |
| Qtr Leads | Winners | Losers |
| End of 1st | 6.5 | 1.5 |
| End of 2nd | 5.5 | 2.5 |
| End 3rd | 8 | 0 |
| Tipping | Tipster | Score |
| 1st | MM11 | 6 |
| 2nd | Various Models | 5 |
| Last | MM2 & MM4 | 3 |
| Ave Score | 4.53 (Std Dev = 0.59) | |

Results in Review

MAFL Funds

So much for easing into the new season pocketing the cash after a first-up, coast-to-coast wagering triumph. Our lone bet, the Bulldogs, started well against the Crows on Easter Sunday and went into the first change up by 3½ goals. But, a 5 goal to 1 second term from the Crows turned things around and had them heading to their nest at the main break with a 5-point lead and all the momentum.

The second half was a points-fest – the two teams managing 24.10 between them – during which the Dogs feasted just well enough to flop over the line by 3 points, having trailed by 9 points at the 18½ minute mark in the final term. In doing so they handed Heritage Fund Investors a 105% return on their first wager, and a 7.83% increase in Funds, thus continuing a fine tradition of successful first-up MAFL bets in each season.

At right is a table showing how each Investor's portfolio is performing as at the end of Round 1. Investor #002, whose portfolio is pure Heritage, has had the happiest start to the season, but even those with the Recommended Portfolio have 2.35% more in their MAFL Investment than they did on Thursday.

For anyone who missed out on investing in Round 1, remember that the Funds all stay open throughout the season and you're most welcome to join (or exit) whenever you like. If you'd like to be a part of Round 2, please let me know before Wednesday of this week.

The decision to make the Alpha and Chi Funds wait until Round 4 before they commence trading was completely vindicated this weekend. Had they been trading, the Alpha Fund would have started with a shocking 31% loss, and the Chi Fund would have been down almost 14%.

A similar restriction on the Line Fund – it will start trading in Round 5 – proved less fortuitous, however, with its single recommended wager, Port Adelaide with 9½ points start, squeaking home by half a point.

Tipping

What was good news for MAFL Investors was bad news for tipsters, as each had selected the Crows to beat the Dogs on Sunday. The Roos' loss was also universally lamented, and the Saints' victory over the Swans tipped by only 7 of the 64 tipsters. Amongst the remainder of the games, only the Pies' win over Freo caught out more than a handful of tipsters.

All up then, not a bad first round for most tipsters, the best of them being MM11 who managed 6 from 8. This is not one of the Momentum Matters models that I expect much from this year as it's managed to average only 58½% over the past 3 seasons.

After MM11 there are 34 tipsters on 5, and then 27 more on 4, including the three dogs.

Finally, there's MM2, which has started the year much as I expected, bagging just 3 from 8, a score it shared only with MM4.

Last year, some of you might recall, Chi narrowly missed out on recording an absolute average prediction error (AAPE - the average of the absolute difference between a tipster's predicted margin and the actual game margin) of below 30 points per game, which is the level I think quality margin-tipping models should reverse. The Sportsbet bookie, for example, managed a 28.8 point AAPE. In the end he finished with an AAPE of 30.5 for the season having sat below 30 for some weeks until blowouts in one of the Preliminary Finals and in the Grand Final drove his average over the benchmark level.

For Round 1 of this year he's recorded an AAPE of 33.1, Quila has managed 32.5, and the Sportsbet bookie is at 28.4.

| Investor # | Profit/Loss (%) |
|------------|-----------------|
| 001 | 3.13% |
| 002 | 7.83% |
| 003 | 2.35% |
| 004 | 2.35% |
| 005 | 2.35% |
| 006 | 2.35% |
| 007 | 2.35% |
| 008 | 2.35% |
| 009 | 2.35% |
| 010 | - |
| 011 | - |
| 012 | 2.35% |
| 013 | 2.35% |
| 014 | 2.35% |
| 015 | 0.00% |
| 016 | 2.35% |

Do Bookies Profit Excessively From Underdog Bettors?

If you spend any significant amount of time investigating the topic of gambling on the web, you'll come across the phrase "Favourite-Longshot bias" or its Americanised equivalent. Usually it crops up in the context of horse racing, though I have seen it applied to greyhound racing, American Football and American baseball. It refers to the empirical finding that favourites win more often - and longshots or underdogs win less often - than their odds would imply they should so that, per dollar wagered, favourites return more to the punter than underdogs.

An example might be illuminating.

Imagine that a particular bookmaker has priced Team A at \$1.10 and Team B at \$6.00. This market has an overround of $1/1.1 + 1/6 = 107.6\%$, which implies that the bookmaker is guaranteed a sure return of $1 - 1/\text{Overround} = 7.04\%$ if these prices produce a balanced book, that is, if the proportion of total wagers on Team A is $6/(1.1 + 6) = 84\frac{1}{2}\%$, and that on Team B $15\frac{1}{2}\%$.

Now, if the bookmaker has spread the overround evenly across the two teams, then the true fair prices are $\$1.10 \times 107.6\% = \1.18 , and $\$6 \times 107.6\% = \6.45 , and the corresponding implied probabilities of victory are $1/1.18 = 84\frac{1}{2}\%$ and $1/6.45 = 15\frac{1}{2}\%$ (which are proportions that should look familiar).

What the Favourite-Longshot bias suggests is that favourites like Team A will, over the long term, win more often than $84\frac{1}{2}\%$ of the time and that underdogs like Team B will win less often than $15\frac{1}{2}\%$ of the time.

One way to explain this is to assume that bookmakers build less of a profit margin into the price of favourites than they do into the price of underdogs. To take the extreme case, assume that, in our example above, the bookie actually thinks that \$1.10 is the fair price for Team A (ie there's no overround built into the price of Team A). This would mean that he thinks Team A's probability is actually $1/1.10 = 90.9\%$ and so, if he's correct, teams like Team A will win at a rate of 90.9%, a considerably higher rate than the $84\frac{1}{2}\%$ we calculated before. Such a result is directionally consistent with the empirical observation that favourites win more often than they should, where 'should' is based on the assumption that the favourite's price incorporates the same overround as the underdog's price.

I've used the data I have for seasons 2006 and 2007 to test whether the TAB Sportsbet bookie has exhibited a Favourite-Longshot bias over the past two seasons. In short, it appears as though it has.

Win/Loss Performance by TAB Sportsbet Starting Price (2006-2007)

| Price | Loss | Win | Grand Total | % Win | Fair Price | Actual Ave Price | Implied Profitability to Sportsbet |
|--------------------|------------|------------|-------------|--------------|---------------|------------------|------------------------------------|
| \$1.30 or less | 17 | 73 | 90 | 81.1% | \$1.23 | \$1.17 | 5.4% |
| \$1.31 - \$1.53 | 41 | 80 | 121 | 66.1% | \$1.51 | \$1.39 | 8.1% |
| \$1.54 - \$1.75 | 45 | 58 | 103 | 56.3% | \$1.78 | \$1.63 | 8.4% |
| \$1.76 - \$2.05 | 55 | 53 | 108 | 49.1% | \$2.04 | \$1.87 | 8.2% |
| \$2.06 - \$2.50 | 63 | 49 | 112 | 43.8% | \$2.29 | \$2.23 | 2.6% |
| \$2.51 - \$3.30 | 61 | 34 | 95 | 35.8% | \$2.79 | \$2.88 | -3.2% |
| \$3.31 or more | 83 | 18 | 101 | 17.8% | \$5.61 | \$4.45 | 20.7% |
| Grand Total | 365 | 365 | 730 | 50.0% | \$2.00 | \$1.85 | 7.3% |

The first and last rows of the body of this table provide the evidence.

The first row tells us that, of the 90 teams that have been offered at a price of \$1.30 or less, 73 of them, or 81.1% have won, implying a fair average price for them would have been \$1.23 (ie $1/0.811$). In reality, their average price has been \$1.17, meaning that they've produced a return for Sportsbet of 5.4% (implying an overround of 105.7%).

In contrast, the last row of the table tells us that, of the 101 teams that have been offered at a price of \$3.31 or better, 18 of them, or just 17.8%, have won, implying a fair average price for them would have been \$5.61 (ie $1/0.178$). Their actual average price has been \$4.45, so they've produced a whopping 20.7% return for Sportsbet (and implying an overround of 126.1%).

