

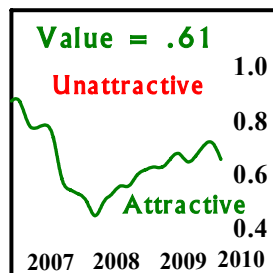
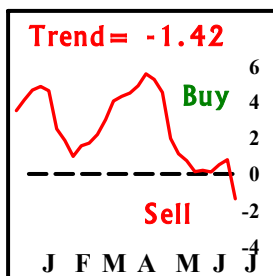
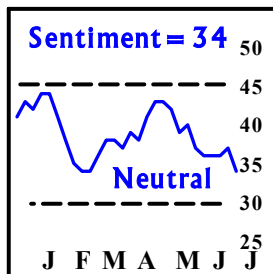
Good Fortune™

July 2, 2010

Assuring Prosperity To Fidelity Investors

Vol. 22, No. 26

Thursday
9:55 PM
Happy Birthday
USA



vt 11/2007 - 9/2009
7/2010-Now

VLI ↓ & TLI < 0
Cash, then:
SI ↓30↑ = Long
SI ↑45↓ = Short

SUMMARY: We have no exchanges in any plan.

Our Trend Long-term Indicator TLI has reached a 'sell equities' signal after a year on the 'long' side. See Page Two for a discussion. Investment choices are very limited at the moment. Gold is vulnerable but would become attractive upon a pull back. Only bond funds are trending up but with very low return and a vulnerability to interest rate increases. World-wide pressures softened interest rates working against our Inverse Bond holding. The Income Plan is likely to reduce this exposure and diversify modestly over the next few weeks.

MAXIMUM COMPOUNDING PLAN: No action this week. Continue to hold Select Money Market. Year-to-date gain is 5.9%.

DIVERSIFIED PLAN: No action this week. Continue holding Select Money Market and PS Dollar Bullish. Year-to-date plan loss is -5.5%.

INCOME PLAN: No action is this plan. Continue to hold Rydex Inverse Gov't Long Bond. The year-to-date loss is -15.7%.

INDICATOR STATUS: The Trend Long-term Indicator will signal a 'buy' if the weekly S&P 500 Index low exceeds 1093. As our strategy is in quadrant "vt" equity investments should be in cash. 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	Cash	7/1/'10	Long When TLI > 0	Weeks
L2: Sent. & Trend L/C	Cash	7/1/'10	Long When TLI > 0	Weeks
L3: Sent. & Trend L/C/S	Cash	7/1/'10	Long When TLI > 0	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: Two funds are 'Up, Buy' rated; 8 are 'Flat, Hold' rated and 29 are 'Down, Sell' rated. For buy and sell guidance see our specific plans. Our holdings appear in bold and red. As of 7/1/10:

Fund	Symbol	FA	ST	NAV	Strength	Rank	Trend
Sel Gold	FSAGX	041		45.50	1.041	1	Flat
SPDR Gold	GLD			117.04	1.033	2	Flat
PS Inverse S&P	SH			55.15	1.025	3	Up
PS Dollar Bullish	UUP			24.60	1.016	4	Flat
Fid Mort Sec	FMSFX	040		10.84	1.016	5	Flat
Fid Invest Grade	FBNDX	026		7.33	1.015	6	Flat
Fid Govt Income	FGOVX	054		10.77	1.014	7	Flat
Fid Strategic In	FSICX	368		10.89	1.007	8	Flat
Sel Money Market	FSLXX	085		1.00	1.000	11	Flat
S&P 500 Weekly	^GSPC			1027.37	0.966	24	Down
Rydex Inv G LBnd -1x	RYJUX			12.47	0.942	36	Down

S&P 500 YTD Gain
-6.95%.

Money Fund
Year Gain 0.05%.

FUNDS TO AVOID: Fidelity Blue Chip, Growth Companies, OTC, Overseas, Pacific Basin, Trend, Value, Select Biotech, Brokerage, Chemical, Computers, Consumer Staples, Electronics, Energy, Energy Service, Financial Services, Health Care, Leisure, Materials, Medical Delivery, Retailing, Software, Technology, Telecom, Transportation, Utilities and iShares Preferred.

MC Plan year-to-date gain is
5.9%.

New capital may be placed in any
plan.

We have no exchanges this week.

Maximum Compounding Plan - 7/1/10								
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L
Hold/B	Select Money Mkt	11	1.000	05/24/10	26467.55	1.00	26,468	0.01%
(Original value 1/1/10 \$25,000)							Year 2010 Gain	5.87%
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	PS Dollar Bullish	4	1.016	12/21/09	542.63	24.60	\$13,349	6.59%
Hold/B	Select Money Mkt	11	1.000	05/25/10	33,901.34	1.00	\$33,901	0.01%
(Original value 1/1/10 \$50,000)							Year 2010 Loss	\$47,250 -5.50%
Action: No action this week. Continue holding PS Dollar Bullish and Select Money Market.								
Income Plan								
Status	Fund	Rank	Strength	Bought	Shares	NAV	Value	G/L
Hold/B	Rydex Inv GL Bnd	36	0.942	11/02/09	1689.19	12.47	\$21,064	-15.74%
(Original value 1/1/10 \$25,000)							Year 2010 Loss	-15.74%
Action: No action this week. Continue to hold Rydex Inverse Government Long Bond Strategy.								

TLI Now A Sell For Equities

After two months of decline, our Trend Long-term Indicator TLI penetrated below zero, reaching a negative 'sell equities' value. This signal resulted from the weekly high closing below the 43 week moving average on the S&P 500 Index, shown at the extreme right edge of the chart below. There is about a 10% chance this signal will quickly reverse as a 'whip-saw.' There have been two in the last ten years.

The square on Page One summarizes the market status and our strategy. The small 'vt' shows Value is negative (VLI with the down arrow) and Trend is negative (TLI less than zero), the most bearish of market conditions.

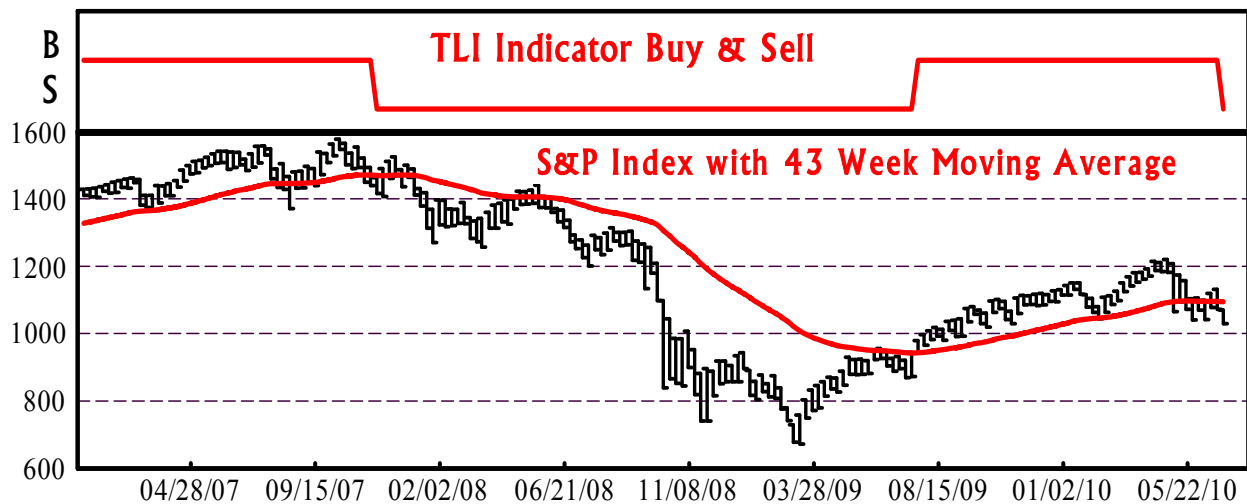
Our corresponding strategy is to exchange any

equity fund holdings to cash. Actually this has been done over the past few weeks based on the declining strength of the specific funds.

If Sentiment SI moves below and then above 30 we will take early, cautious equity positions. If Sentiment SI rises and then drops below 45 we will cautiously use an inverse market fund (PS Inverse S&P). Refer to Pages 14 to 16 of Mastering The Market's Mind.

This market softness works to bring our Value Long-term Indicator VLI (indeed, very long term!) downward toward its more favorable range. However, a market price decline of 30% or and/or several years of earnings improvements will be needed for VLI to reach a favorable level of 0.45.

Bill TR Agsdale



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Fund Total Return For Six Months Of 2010

This table presents the total investment percentage return during the first half of 2010 for each mutual fund and investment plan followed by Good Fortune. The time period covers December 31, 2009, through June 30, 2010. 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 Objective	Fund or Plan	6 Months 2010 Total Return
1	D	SPDR Gold ETF	13.39%
2	S	Select Transportation	12.60
3	S	Select Gold Companies	11.11
4	I	PS Dollar Bullish ETF	8.58
5	I	Fidelity Investment Grade	5.90
		Maximum Compounding Plan	5.87
6	S	Select Leisure	5.86
7	I	Fidelity Mortgage Security	5.50
8	I	Fidelity Government Income	4.81
9	D	PS Inverse S&P ETF	4.66
10	D I	iShares Preferred ETF	3.73
11	I	Fidelity Strategic Income	3.14
12	D	Fidelity Pacific Basin	0.64
13	I	Select Money Market	0.05
14	S	Select Retailing	-2.39
15	S	Select Health Care	-3.56
16	S	Select Medical Delivery	-3.62
17	D	Fidelity Value	-4.34
18	S	Select Computers	-4.69
		Diversified Plan	-5.00
19	S	Select Consumer Staples	-5.34
20	S	Select Utilities Growth	-5.55
21	S	Select Telecommunications	-5.82
		Wilshire 5000 Index	-5.83
22	D	Fidelity Growth Companies	-6.16
23	S	Select Technology	-6.64
		S&P 500 Index	-6.65
24	S	Select Financial Services	-6.77
25	D	Fidelity Blue Chip Companies	-7.30
26	D	Fidelity OTC	-7.48
27	D	Fidelity Trend	-7.48
28	S	Select Biotechnology	-7.54
29	I	PS Dollar Bearish ETF	-9.80
30	S	Select Brokerage	-9.95
31	S	Select Electronics	-10.18
32	S	Select Software	-10.72
33	S	Select Materials	-11.53
34	S	Select Chemical	-11.56
35	S	Select Energy	-15.33
36	S	Select Energy Services	-15.50
		Income Plan	-15.61
37	I	Rydex Inverse LTG Bond	-15.61
38	D	Fidelity Overseas	-15.94%

The MC Plan beat the return of the S&P 500 Index by 12.5%.

The Diversified Plan led the S&P 500 Index by 1.65%.

The Income Plan dramatically trailed the return of the Money Fund by -15.5%.

Investment Plans Performance For 2010

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 a flat to down period. The S&P Index price is now -34% below that of March, 2000 which works out to -3.9% per year or -1.4% when dividends are included with a current PE of 18. Over the ten years the market dropped -34% our MC Plan gained 34% so there can be good news.

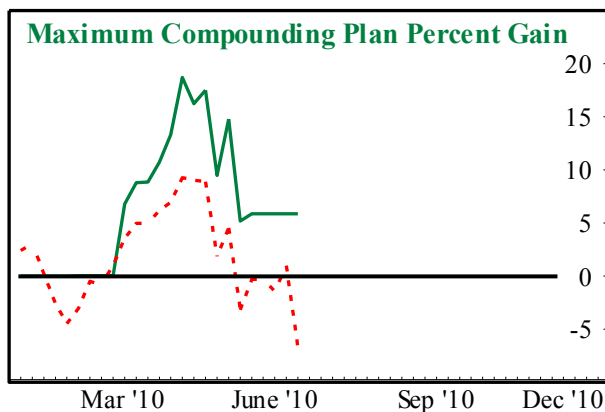
I began to point out his sad truth in January of 2001 writing "We have transitioned from a bull market to a 'not-a-bull-market.' In these extended lulls there usually are three or four bull-bear cyclic markets. We've had two so far.

As the price-earnings have corrected from 34 to 18 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 gain of 5.87% beating its S&P 500 benchmark (-6.65%), the dotted line.



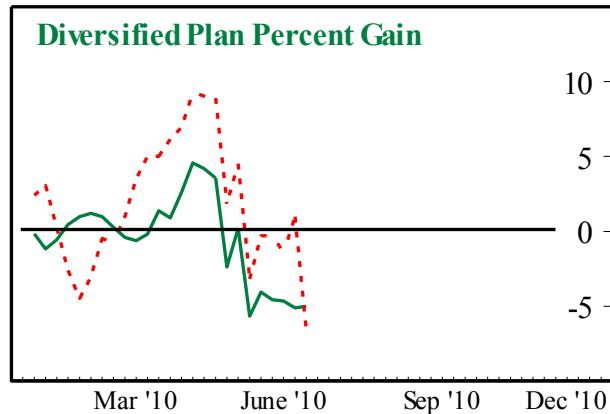
This plan held Select Transportation, a leader as its rank on Page Three shows, but entered late and captured only part of the available gain. None the less the plan beat the market by 12.5%

The MC Plan return for the last twenty and one-half years now stands at an annualized 16.0% 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 2001-2015, 15% to 20% annually will be much more realistic.

Diversified Plan

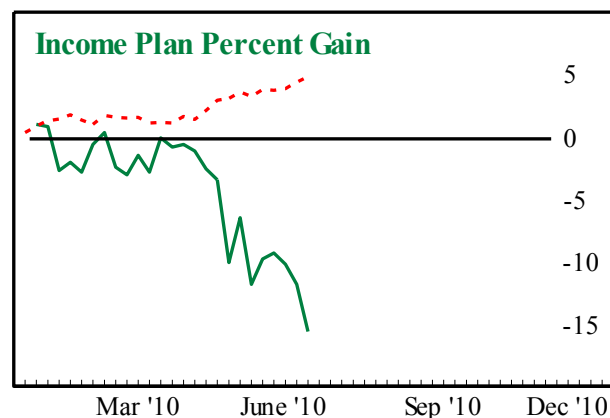
The Diversified Plan, shown as a solid line, lost -5.0% to date, yet beat its benchmark S&P 500 Index with a loss of -6.6%, the dotted line.



Over the last nineteen and one-half years the Diversified Plan has gained an annualized 8.6% against the S&P gain of 7.7% annualized, so besting buy and hold but slightly.

Income Plan

The Income Plan, shown as the solid line, lost -15.6% against a bond fund benchmark of 4.8% shown as the dotted line. While the Inverse Bond holding worked well in 2009, global problems pressured interest rates down and we could not find an appropriate alternative.



The Income Plan's return for the last nineteen and one-half years was an annualized gain of 7.4%. This is a significantly better return than the money fund gain of 4.0% 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 market fund.

Real-time Record For Six Months Of 2010

Here is the trade by trade record for this year, starting with the positions as they were on December 31, 2009. 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.

This plan initially held a money fund as a defensive position in the face caution from our Sentiment Indicator. The plan exchanged into Select Transportation upon a market uptrend but gave up much of its early gain. Still, the plan prospered compared to the general market.

	<u>Purchase</u>		<u>Sold</u>		<u>G/L</u>
Select Money Market	Dec. 31, 2009	1.00	Mar. 8, 2010	1.00d	0.02%
Select Transportation	Mar. 8, 2010	43.35	May 24, 2010	45.87	5.83%
Select Money Market	May 24, 2010	1.00	Jun. 30, 2010	1.00d	.01%
(S&P Index 500 loss -6.65%)			Year To Date Gain		5.87%

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.

This plan activity was excessive resulting in late purchases. Still, it beat its benchmark, the S&P 500 Index. The strategy has been modestly updated aiming for fewer transactions and better consistency.

	<u>Purchase</u>		<u>Sold</u>		<u>G/L</u>
Select Money Market	Dec. 31, 2009	1.00	Mar. 15, 2010	1.00d	0.02%
Rydex Inverse Gov't LB	Dec. 31, 2009	14.80	Apr. 5, 2010	14.95	1.01%
Rydex Inverse S&P	Dec. 31, 2009	36.21	Mar. 15, 2010	35.00	-3.34%
PS Dollar Bullish	Dec. 31, 2009	23.08	Jun. 30, 2010	25.06	8.58%
Select Brokerage	Mar. 15, 2010	50.56	May 24, 2010	46.30	-8.34%
Select Biotechnology	Mar. 15, 2010	72.69	Apr. 26, 2010	72.77	0.11%
Select Retailing	Apr. 5, 2010	49.56	May 24, 2010	45.60	-5.48%
Select Electronics	Apr. 26, 2010	46.17	Jun. 1, 2010	39.71	-13.99%
Select Money Market	May 24, 2010	1.00	Jun. 30, 2010	1.00d	0.01%
(S&P Index 500 loss -6.65%)			Year To Date Loss		-5.00%

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 declining interest rates, returns can exceed 10% annually. During periods of increasing interest rates we aim for a gain at the money market income rate. On occasion we will use Rydex Inverse Government Long Bond Strategy Fund which increases with increasing bond rates.

While very profitable last year the current position has been quite unsatisfactory. Its down-side risk is modest now as interest rates have reached historic minimums.

	<u>Purchase</u>		<u>Sold</u>		<u>G/L</u>
Rydex Inv LT Gov't Bond	Dec. 31, 2009	14.80	Jun. 30, 2010	12.49	-15.61%
(Money Fund Year To Date Gain 0.05%)			Year To Date Loss		-15.61%

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 33 of 41 semiannual periods and ii) in 19 of 41 semiannual periods since 1990. The compounded annual return for our 20½ 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 years the MC Plan, with an annualized 16% gain, did significantly beat the overall market represented by the S&P 500 Index's 7.7% 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 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.

You can see we systematically beat buy and hold as the space between our bars and the market's circles continue to diverge.

	MC Plan	S&P	MC Plan	S&P
Dec 31, 1989			\$1,000	\$1,000
Jun 29, 1990	32.10%	3.05%	1,321	1,030
Dec 28, 1990	10.19	-6.45	1,456	964
Jun 29, 1991	29.88	14.81	1,890	1,107
Dec 28, 1991	31.81	11.25	2,492	1,231
Jun 26, 1992	7.42	0.75	2,677	1,240
Dec 31, 1992	-0.32	9.68	2,668	1,360
Jun 30, 1993	15.72	3.78	3,088	1,412
Dec 30, 1993	14.11	6.56	3,523	1,504
Jun 30, 1994	1.46	-3.41	3,575	1,453
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, 2003	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

