

Good Fortune™

Dec. 1, 2000

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Vol. 12, No. 48

Thursday
9:06 PM

SUMMARY: We have no exchanges this week. The MC Plan gained decisively in a bad market environment. The Diversified Plan also did well, moving back into the profit column, year to date. The S&P 500 is down 9% for the year while the NASDAQ Index is down 50% from its March 10 high. I have no great hope for a dramatic year end rally. After five great years investing is coming back to reality.

MAXIMUM COMPOUNDING: No action in this plan. Continue to hold Select Medical Delivery. The year-to-date plan gain is 15.8%.

DIVERSIFIED PLAN: No action in this plan. Continue to hold Select Medical Delivery, Select Food & Ag., Select Health Care and Select Transportation. Plan year-to-date gain is 0.7%.

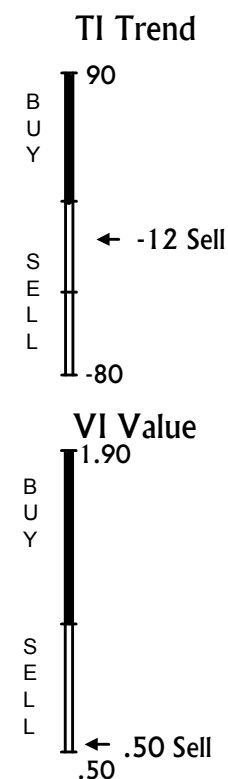
INCOME PLAN: No action in this plan. The plan year-to-date gain is 8.9%.

INDICATOR STATUS: Our TI Trend Indicator of the NYSE market improved slightly to -12, a sell. TI is rated a sell until it signals a buy upon an upward crossing of 0. TI signaled its last sell on 11/21/00. Our NTI, the NASDAQ Trend Indicator, declined to -81, still a buy for NASDAQ related sector funds.

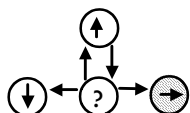
Our Value Indicator (VI) held at .50, a strong "sell." VI is the ratio of S&P 500 Index earnings and dividends to the T-bill interest rate. VI has been on a sell since 3/22/96. As both TI and VI are both sell rated we will suspend purchases of non-technology funds. NASDAQ based technology funds (following our NTI) would be eligible for purchase, but they are all individually rated "sell."

ASSET ALLOCATION: Large accounts may allocate ¼ to the Maximum Compounding Plan, ½ to the Diversified Plan and ¼ to the Income Plan. New money should be held temporarily in a money market fund.

FUND RANKING: Odd, not a single fund changed its buy/sell rating. No significant movement in rank position. This is an evaluation of higher ranked funds by their own trend, not guidance you buy a specific fund; see specific plans. As of 11/30/00:



Market Condition: Flat



Indicators say defer stock fund purchases.

S&P 500
Year Loss -9.55%
with dividends.

Money Fund
Year Gain 5.62%.

	No.	Price	Strength	Rank	Status
Sel Medical Delivery	505	25.47	1.105	1	Flat
Sel Food & Ag.	009	46.12	1.071	2	Buy
Sel Transportation	512	26.50	1.045	3	Buy
Sel Health Care	063	160.77	1.037	4	Flat
Sel Paper	506	22.79	1.022	5	Buy
Spar. Government Income	453	10.34	1.019	6	Buy
Sel Financial Svcs.	066	108.39	1.017	7	Sell
Fid Inv. Grade Bond	026	7.07	1.016	8	Buy
Sel Money Market	085	1.00	1.009	10	Buy
S&P 500 Index		1314.95	0.959	16	Sell

FUNDS TO AVOID: These funds rank below a money fund holding: Fidelity Blue Chip, High Income, Europe, Growth, Int'l Bond, OTC, Overseas, Trend, Value, Select Biotech, Brokerage, Computers, Electronics, Energy, Energy Service, Leisure, Retailing, Software, Technology, Telecom & Utilities.

For 2000 the MC Plan gain is 15.8%.	New capital should be placed in a money fund.	We have no exchanges this week.
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Maximum Compounding Plan - 11/30/00									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel Medical Del	1	1.105	09/27/00	1137.05	25.47	\$ 28,961	14.52%	
(Original value 1/1/00 \$25,000)							2000 Gain	15.84%	
Action: No action in this plan.									
Diversified Plan									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel Med. Dely.	1	1.105	07/19/00	709.26	25.47	\$18,065	32.86%	
Hold/B	Sel Health Care	4	1.037	11/08/00	79.12	160.77	\$12,720	-2.10%	
Hold/B	Sel Food & Ag.	2	1.071	11/15/00	201.02	46.12	\$ 9,271	2.81%	
Hold/B	Sel Transport.	3	1.045	11/22/00	389.12	26.50	\$ 10,311	0.38%	
(Original value 1/1/00 \$50,000)							Total Value	\$50,369	0.74%
Action: No action in this plan. Continue to hold Select Medical Delivery, Select Health Care, Select Food & Ag. and Select Transportation.									
Income Plan									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Spar. Govt Inc.	6	1.019	07/12/00	2631.91	10.34	\$ 27,214	5.53%	
(Original value 1/1/00 \$ 25,000)							2000 Gain	8.86%	
Action: No action in this plan. Continue to hold Spartan Government Income.									

Ramblings On Voting

Based on the underpinnings of sampling (voting) it is statistically impossible to determine the "will of the people" in the Florida presidential election. The voting process uncertainty exceeded the margin needed to be certain a particular candidate has won.

Applying binomial probability (mentioned last week, due to Daniel and James Bernoulli) we can calculate the margin of victory needed to escape the margin of randomness in the voting process. That critical value has not been reached in Florida. They might just as well have flipped a coin.

First, some intuitive basics. If one candidate receives a huge majority, say 80%, the sampling error effect is reduced. Also, if the number of votes is large the sampling error has less impact. In Florida, the outcome was 48% to 48% increasing the uncertainty in the outcome while the large number of voters reduces the variability.

So, if you wish to be 99% sure the outcome over 6 million votes correctly matches the intent of the population at large with a 48%-48% split the win must be by at least 3,034 votes. The favorable margin for Gov. Bush has ranged from 1,700 to 300 votes. At no time has it come close to 3,034 votes. This narrowness has given VP Gore the hope he has a chance of winning only because of the randomness of continued counting. To have a

recount decisively indicate the choice of Gore he should win by at least 3,034 votes.

Enough of this heady topic. I'll end with some levity and quotes which apply to elections:

"It's not the voting that's democracy, it's the counting," Tom Stoppard in *Jumpers*, Act 1.

"All voting is a sort of gaming, like checkers or backgammon, with a slight moral tinge to it, a playing with right and wrong." Henry David Thoreau *On the Duty of Civil Disobedience* (1849).

"Indeed, you won the elections, but I won the count," Anastasio Somoza, Nicaraguan dictator. Quoted in the Guardian, June 1977, said to an opponent accusing him of rigging the election.

How do I love thee?
Let me count the ways.
One for Bush, Two for Gore
[with apologies to Elizabeth Barrett Browning]

Haiku to AlGore
One, two, three, four, five
Six, seven, eight, nine, ten, oh, oh
Now there's one for Bush.

Good Fortune™

August 15, 2003

Assuring Prosperity To Fidelity Investors

Vol. 15, No. 33

Thursday
9:21 PM

SUMMARY: We have no exchanges this week.

Nothing happened last week. Well, if you live in the North-eastern US, particularly New York City, something notable did happen on Friday at 4:15 PM local time. But from a market perspective last week, the market just coasted along. Not a single mutual fund of the thirty-four we track changed trend. Plus, very few even changed rank position. The nearest to any fireworks was Select Gold moving from rank 10 to rank 1. Still it is sufficiently scary we are steering clear.

MAXIMUM COMPOUNDING: No action this week. Continue to hold Select Money Market or other money market fund. The year-to-date plan gain is 3.4%.

DIVERSIFIED PLAN: No action this week. Continue to hold Select Money Market or other money market fund. The year-to-date plan gain is 3.8%.

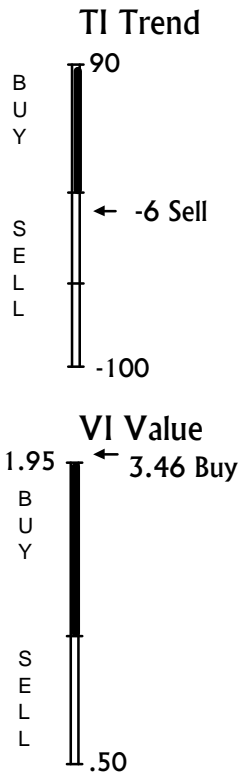
INCOME PLAN: No action in this plan. Continue to hold Select Money Market or other money market fund. The year-to-date plan gain is 11.3%.

INDICATOR STATUS: Our indicator of the NYSE trend (TI) strengthened upward to -6, still a sell signal. I'd like to see a more definite decline, into the -50 area, as the mark of a significant bottom. Yet, TI will be rated a buy if it reaches above zero. TI is based on the number of NYSE companies trading up vs. down. TI signaled its last sell on 7/10/03. SI, our Sentiment Indicator, softened to 45, rated a sell but on the edge of becoming neutral. As its last extreme value was a bullish signal we stick with that rating. The bearish combination of sentiment and trend tells us to avoid equity based funds. Bond funds continue downward.

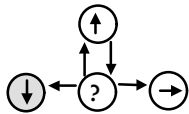
Our Value Indicator (VI) held at 3.46, continuing at an extremely bullish value. VI is the ratio of S&P 500 Index earnings and dividends to the T-bill interest rate. VI has been on a buy since 10/2/01.

ASSET ALLOCATION: Large portfolios should allocate ¼ of total value to the Maximum Compounding Plan, ½ to the Diversified Plan and ¼ to the Income Plan. For the allocation details see our How To Begin guide.

FUND RANKING: We have 4 funds rated 'up' and 29 trending 'down.' This is an evaluation of higher ranked funds by their own trends. For buy or sell guidance see our specific plans. As of 8/14/03:



Market Condition: Down



Indicators say suspend equity fund purchases.

S&P 500
Year Gain 14.40%.

Money Fund
Year Gain 0.61%.

	No.	Price	Strength	Rank	Trend	
Sel. Gold	FSAGX	041	25.07	1.071	1	Up
Sel. Retailing	FSRPX	046	41.63	1.067	2	Down
Sel. Brokerage	FSLBX	068	45.48	1.067	3	Down
Sel. Electronics	FSELX	008	33.51	1.064	4	Down
Sel. Computers	FDCPX	007	29.76	1.061	5	Down
Fid. Pacific Basin	FPBFX	302	14.81	1.061	6	Down
Fid. Overseas	FOSFX	094	26.05	1.059	7	Down
Fid. Latin America	FLATX	349	11.87	1.057	8	Flat
S&P 500 Index	SPX		990.51	1.029	19	Down
Sel. Money Market	FSLXX	085	1.00	1.001	29	Up

FUNDS TO AVOID: These funds rank below a money fund holding: Fid. Investment Grade, Mortgage Security, Strategic Income, Spartan Government Income, Select Energy Service.

For 2003 the MC Plan gain is 3.4%.	New capital should be accumulated in a money market fund.	We have no exchanges this week.
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Maximum Compounding Plan - 8/14/03									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel Money Mkt	29	1.001	07/07/03	25,857.69	1.00	\$25,857	0.08%	
(Original value 1/1/03 \$25,000)							Year 2003 gain	3.43%	
Action: No action this week. Continue to hold Select Money Market.									
Diversified Plan									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel M. Mkt	29	1.001	02/03/03	51897.60	1.00	\$51898	0.50%	
(Original value 1/1/03 \$50,000)							Year 2003	\$51,898 3.80%	
Action: No action this week. Continue to hold Select Money Market.									
Income Plan									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel M.Mkt	29	1.001	07/07/03	27830.15	1.00	27,830	0.08%	
(Original value 1/1/03 \$25,000)							Year 2003 Gain	11.32%	
Action: No action this week. Continue to hold a money market fund.									

Election Shock

I suppose you have heard about the election to recall California's Governor. While watching some election background on television on August 11, 2003, at 11:30 AM I went into statistical shock. No, it is not as serious as septic shock (blood poisoning). In fact the only outcome was I felt compelled to write this note.

At that fateful time two representatives of the California Secretary of State held a drawing to form the special alphabet controlling the order of names on the ballot in the October 9 election. For each state election such a sequence is created as historical analysis has shown candidates at the top position in the ballot have up to a 5% advantage.

I was put into shock by the method of selecting the alphabetic order. Twenty-six slips, each bearing one letter, were placed in cylindrical film cans, rotated in a drum, and sequentially drawn. The order of draw set the special alphabetic order.

Here's what was wrong. The film cans are cylindrical, so they don't tumble in the rotating drum, they simply roll. They keep the same relative order across the drum. There was no angular baffle in the drum as you see inside a cement mixer. Again, the film cans simply rolled with no side to side mixing. After the initial mixing, between draws the drum was given one turn, so the door came to the top each time. Thus the starting drum position was the same as the ending position with little relative position change inside. The trailing cans remained trailing and the leading cans were still

leading.

Even worse, the cans were sequentially placed in the drum in reverse alphabetic order starting at letter Z. The appropriate way would be to consult a random number table and place the cans in the drum in random order. Even better would be a two drum system. I applied a Spearman Rank Correlation test to the resulting alphabet and found 14% of the order letter order was likely due to poor mixing. Well, comparatively poor but not terrible.

This controversy harks back to the Selective Service drawings of 1941 to 1945 during World War II. For the first two years a similar drawing was held to select the list of birthdays within each year controlling the order in which civilians would be drafted into the US Army. Statistical analysis showed a strong clustering of the dates.

The solution the Selective Service adopted in the latter years was to use two drums. One held dates; the other held numbers 1-365. After several hours (yes, hours) of mixing one date and one number were simultaneously drawn from different drums and paired, and the process repeated. This proved to be completely random.

The only saving grace to the California process comes as the final candidate name list is rotated by one name working down the election districts. With eighty districts at least that many candidates have the chance to appear at the top of the ballot. Still, with little effort the process could become statistically proper.

Bill Ragsdale

Good Fortune™

March 18, 2005

Assuring Prosperity To Fidelity Investors

Vol. 17, No. 11

Thursday
7:34 PM

SUMMARY: We have no exchanges this week.

The overall market continues to soften. Notice the list of 'Funds To Avoid,' below, continues to grow as their individual trends weaken. The funds we hold are doing a fine job in resisting this growing down trend. We are likely to be shaken out of these positions in the next week or two. However there is little to be gained in trying to predict when that may occur as the energy outlook continues to face near-term bad news, beneficial to our holdings.

MAXIMUM COMPOUNDING: No action this week. Continue to hold Select Energy. The plan year-to-date gain is 6.1%.

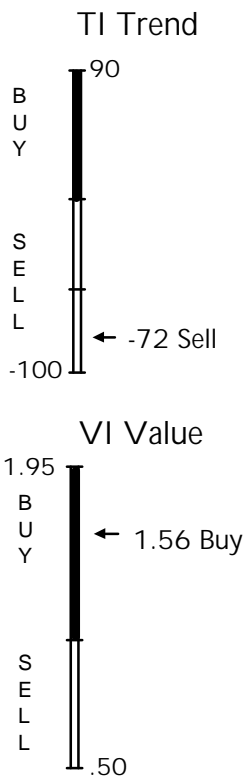
DIVERSIFIED PLAN: No action this week. Continue to hold Select Energy, Food & Ag., Chemical and Money Market. The year-to-date plan gain is 1.9%.

INCOME PLAN: No exchange this week. Continue to hold Select Money Market. The plan loss is -0.2%.

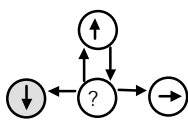
INDICATOR STATUS: Our indicator of the NYSE trend (TI) sank further into bearish territory at -72. A trend buy will be indicated when TI reverses above this value for at least ten days. TI signaled its last sell on 2/17/05. TI is based on the number of issues up vs. down-trending on the NYSE. SI, our Sentiment Indicator, held about even at 39, a continuing weak 'sell.' Our Value Indicator (VI) increased slightly to 1.56 due the market price decline. VI is still a strong buy based on the still historically low short-term interest rates. VI is the ratio of S&P 500 Index earnings and dividends to the T-bill interest rate. VI has been on a buy since 10/2/01. The near-term trend is down, possibly -8%.

ASSET ALLOCATION: Large portfolios should allocate $\frac{1}{4}$ of total value to the Maximum Compounding Plan, $\frac{1}{2}$ to the Diversified Plan and $\frac{1}{4}$ to the Income Plan. For the allocation details see our How To Begin guide.

FUND RANKING: Nine funds moved to 'Down' trending. This is an evaluation of higher ranked funds by their own trends. For buy or sell guidance see our specific plans. As of 3/17/05:



Market Outlook:
Down



S&P 500 Year Gain
-1.42%.

Money Fund
Year Gain 0.44%.

	Symbol	No.	Price	Strength	Rank	Trend
Sel. Energy	FSENX	060	38.80	1.100	1	Up
Sel. Energy Svc.	FSESX	043	48.97	1.081	2	Up
Sel. Medical Delivery	FSHCX	505	46.87	1.064	3	Up
Sel. Chemical	FSCHX	069	71.26	1.060	4	Up
Fid. Pac. Basin	FPBFX	302	20.46	1.045	5	Up
Fid. Overseas	FOSFX	094	35.87	1.039	6	Up
Fid. Value	FDVLX	039	72.28	1.032	8	Up
Sel. Electronics	FSELX	008	37.70	1.028	9	Down
Sel. Food & Ag.	FDFAX	009	51.17	1.027	10	Up
S&P 500 Index	.SPX		1190.21	1.014	14	Up
Sel. Money Market	FSLXX	085	1.00	1.003	22	Up

FUNDS TO AVOID: These funds rank below a money fund: Fidelity Blue Chip Growth, Growth Companies, Inv. Grade Bond, Government Income, Mortgage Security, OTC, Select Biotechnology, Software, Technology and Telecommunications.

MC Plan gain for 2005 is
6.1%.

New capital should be accumulated
in a money market fund.

We have no exchanges this week.

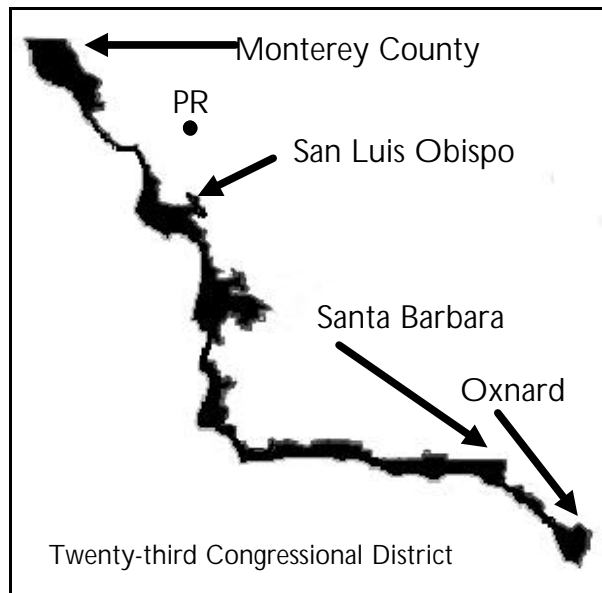
Maximum Compounding Plan - 3/17/05									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel. Energy	1	1.100	02/07/05	683.42	38.80	\$26,517	11.43%	
(Original value 1/1/05 \$25,000)							Year 2005 Gain		6.07%
Action: No action this week. Continue to hold Select Energy.									
Diversified Plan									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel. Mon. Mkt.	22	1.003	02/03/03	12,188.00	1.00	\$12,188	0.44%	
Hold/B	Sel. Energy	1	1.100	02/07/05	353.05	38.80	\$13,698	11.43%	
Hold/B	Sel. Food & Ag.	10	1.027	02/07/05	238.80	51.17	\$12,219	-0.60%	
Hold/B	Sel. Chemical	4	1.060	02/22/05	179.99	71.26	\$12,826	3.16%	
(Original value 1/1/05 \$50,000)							Year 2005		\$50,932 1.86%
Actopm: No action this week. Continue to hold Select Energy, Food & Ag., Chimcial and Money Market.									
Income Plan									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel. Money Mkt.	22	1.003	01/10/05	24,945.69	1.00	\$24,946	0.39%	
(Original value 1/1/05 \$25,000)							Year 2005 Loss		-0.22%
Action: No action this week. Continue to hold Select Money Market.									

How Safe Districts Are Made

Last week I had the whim to discuss the shaping of congressional districts so as to force the re-election of incumbents. My motivation was that Governor Schwarzenegger currently champions the goal of removing such bias in determining district boundaries. I had remembered an Alameda County (CA) district with an extension 20 miles long and 500 feet wide to snag the the votes of the liberal community of Livermore. After a quick check of the current districts I found that exaggeration no longer existed. So the project went back to my files.

To my surprise, the next day the editors of the Wall Street Journal had echoed my motivation and provided the ideal example: the California 23rd Congressional District, shown at the right, called the "Ribbon Of Shame." It is 200 miles long, never more than five miles wide and in places 300 feet wide, the width of Highway One.

In 2004 only seven incumbent US Representatives lost out of 435 contested races. Schwarzenegger observed, "It is a political elite building a fortress to keep the politicians in and the people out." This process, poetically called Gerrymandering, essentially disenfranchises voters if living in the wrong district. District 23 is 44% Democrat and 33% Republican. The adjacent District 22 is 31% Democrat and 52% Republican. So, in Dist. 23 Republican candidates lose before they start. Likewise in Dist. 22 you better have an R after your name on the ballot. By the way, my home



town, Paso Robles, lies in District 22 at the PR dot on the map.

The solution exists technically if we develop the political will. It is called Voroni Polygons. This formula duplicates the action of soap bubbles forming the most compact surfaces. Applied to populations it would impartially produce the most compact, unbiased election boundaries. Is a scientific, impartial process too much to ask for?

Bill Magdale