

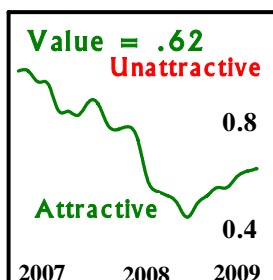
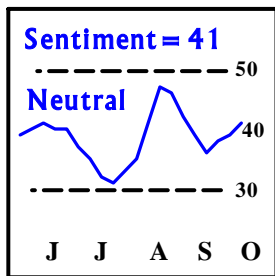
Good Fortune™

Oct. 2, 2009

Assuring Prosperity To Fidelity Investors

Vol. 21, No. 40

Thursday
9:30 PM



vT 2003-2007
2009- Now

VLI ↓ & TLI > 0

**Follow Individual
Fund's Strength**

S&P 500 YTD Gain
16.4%

Money Fund
YTD Gain 0.6%.

SUMMARY: We have two exchanges in the Diversified Plan. Market conditions are deteriorating. Only three funds are up-trending; thirty-three are either flat or down-trending. There are ZERO attractive prospects to purchase at this time.

A major milestone for Good Fortune: Issue 1000. From a simple start in 1989 Good Fortune has been dispatched on 1,000 Fridays. On this occasion I'll depart from discussing financial topics to present the behind the scene story of Good Fortune and me, personally.

MAXIMUM COMPOUNDING PLAN: No action this week. Continue to hold Select Money Market. Year-to-date gain is 6.8%.

DIVERSIFIED PLAN: At your earliest opportunity exchange from Fidelity Pacific Basin (FPBFX) and Select Brokerage (FSLBX) into Select Money Market (FSLXX). For the record we will use Monday, Oct. 5 prices. Be sure to complete at least a 30 day holding period if you purchased after Sept. 4. Continue to hold Strategic Income and Money Market. Year-to-date plan gain is 10.0%.

INCOME PLAN: No action this week. Continue to hold Fidelity Strategic Income. The year-to-date gain is 25.8%.

INDICATOR STATUS: The Trend Long-term Indicator (at +4.0) continues in 'buy' territory for equity funds. As our strategy is in quadrant "vT" our equity holdings rely on the individual fund's Strength and Trend. See *Mastering The Market's Mind* for details of our three market timing strategies, Levels 1-3.

Indicator & Strategy	Status	Last Signal	Next Action	Time To Signal
L1: Trend L/C	Long	07/23/09	Cash When TLI < 0	Months
L2: Sent. & Trend L/C	Long	07/23/09	Cash When TLI < 0	Months
L3: Sent. & Trend L/C/S	Long	07/23/09	Cash When TLI < 0	Months

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: Only three funds are 'Up' trending indicating a pronounced softening of market strength. For buy and sell guidance see our specific plans. Our current holdings appear in bold and red. As of 10/1/09:

Fund	Symbol	FA	ST	NAV	Strength	Rank	Trend
Sel. Energy Svc.	FSESX	043	54.08	1.020	1	Up	
Rydex Inv. S&P	RYURX		40.22	1.018	2	Up	
Sel. Energy	FSENX	060	40.34	1.018	3	Up	
Fid. Gov't Income	FGOVX	054	10.62	1.016	4	Flat	
Fid. Inv. Gr. Bond	FBNDX	026	7.03	1.015	5	Flat	
Fid. Mortgage Sec.	FMSFX	040	10.50	1.014	6	Flat	
Fid. Strategic Income	FSICX	368	10.75	1.014	7	Flat	
Sel. Money Market	FSLXX	085	1.00	1.012	8	Flat	
S&P 500 Index	^GSPC		1029.85	1.007	17	Flat	
Sel. Brokerage	FSLBX	068	48.06	0.981	30	Down	
Fid. Pac. Basin	FPBFX	302	19.78	0.976	33	Down	

FUNDS TO AVOID: Fidelity Pacific Basin, Select Brokerage, Electronics, Financial Services, Materials, Medical Delivery, Retailing, Telecomm., Transportation, Utility Growth, Rydex Inverse S&P, Inverse Government Long Bond Strategy and iShares Preferred are all down-trending.

MC Plan year-to-date gain is
6.8%.

New capital may be added
into any plan.

We have two exchanges this week
in the Diversified Plan.

Behind The Curtain

Each week we discuss financial and economic issues. At Issue 1000 we take time out for the personal side of Good Fortune and your loyal editor. I was born just before World War II in Paso Robles, CA population 4,500 at the time. Pretty 'old west' as you see on the photos.

Motivated by my father from his experiences in the Great Depression, I developed a bent toward financial security. I bought my first stock at age 16, Three-M, as I used audio recording in my high-school DJ business. UC Berkeley formed my basic education in Electrical Engineering followed much later by a MS in Management from the Stanford Graduate School of Business. Summers were as a locksmith and sheet-metal mechanic in Las Vegas. Owner Slim Ewing became my mentor leading to a life-long friendship and travels with him through the international casino industry.

Jobs were as a design engineer at UC's Lawrence Livermore Laboratory, then designing communications gear for electrical utilities and finally my own firm, Dorado Systems. For twenty-five years we provided physical security equipment sold world-wide by Honeywell. Family consists of wife Anne, engineer son Michael and orthopedic surgeon daughter Mary.

In 1983 I began stock market technical analysis in support of my company's pension plan. This led to the expanded studies at Stanford and several years of post-graduate statistics at Cal State. That led, in turn, to a side activity of managing the Sunshine Growth Mutual Fund. As is the case for many investment letters, Good Fortune started casually in 1989 with four subscribers, family friends, who asked for investment advice. Rather than using phone calls, I simply mailed them my weekly investment work sheets. After a few months the distribution expanded and was named.

For the first year Good Fortune used basic market timing models until I added fund selection based on relative strength. Incidentally, the name came from a local radio personality who ended his investment program with "Wishing you all good fortune." GF has continued in the same format, two pages, with clear buy-sell guidance, using a carefully chosen selection of Fidelity mutual funds. In 1996 email was added.

Through the 1990s, the 'Goldilocks' decade, our returns were about twice market averages, 30% a year. Since we entered the current secular bear market in 2000 returns have moderated, still beating buy and hold. This year our market timing models were redesigned to cope with the twenty year bull and bear (secular) periods and the shorter trends.

It has been a pleasure and an honor that subscriber support has continued over these past twenty years. I fully plan on continuing to serve this loyal base offering financial security in the years to come.

Lifetime Events

- ◆ Met Pete Seeger, Siegfried of Siegfried & Roy, Harry Blackstone Jr, Jason Alexander, Steve Martin. Justice Sandra Day O'Connor (in camera), Senator Lloyd Benson., Sec. of State Condoleezza Rice, Sec. of Commerce Norm Mineta, US Attorney General Ed Meese, Steve Jobs, Captain Crunch, Fandancer Sally Rand, Actor Arthur Treacher & Admiral Chester Nimitz.
- ◆ Met five Nobel Laureates: Milton Friedman, Bill Sharpe, Glenn Seaborg, Michael Spence and Louis Alvarez.
- ◆ Member of the Magic Castle in Hollywood and Society of American Magicians, 35 years.
- ◆ Built Keno boards in Las Vegas
- ◆ Was the subject of two front page articles on mutual funds in the Wall Street Journal.
- ◆ Businesses Owned: Music DJ, vending machines, electronics prototyping system, industrial packaging, commercial slot car equipment, ran a mutual fund, security access controls & investment newsletter.
- ◆ Worked as a short-term casino pit boss in Aruba where I met a ex-member of the Purple Mob from Cleveland in the 1920s, Jake Kosloff.
- ◆ Designed the control system and detonated six atomic bombs at the Nevada Test Site, the Cabriolet and Buggy events in 1969.
- ◆ Was a locksmith and safe cracker in Las Vegas.
- ◆ Provided door access security for airports: Denver, San Francisco, Nashville, New Orleans, Kennedy, LaGuardia, Newark, Santa Ana, Phoenix and about ten more.
- ◆ Walked on the Franz Joseph Glacier & the Milford Trek in New Zealand, Great Wall of China.
- ◆ Did relief work after Hurricane Katrina in New Orleans for the Red Cross.
- ◆ Licensed as a radio amateur at age 14 as KN6INB, now K6KN.
- ◆ Boy Scout leader, currently District Chairman; received the Silver Bear and Silver Beaver Awards for service.
- ◆ Founded the Forth Interest Group based on that computer language; grew it to 3,500 members in 35 chapters around the world.
- ◆ Talked by radio to Richard Garriott W5KWQ aboard the International Space Station
- ◆ Visited Aruba, Curacao, Saint Martin, Martinique, Bahamas, Jamaica, Haiti, Columbia, Panama, Ecuador, Mexico, Canada, England, Holland, China, Hong Kong, Japan, New Zealand & Australia.
- ◆ Drove a Jaguar XKE 140 miles an hour. Still own it.



My first touch of fame. At age four I appeared in the Dec. 18, 1944 issue of Life Magazine with actor Arthur Treacher, taken during a wartime fund raising event near Paso Robles.



The western influence continued into my roping practice at age of about eight. However, I made a career change from cowboy to engineer.



The trade slip from my first stock share purchase at age sixteen in 1956. Minnesota Mining & Manufacturing now Three-M. I was active in audio recording and they made my tape.



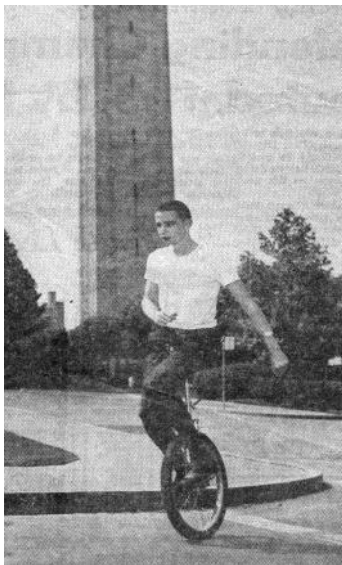
Starting as a Cub Scout in 1949.



I've been an amateur magician for 35 years. Here I meet Siegfried at a dinner in Hollywood.



Son Michael, daughter Mary, Anne and me at the 2005 National Boy Scout Jamboree. I'll be back in 2010 for the 100 Year Anniversary of Boy Scouts of America.



During my days at UC Berkeley I was photographed in front of the Campanile.



My father F.F. Ragsdale M.D. in Yosemite in the 1960s. He instilled in me a sense of thrift, industry and ambition derived from his maturing during the Great Depression.



On a family backpack trek in Yosemite in August of this year.

Maximum Compounding Plan - 10/1/09									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Sel. Money Mkt	8	1.012	09/08/09	26,710.20	1.00	26,710	0.02%	
(Original value 1/1/09 \$25,000)							Year 2009 Gain	6.84%	
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	Fid. Strategic Inc.	7	1.014	05/18/09	1310.42 ^d	10.75	\$14,087	16.95%	
Sell	Fid. Pacific Basin	33	0.976	07/27/09	639.12	19.78	\$12,642	6.34%	
Sell	Sel. Brokerage	30	0.981	08/31/09	323.27	48.06	\$15,536	1.26%	
Buy	Sel. Money Mkt.	8	1.012	09/08/09	12,740.20	1.00	\$12,740	0.02%	
(Original value 1/1/09 \$50,000)							Year 2009	\$55,005	10.01%
Action: Exchange from Pacific Basin & Select Brokerage to Money Market. Hold Fid. Strat. Inc., & Money Market.									
Income Plan									
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L	
Hold/B	Fid. Strategic Inc.	7	1.014	07/14/09	2,925.02 ^d	10.75	\$31,444	10.56%	
(Original value 1/1/08 \$25,000)							Year 2009 Gain	25.78%	
Action: No action in this plan. Continue to hold Fidelity Strategic Income.									

Your Financial Life Cycle

Your financial life divides into eight epochs. Let's review them so you may locate your progress on your time-line. At any given time you will be experiencing several of these stages. But you should be able to pick the major one for you at present.

Spending: During your teen years, you begin to spend for yourself. It's odd we learn to spend before we learn to earn! Hopefully our parents have instilled an early sense of thrift and industry.

Earning: In the late teens or early 20's people begin their earning phase. Of necessity they learn to balance income and outgo. For the future affluent, at this stage you must avoid high expense non-deductable debt, such a credit card interest. Avoid the desire to splurge (luxury car, second home, etc.) until you have a saving plan working.

Saving: Usually in their late 40's a couple is able to begin an effective savings program, setting aside at least 12% of annual income. This rate is necessary to prepare the foundation for their last five financial epochs.

Tax Minimization: Of all the epochs this is the least critical. The US tax code does a pretty effective job of tax extraction. Our lifetime tax rate is about 73% of all personal earnings consisting of payroll tax (Social Security, Medicare), income tax, sales tax, property tax, and estate tax. Most tax avoidance methods dramatically reduce investment potential. So, why reduce your profit by

50% to save 35%?

Investing: From your late 40's onward, you need a systematic investment compounding rate of at least 5% after inflation and taxes. This means a pretax investment target gain of at least 12% annually. Most people don't have a clue how to do it. Good Fortune does its part here.

Risk reduction: In their late 50's through 60's most people want a gradual reduction of investment risk. But setting investment risk too low can mean reduced profit potential. Remember, your first 3% of annual investment gain only keeps you even with price inflation. Risk reduction may involve insurance against material loss, precautions against legal problems, coping with a decline in health or adding investment diversification. It doesn't necessarily mean life insurance, unless for a specific risk, such as key person business insurance.

Retirement: Your life expectancy at age 65 is about 18 years. Expect to spend at least 80% of your pre-retirement level into retirement. If your investments are successful, expect to pay more taxes in retirement than before! Spending of 4% of assets is approximately the best rate to preserve assets over an extended retirement lifespan.

Legacy: In this epoch you decide between your own personal consumption and how much of your wealth passes to charity and your estate. You control whether to give to others before death, or after death or to the US Government.

Bill Ragsdale

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