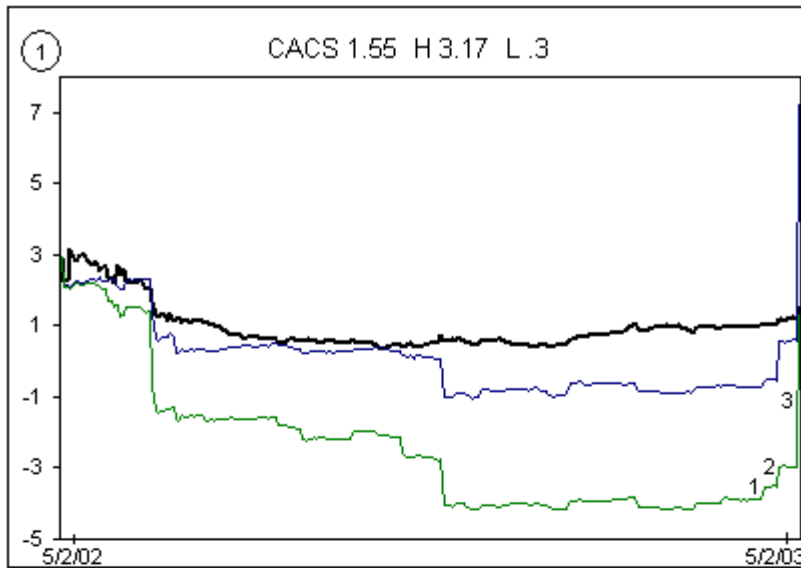
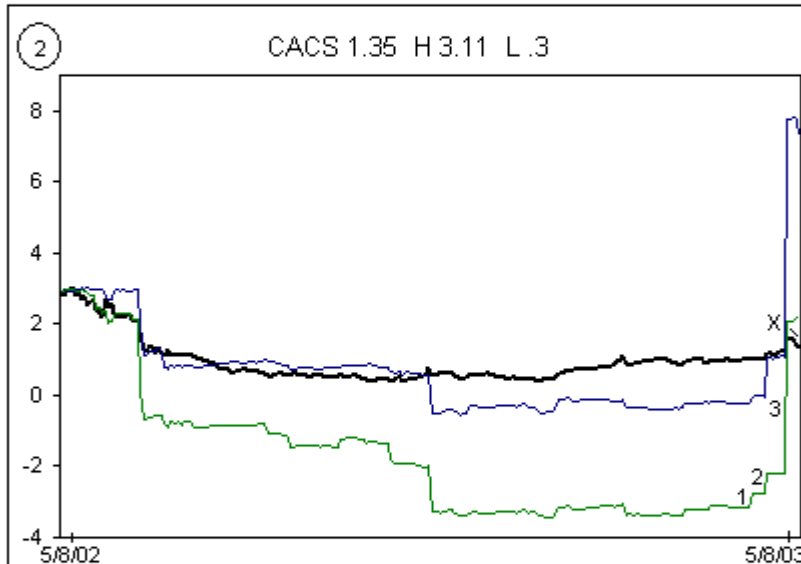


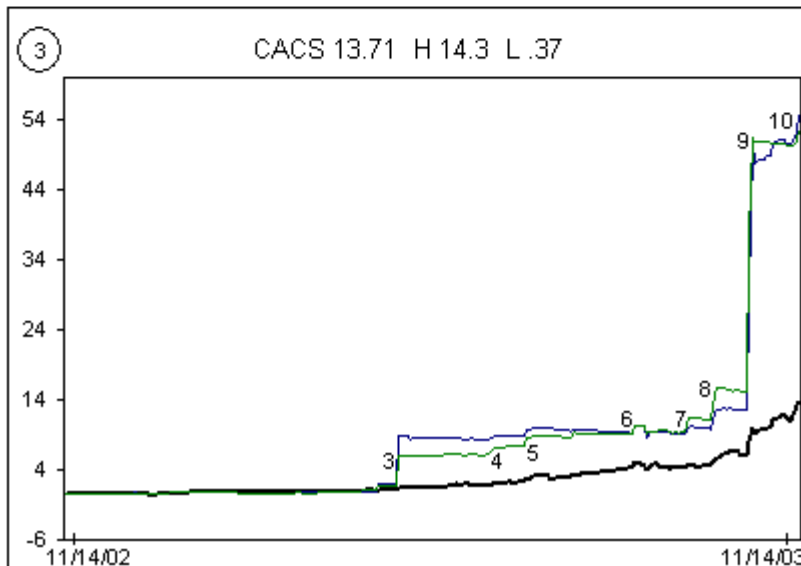
IV. BUYING STOCKS USING LSI CHARTS



LSI Chart #1 of CACS shows rapid and strong positive spike activity at 1-3 following a mostly negative pattern throughout the first half of the chart. It is typical to see a period of a few to several months of neutral or mostly flat accumulation activity as an accumulation pattern changes from negative to positive. In this example, following three consecutive positive spikes, investors should look to purchase these shares on the first positive divergence.



Shares of CACS fall almost immediately after the positive spike at 3. Note the longer-term (blue) LSI Line has a small negative spike but the short-term (green) LSI Line actually rises slightly indicating that the near-term trend remains positive. Investors should take positions during the positive divergence at X.



LSI Chart #3 shows the significant institutional accumulation that took place over the next six months from LSI Chart #2 in this highflying stock. The heaviest accumulation takes place late in the chart as an earnings turnaround at CACS hit stride well after the initial surge in share price.