

Good Fortune™

July 29, 2011

Assuring Prosperity To Fidelity Investors

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Friday
10:39 AM

SUMMARY: We have no exchanges in any plan.

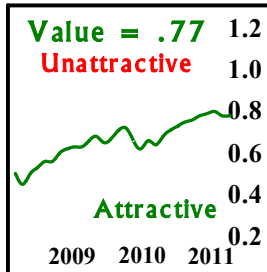
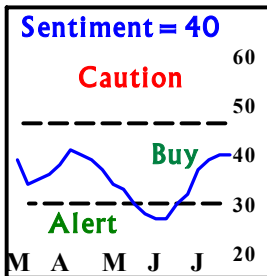
Commentators and politicians cover the range offering predictions from 'no problem' to 'disaster' based on the wrangling going on over the US budget. Even the drop-dead date seems soft. Mr. Market says, "business as usual" as the volatilities in the bond arena and stock markets show their usual ranges. I am not pleased at the MC Plan status; our difficulty was a sharp market jump on our purchase date giving us a starting disadvantage.

MAXIMUM COMPOUNDING PLAN: No action this week. Continue to hold SPDR S&P 500. Year-to-date plan loss is -7.7%

DIVERSIFIED PLAN: No action in this plan. Continue to hold Select Money Market. Year-to-date plan gain is 3.1%.

INCOME PLAN: No action in this plan. Continue to hold Fidelity Government Income & PS US Dollar Bullish. The year-to-date gain is 2.1%.

INDICATOR STATUS: We will have an equities 'sell' signal if the weekly S&P 500 Index high is below 1275 at any time in the next week. This is unlikely in the next week. See *Mastering The Market's Mind* for details of our three market timing strategies.



VT 2003-2007
7/23/09-6/24/10
9/16/10 - Present

VLI ↓ & TLI > 0

Follow Individual Fund's Strength

Indicator & Strategy	Status	Last Signal	Next Action	Time To Signal
L1: Trend L/C	Long	9/16/'10	Cash When TLI < 0	3-5 Weeks
L2: Sent. & Trend L/C	Long	9/16/'10	Cash When TLI < 0	3-5 Weeks
L3: Sent. & Trend L/C/S	Long	9/16/'10	Cash When TLI < 0	3-5 Weeks

ASSET ALLOCATION: Large portfolios should allocate ¼ of total value to the Maximum Compounding Plan, ½ to the Diversified Plan & ¼ to the Income Plan.

FUND RANKING: Six funds are 'Up Buy' rated; eighteen are 'Flat, Hold' rated and fifteen are 'Down, Sell' rated. For buy and sell guidance see our specific plans. Our holdings appear in bold and red. As of 7/28/11:

Fund	Symbol	NAV	Strength	Rank	Trend
Sel Energy Svcs	FSEX	88.17	1.049	1	Up
SPDR Gold	GLD	157.32	1.045	2	Up
Sel Leisure	FDLSX	97.68	1.035	3	Up
Sel Biotech	FBIOX	84.73	1.031	4	Down
Sel Retailing	FSRPX	54.78	1.031	5	Flat
Sel Gold Cos.	FSAGX	49.86	1.024	6	Up
Fid Pac Basin	FPBFX	27.21	1.024	7	Up
Fid Growth Co.	FDGRX	90.84	1.022	8	Flat
Fid Govt Income	FGOVX	10.62	1.008	26	Flat
SPDR S&P 500	SPY	130.22	1.008	27	Flat
S&P 500 Weekly	^GSPC	1300.67	1.008	27	Flat
Sel Money Market	FSLXX	1.00	1.000	30	Flat
PS Dollar Bullish	UUP	21.13	0.987	34	Flat

S&P 500 YTD Gain
4.57%.

Money Fund
Year Gain 0.04%.

FUNDS TO AVOID: Fidelity Overseas, Strategic Income, Value, Select Biotech, Brokerage, Chemical, Consumer Staples, Electronics, Financial Services, Gold, Health Care, Medical Delivery, Technology, Telecom, Transportation, and Rydex Inverse Government Long Bond are "Down-Sell" rated.

MC Plan year-to-date loss is -7.7%.	New capital may be placed in any plan.	We have no exchanges this week.
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Maximum Compounding Plan - 7/28/11								
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L
Hold/Buy	SPDR S&P 500	27	1.008	07/05/11	177.25	130.22	\$23,081	-2.68%
(Original value 1/1/11 \$25,000)					Year 2011 Loss		\$23,081	-7.68%
Action: No action in this plan. Continue to hold the SPDR S&P 500 ETF.								
Diversified Plan								
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L
Hold/Buy	Select Money Mkt 30		1.000	11/22/10	51,534.54	1.00	\$51,535	0.05%
(Original value 1/1/11 \$50,000)					Year 2011 Gain		\$51,535	3.07%
Action: No action in this plan. Continue to hold Select Money Market.								
Income Plan								
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L
Hold/Buy	Fid. Gov't Income	26	1.008	03/21/11	1228.24	10.62	\$13,048	2.55%
Hold/Buy	PS Dollar Bullish	34	0.987	05/31/11	590.03	21.13	\$12,467	-0.98%
(Original value 1/1/11 \$25,000)					Year 2011 gain		\$25,515	2.06%
Action: No action in this plan. Continue to hold PS US Dollar Bullish and Fidelity Government Income.								

TLI Close To A Sell For Equities

After two years of gain, with a small pause in the third quarter of 2010, the market has brought our Long Term Indicator TLI into the 'alert' area, near a potential 'sell equities' value. That signal would result upon the S&P 500 Index weekly high closing below the 43 week moving average, shown as the solid line on the lower chart. There is about a 30% chance this signal will quickly reverse as a 'whip-saw.' There have been two in the last ten years. The more serious 70% case is the start of another significant decline.

The lower left square on Page One summarizes the market status and our strategy. The 'vT' shows Value is negative (VLI with the down arrow) and Trend is positive (TLI greater than zero); long-term weakness coupled with short-term strength.

Our current strategy is to hold equity funds being mindful of a possible exit in the next few weeks. As a precaution, the Diversified Plan slowly moved to cash as its holdings weakened.

As Sentiment SI bottomed below 30 our MC Plan purchased an S&P 500 Index exchange traded fund for the short term. If Sentiment SI rises and then drops below 45 with a weak TLI we will also exit to cash.

Our Value Long-term Indicator VLI has 18 year secular bull/bear periods (very long term!). We are about half way through such a bear period, beginning in 2001. We've had two cyclic bull markets and will have at least one more in the next several years. See the complete discussion in Mastering The Market's Mind.

Bill Ragdale



Fund Total Return For Six Months Of 2011

This table presents the total investment percentage return during the first half of 2011 for each mutual fund and investment plan followed by Good Fortune. The time period covers December 31, 2010, through June 30, 2011. The total return includes reinvestment of dividends and capital gains as paid. Good Fortune plans include allowances for Fidelity's early redemption charge, if any. Investment objectives are: S = Industry Sector, D = Diversified, I = Income. The Wilshire 5000 Index is based on the stocks of about 6,500 US companies. The S&P 500 Index is based on the stocks of the 500 largest US companies.

Rank	Investment		Fund or Plan	6 Months 2011	
	Objective			Total Return	
1	S		Select Medical Delivery	20.15%	
2	S		Select Biotech	18.49	
3	S		Select Health Care	15.23	
4	S		Select Chemical	12.34	
5	S		Select Energy Services	11.04	
6	S		Select Energy	10.59	
7	D		Fidelity Growth Companies	10.20	
8	S		Select Utilities Growth	9.12	
9	D		Fidelity OTC	8.76	
10	S		Select Telecommunications	8.69	
11	D		Fidelity Trend	8.19	
12	S		Select Retailing	7.25	
13	S		Select Software	6.92	
14	S		Select Consumer Staples	6.60	
15	S		Select Leisure	6.53	
16	D		Fidelity Blue Chip Co	6.31	
17	I		PS Dollar Bearish	6.13	
			Wilshire 5000 Index	6.09	
			S&P 500 Index	6.02	
18	S		Select Materials	5.46	
19	S		Select Computers	5.35	
20	S		SPDR Gold	5.25	
21	D	I	iShares Preferred	5.04	
22	D		Fidelity Value	5.02	
23	D		Fidelity Overseas	4.77	
24	I		Fidelity Strategic Income	4.32	
25	S		Select Transportation	4.18	
26	S		Select Electronics	3.86	
27	I		Fidelity Investment Grade	3.26	
			Diversified Plan	3.07	
28	I		Fidelity Mortgage Security	3.07	
29	S		Select Technology	2.97	
30	I		Fidelity Government Income	2.17	
			Income Plan	1.86	
31	D		Fidelity Pacific Basin	0.69	
32	I		Select Money Market	0.04	
33	I		Rydex Inverse LTB Bond	-2.94	
			Maximum Compounding Plan	-5.13	
34	S		Select Financial Services	-5.31	
35	I		PS Dollar Bullish	-6.56	
36	D		PS Short S&P	-6.68	
37	S		Select Brokerage	-7.05	
38	S		Select Gold Companies	-8.19%	

The Diversified Plan trailed the S&P 500 Index by 3%.

The Income Plan beat the return of the Money Fund by -1.8%.

The MC Plan trailed the return of the S&P 500 Index by 11%.

Investment Plans Performance For 2011

Historically the stock market has had 8 to 18 year extended bull markets followed by 5 to 20 year flat to down markets. The eighteen year bull market from 1982 to 2000 ended with a total gain of 1,081%, equal to 16.6% annualized and ending with a PE (price to earnings ratio) of 34.

Thus, it should not be a shock we are in a flat to down period. The S&P Index price is now -12% below that of March, 2000 which works out to -1.3% per year or +2.1% when dividends are included now with a PE of 18. Over the last ten years the market gained 39% while our MC Plan gained 41% so we're ahead but just slightly.

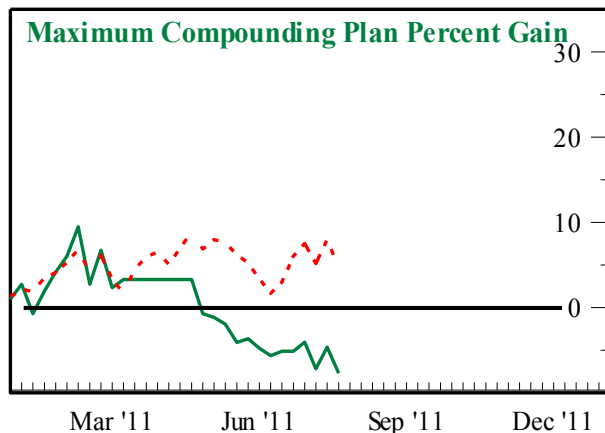
As the price-earnings have corrected from 34 to 17 one could infer we are half the way toward the final recovery bottom which was about 8 in 1974. I'm not at all that dour but we must be attentive to the protection of capital rather than the soaring returns of the late 1990s.

Over the long term the Good Fortune strategy keeps us in the better choices available and gets us out of risky situations in a few weeks. Your and my job is to implement precisely, week by week.

Maximum Compounding Plan

Our Maximum Compounding Plan, shown as the solid line, showed a loss of -5.13%% training its S&P 500 benchmark 6.02%, the dotted line.

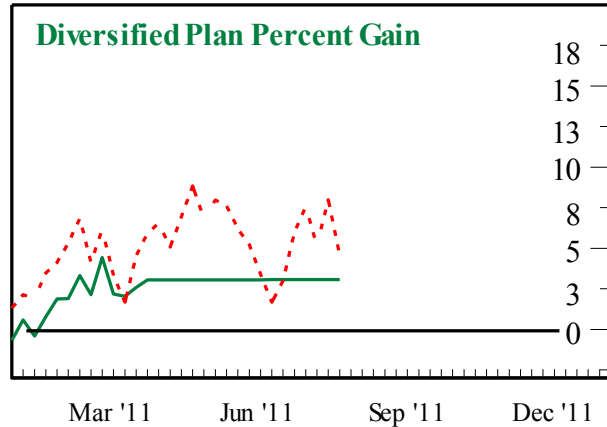
This plan held several Select funds but the period didn't contain a followable trend. In anticipation of a significant non-confirmation of trend and sentiment this plan turned cautious too early.



The MC Plan return for the last twenty-one and one-half years now stands at an annualized 15.9% down from its annualized 30% returns through year 2001. During the bull market run of the late 1990s a 30% annual target was realistic. Over span of 2001-2016, 15% to 20% annually will be much more realistic.

Diversified Plan

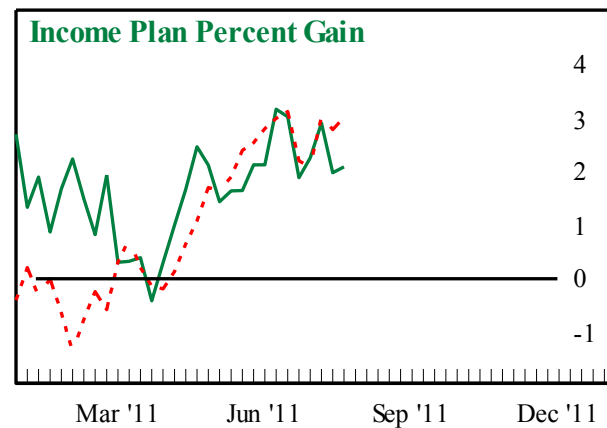
The Diversified Plan, shown as the solid line, gained 3.07% to date, training its benchmark S&P 500 Index of 6.02%, the dotted line. The plan was able to side-step the high market volatility of the last four months, safely in cash.



Over the last twenty and one-half years the Diversified Plan has gained an annualized 8.9% against the S&P gain of 8.7% annualized, besting buy and hold but only slightly.

Income Plan

The Income Plan, shown as the solid line, gained 1.9% against a bond fund benchmark of 2.2% shown as the dotted line. In light of the abnormally low interest rates I expanded this plans possible holdings to include currency rates and an inverse bond fund.



The Income Plan's return for the last twenty and one-half years was an annualized gain of 7.2%. This is a significantly better return than the money fund gain of 3.7% or a government bond fund of 5.2% over the same period, and was achieved with only modestly greater risk.

The Income Plan serves as a stabilizer to balance a large portfolio. It is not intended as a short term holding. For that purpose, use a money fund.

Real-time Record For Six Months Of 2011

Here is the trade by trade record for this year, starting with the positions as they were on December 31, 2010. All exchanges were made as of the market close on the Monday after publication in Good Fortune or as noted. Note: percentage gains aren't added for the totals; they are multiplied to allow for compounding.

Dividend adjustments are marked at 'd'. No expense is charged for normal exchanges as Fidelity waives their exchange fee if made by Touch-Tone phone or their web-site. A short term redemption fee is applied on holdings of under 30 days noted as 'r.'

Maximum Compounding Plan

The MC Plan holds the top ranked fund, based on relative strength. That holding will be sold upon a downward ranking change after at least thirty days. Within the first thirty days, the holding will be sold if down-ranked and its strength breaks downward, a very rare occurrence. Fund purchases will be deferred during periods our market indicators are negative or we may use an inverse fund.

Due to an uncertain market trend this plan held more than one position at a time. A unexpected shift in the US Dollar value cost Fidelity Overseas dearly.

	<u>Purchase Date & Price</u>		<u>Sell Date & Price</u>		<u>G/L</u>
Select Chemical	Dec. 30, 2010	95.50	Mar. 14, 2011	98.65	3.30%
Select Money Market	Mar. 14, 2011	1.00	May 2, 2011	1.00	0.01%
Fidelity Overseas	May 2, 2011	35.52	May 16, 2011	33.63	-5.78%
Fidelity Overseas	May, 2, 2011	35.52	June 6, 2011	33.41	-6.40%
Select Medical Delivery	May 16, 2011	61.11	June 20, 2011	58.42	-4.40%
Select Money Market	June 6, 2011	1.00	June 30, 2011	1.00	0.01%
(S&P Index 500 Gain 6.02%)			Year To Date Loss		-5.13%

Diversified Plan

This plan holds the top four funds from the highest eight funds, ranked by relative strength. A fund is sold if down ranked below position eight or if its strength value breaks downward. This plan attempts to beat the return of a diversified stock portfolio (the S&P 500 Index), by holding just the top industries.

Note that the returns below won't simply add up to the total return. First, the dollar value of the plan was allocated to several holdings and, secondly, the individual gains compound. Thus, the returns must be adjusted for their individual dollar allocations and multiplied to form the final value.

	<u>Purchase Date & Price</u>		<u>Sell Date & Price</u>		<u>G/L</u>
Select Matterials	Dec. 30, 2010	67.90	Jan. 24, 2011	67.30	-0.88%
Select Energy Service	Dec. 30, 2010	74.37	Mar. 14, 2011	82.50	10.93%
Select Money Market	Dec. 30, 2010	1.00	June 30, 2011	1.00	0.04%
Select Medical Delivery	Feb. 22, 2011	54.41	Mar. 28, 2011	56.17	3.23%
(S&P Index 500 gain 6.02%)			Year To Date Gain		3.07%

Income Plan

The Income Plan holds the top ranked income fund (bond or money market), based on relative strength to its peers. During periods of increasing interest rates (bearish for bonds) we will use a variety of income oriented funds linked to interest rates or their inverse such as Rydex Inverse Government Long Bond Strategy Fund which increases with increasing bond rates.

The abnormally low interest rates made income investing quite challenging for the last six months. We use a variety of income oriented funds with reasonable success.

	<u>Purchase Date & Price</u>		<u>Sell Date & Price</u>		<u>G/L</u>
Rydex Inv LT Gov't Bond	Dec. 31, 2010	12.93	Mar. 21, 2011	12.92	-0.08%
PS US Dollar Bullish	Dec. 31, 2010	22.71	Jan 31, 2011	22.36	-1.54%
PS US Dollar Bearish	Jan. 31, 2011	27.50	May 31, 2011	28.67	4.25%
Fidelity Government Bond	Mar. 21, 2011	10.43	June 30, 2011	10.55	1.74%
PS US Dollar Bullish	May 31, 2011	21.34	June 30, 2011	21.22	-0.56%
(Money Fund Gain 0.04%)			Year To Date Gain		1.86%

Good Fortune Results By Semi-annual Period

My investment goals are simple: i) don't lose money, ii) beat the S&P 500 Index by 5% a year (2.47%/6 months), and iii) make a gain of at least 20% per year in the MC Plan. We accomplished i) in 34 of 44 semiannual periods and ii) in 19 of 44 semiannual periods since 1990. The compounded annual return for our 21 1/2 years of real-time investing in the MC Plan is 16% per year. Not the stellar 31% we enjoyed until 2000 but still quite rewarding.

Even though we faced a significant challenge in the recent down-market years, in over twenty-one years the MC Plan, with an annualized 16% gain, did significantly beat the overall market represented by the S&P 500 Index's 8.7% over the same period. We still seem to be leading the way with a simple two page letter and convenient exchanges about five times a year.

Year By Year To Your Good Fortune

At the right you'll see the Maximum Compounding Plan semiannual percentage and dollar returns over the last twenty-one and one-half years. Columns two and three compare the Good Fortune MC Plan to the S&P 500 Index showing each period's percentage gain/loss. The next two columns show the cumulative investment results in dollar terms, for a \$1,000 start on December 31, 1989 all as real-time results. All dividends are included.

The chart below shows our superior performance graphically. The bars noted as MC represent the Maximum Compounding plan; the line with dark circles represents the S&P 500 Index, SP, both shown on a proportional scale.

	MC Plan	S&P	MC Plan	S&P
Dec 31, 1989			\$1,000	\$1,000
Dec 28, 1990	10.19	-6.45	1,456	964
Dec 28, 1991	31.81	11.25	2,492	1,231
Dec 31, 1992	-0.32	9.68	2,668	1,360
Dec 30, 1993	14.11	6.56	3,523	1,504
Dec 30, 1994	-0.34	4.85	3,563	1,524
Jun 29, 1995	43.98	19.55	5,130	1,821
Dec 29, 1995	17.15	15.07	6,009	2,096
Jun 28, 1996	10.42	9.76	6,636	2,301
Dec 31, 1996	5.43	12.02	6,996	2,577
Jun 30, 1997	19.42	20.66	8,355	3,109
Dec 31, 1997	7.56	10.59	8,987	3,439
Jun 30, 1998	20.99	16.85	10,874	4,018
Dec 31, 1998	6.12	10.02	11,539	4,421
Jun 30, 1999	31.80	13.06	15,208	4,998
Dec 31, 1999	2.87	7.05	15,645	5,350
Jun 28, 2000	1.21	-0.42	15,834	5,328
Dec 29, 2000	23.98	-8.72	19,631	4,863
Jun 29, 2001	-9.55	-6.70	17,756	4,537
Dec 31, 2001	-4.82	-5.56	16,899	4,285
Jun 28, 2002	8.64	-11.47	18,360	3,794
Dec 31, 2002	-22.14	-12.00	14,295	3,339
Jun 30, 1003	4.00	12.53	14,866	3,757
Dec 31, 2003	5.11	14.91	15,626	4,317
Jun 30, 2004	-0.82	3.46	15,498	4,467
Dec 31, 2004	15.89	7.17	17,961	4,787
Jun 30, 2005	0.75	-0.80	18,095	4,783
Dec 31, 2005	17.87	4.98	21,329	5,021
Jun 30, 2006	9.13	2.91	23,276	5,167
Dec 31, 2006	1.50	12.44	23,626	5,810
Jun 30, 2007	3.91	6.97	24,550	6,215
Dec 29, 2007	8.77	-1.41	26,703	6,127
Jun 30, 2008	18.37	-11.89	31,608	5,399
Dec 30, 2009	-36.19	-28.43	20,169	3,864
Jun 30, 2009	0.55	3.23	20,280	3,989
Dec 30, 2010	-2.55	22.66	19,763	4,892
Jun 30, 2010	5.87	-6.65	20,923	4,567
Dec. 30, 2010	20.63	23.25	25,240	5,629
Jun. 30, 2011	-5.13%	6.02%	\$23,945	\$5,968

