CHECKMATE

AMERICA'S 4th INFLECTION POINT

A MAIN STREET ACTION PLAN FOR GENERATIONAL WEALTH

Prepared By Ian King and Michael Carr

Ian King's

Strategic Fortunes

Checkmate: America's 4th Inflection Point

A Main Street Action Plan for Generational Wealth

By Ian King, Editor, *Strategic Fortunes*

THIS new Cold War — the chip war — is the fourth inflection point for America since the early 1900s.

The other three being both World Wars and the original Cold War.

We emerged victorious from each conflict. But each time, our country and economy went through a radically positive transformation.

And each inflection point was brought home thanks to a patriotic initiative.

It involved a joint venture between the government, the private sector and the American people.

In World War I, President Wilson created the Council of National Defense. Leaders of our government and industry joined forces.

Prior to the conflict, the assembly line was mainly used to build Henry Ford's Model Ts.

But during the war, mass production of everything from tanks and planes to ammunition, made the assembly line our secret weapon.

From there, it went nationwide and revolutionized American manufacturing.

Then, in World War II, we had FDR's Office of Scientific Research and Development. And we got Penicillin, jet engines, early computers and The Manhattan Project. And the atomic bomb… But with it, atomic energy emerged.

Look at the original Cold War.

President Eisenhower passed The National Defense and Interstate Highways Act.

It funded the modern highway system we use to travel and transport around $11 trillion worth of our economy.

All of these things changed the world.

And now, we're at the beginning of this cycle repeating itself with America's Fourth Inflection Point.

And with it, you can invest for generational wealth…

A Game-Changing History

1918 was a year plagued by events — *literally*.

That year, the world witnessed the start of one of the most severe influenza pandemics in history. It also marked the end of one of the deadliest global conflicts to date — World War I.

But it wasn't all bad.

That very same year, Israel Cohen and Abraham Siegel founded a small wholesale grocer in Worcester, Massachusetts. They named it C&S Wholesale Grocers.

Back then, the business was just a local grocery distribution center. But over the past century, it's evolved to become so much more.

And part of its future success was an infusion of "fresh blood" — or a new family member joining the biz.

Nearly 50 years later, Richard "Rick" Cohen — Israel Cohen's grandson — joined the family business.

In an interview with *Forbes*, Rick shared that he initially had little interest in joining the family business.

His grandfather actually encouraged him to study medicine. But the younger Mr. Cohen soon found he had a gift for the business.

When Rick joined C&S in 1974, the wholesale grocer had $50 million in revenue.

Courtesy of C&S Wholesale Grocers

1918: The first C&S building on Winter Street in Worcester, MA.

Cohen bought out his father and brother in 1990, and subsequently built the business into a $25 billion revenue generator. It eventually grew to become a national wholesale grocery supply company. Back in 2021, *Forbes* ranked it as the eighth-largest privately held company in the U.S.

But all that growth didn't happen overnight. It was all thanks to Cohen's eye for efficiency.

As the head of C&S, Cohen focused on improving efficiency. The grocery distribution business is known for its razor-thin margins, so cost-saving tweaks make a significant difference in the bottom line.

Ultimately, Cohen turned his attention to an innovation with huge potential.

I'm talking about the concept of robotic automation.

But there was only so far Cohen could get alone.

So, after years of trial and error, in 2007, Cohen partnered with John Lert — an inventor and retail robotics automation expert. He also owned a company called CasePick Systems.

Cohen bought CasePick Systems in 2009. The company was ultimately renamed "Symbotic" because of the inherent symbiotic relationship between warehousing and robotics.

Today, **Symbotic Inc. (Nasdaq: SYM)** is an automation technology leader that reimagines the supply chain. It does so with its end-to-end, AI-powered robotic and software platform.

Symbotic's ultimate goal is simple. It's making the typical warehouse a *strategic* asset. And it does so for the largest retail, wholesale and food and beverage makers in the world.

The Retail Automation Leader

Do you ever wonder how your local grocery store or big-box retailer receives its products even in a supply chain pinched economy? The answer is likely Symbotic.

Symbotic revolutionizes the movement of goods using state-of-the-art speed, nimbleness, precision and competence. As a result, the company is the self-proclaimed **backbone of commerce**.

Large retailers — like Target and Albertsons — use Symbotic's technology to make sure their supply chain processes run at optimal levels.

Combining software and hardware, Symbotic's goal is to transform the typical supply chain — and make the most efficient warehouse solution on the planet.

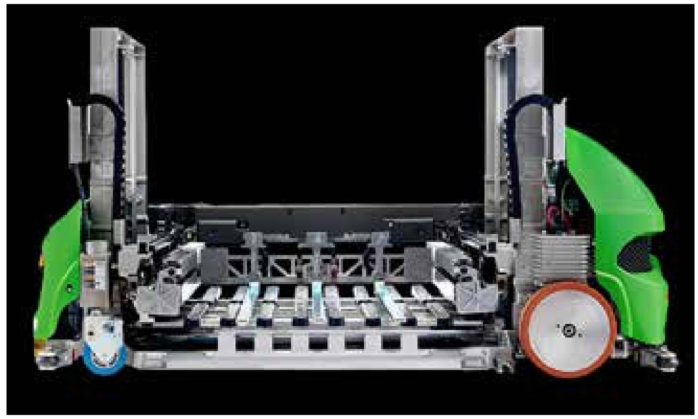
It all comes down to Symbotic's high-density warehouse automation.

This process, called **The Symbotic System**, is powered by robotics and AI.

Every day, Symbotic's autonomous robots — known as SymBots™ — get food and merchandise to thousands of stores across North America.

Similar to a self-driving car, AI-powered SymBots pick and place tasks with robotic arms and lifts.

At its Massachusetts test center, the Symbotic's warehouse robotics system consists of more than 400 SymBots. These move along 10 levels of storage, and can complete more than 30 transactions per hour.



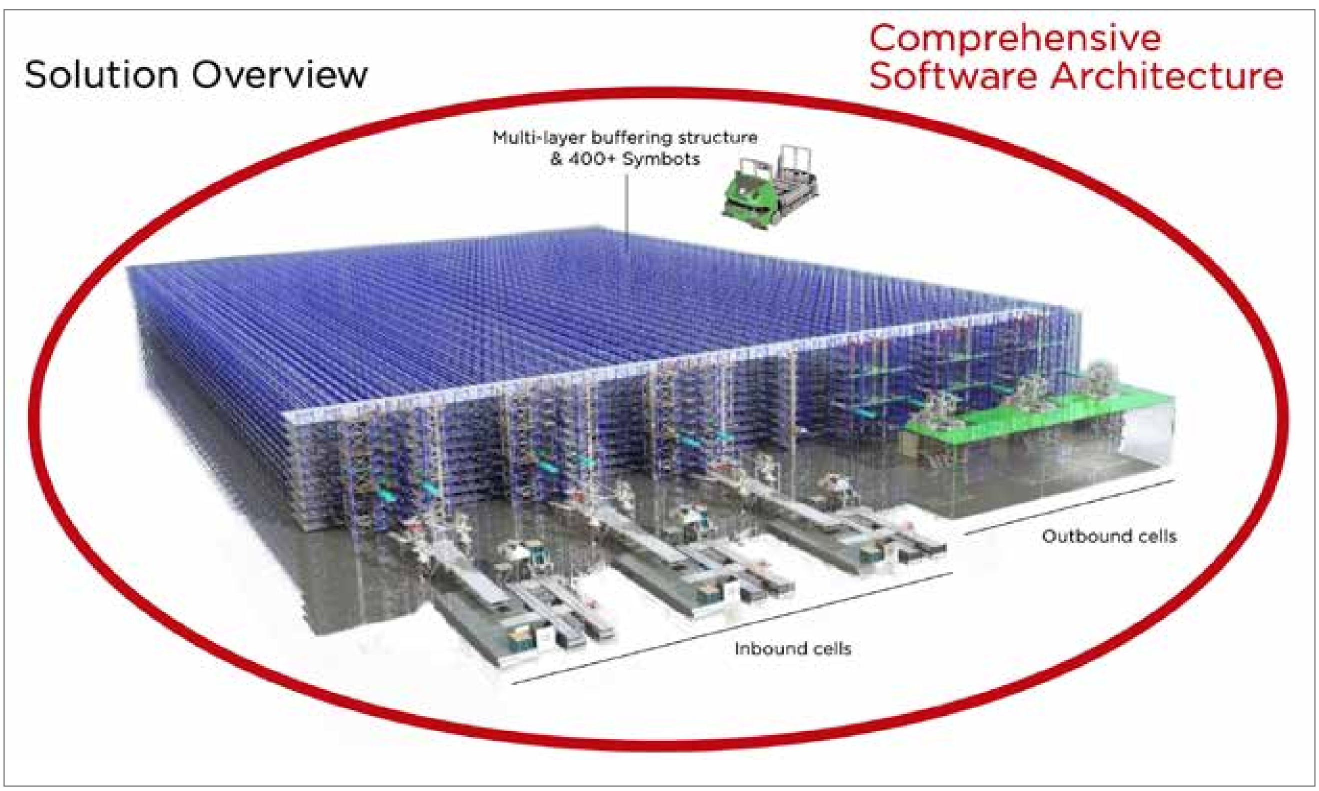
The SymBot is capable of parallel operations while the robot is still driving, increasing productivity.

Mr. Cohen describes these warehouse spaces as "a big Rubik's cube, a big Tetris game … [that's] the miniaturization of the warehouse."

But these warehouse spaces aren't limited to Symbotic's test centers. They're flexible, end-to-end platforms that retailers can purchase and implement to fit their supply chain needs.

You see, Symbotic's warehouse robotics system is a modular design — meaning this system can be customized, moved and scaled to fit customers' needs.

The Symbotic modular warehouse system is flexible enough to be implemented into a new or existing facility. And that's great for retail companies of all sizes.



Boiled down to its simplest terms, the Symbotic System is comprised of four major elements:

- The inbound cell.
- The storage structure.

- Case retrieval.
- The outbound cell.

In the retail sector, pallets are essential. They're an easy way to transport large amounts of merchandise in a stable way.

At Symbotic, its **inbound cell** system processes incoming pallets and sends them to storage. But with its AI system, Symbotic makes the process faster and more efficient.

In fact, its technology is "capable of processing 1,700 cases per hour." Comparatively, in fully manual operations, humans can realistically pick between 90 and 250 cases per hour.

The second process in the Symbotic System is called the **storage structure**.

After pallets are processed in inbounding, they are moved over to what's called the storage structure.

Here, SymBots — which can move at speeds up to 25 miles per hour — quickly retrieve cases from inbound cells.

These cases are picked up and routed across the warehouse storage structure. As a result, they're packed in a way that maximizes vertical and horizontal storage density.

This is one of the key features of the Symbotic warehouse structure — its ability to strategically fit an enormous number of products into small spaces.

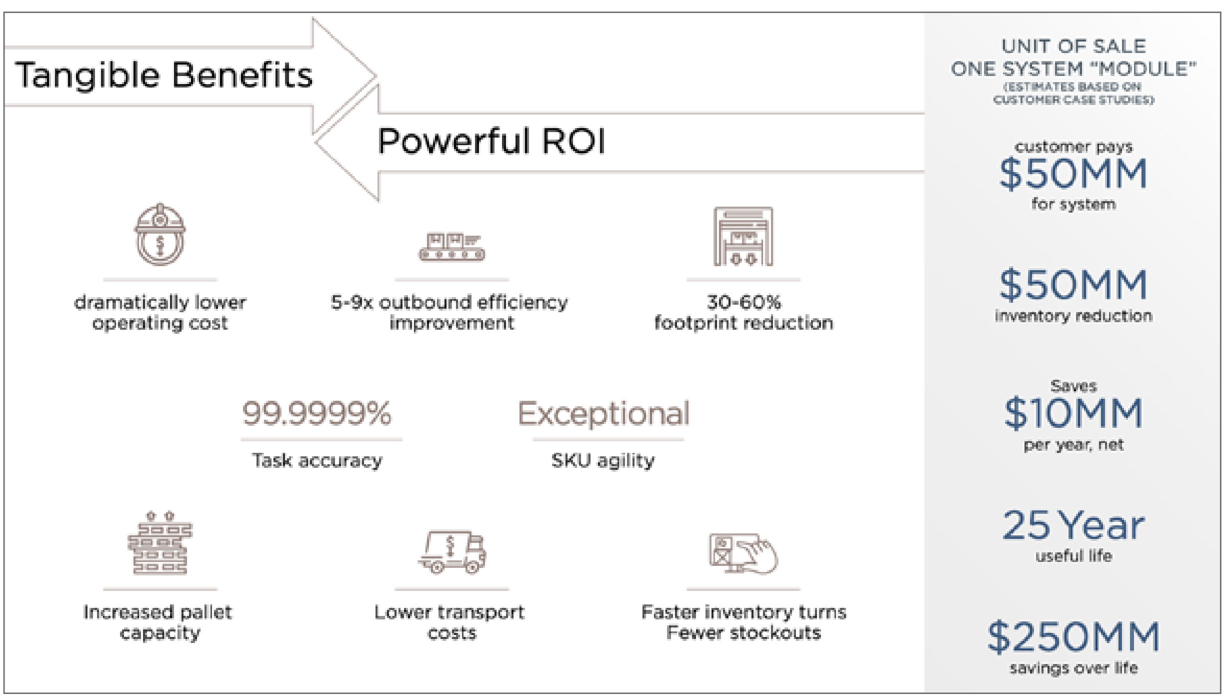
These tightly packed products allow retailers to increase their warehouse's storage volume — without increasing its real estate footprint.

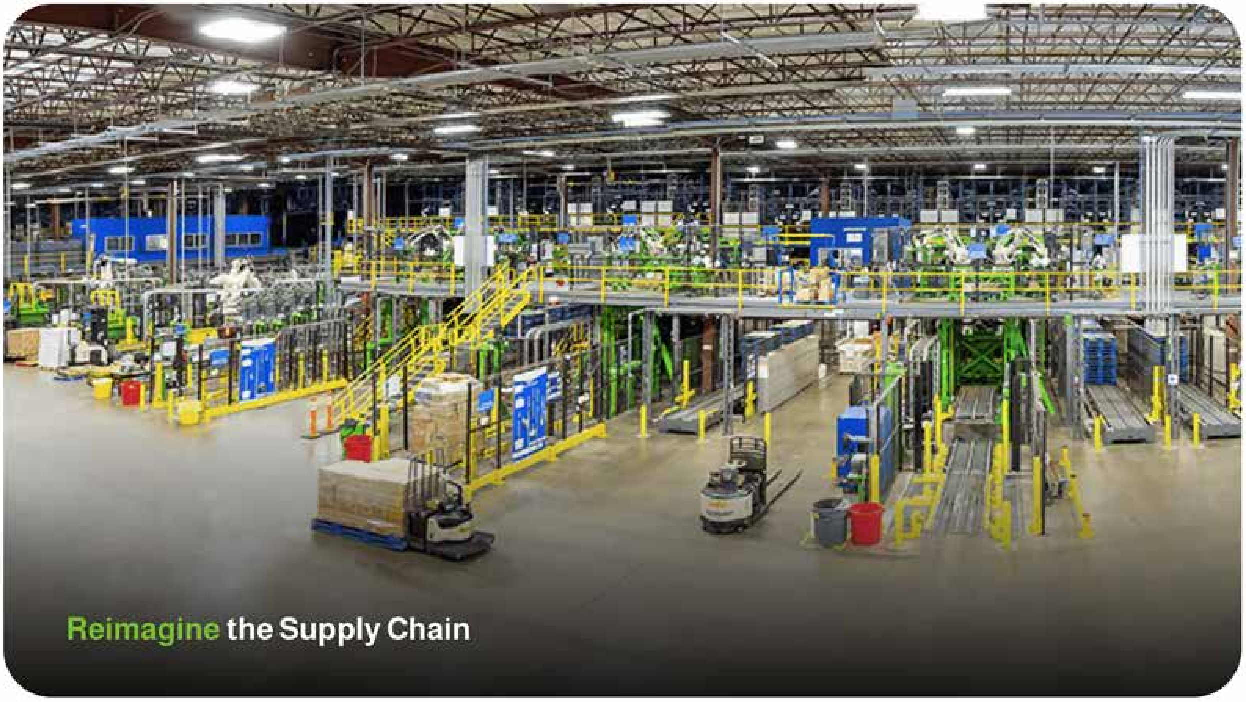
Typically, a grocery warehouse holds about 10,000 items. But a grocer that purchases Symbotic's technology could pack up to 300,000 into two-thirds the space!

The third process in the system, called **case retrieval**, delivers cases to outbound lifts. They are then intelligently sequenced for delivery to the outbound cells. At this point, robots build pallets specifically designed for shelfstocking efficiency unique to each store location.

The fourth and final process of the fully integrated, end-to-end Symbotic System is the **outbound cell**.

Retrieved cases are delivered to the outbound cells, where they are intelligently palletized by density and stability at a cell rate of 1,350 cases per hour.





At first glance, all these steps can seem overwhelming.

And just how much time and money is it even saving the customer?

As it turns out — *millions*.

For example, a $50 million Symbotic System purchase can pay for itself in inventory reduction alone.

This system, which has a useful life of about 25 years, is estimated to help retailers save nearly $10 million per year in operating savings. That means customers could save *$250 million* over its operating life.

Plus, these autonomous robots have the ability to travel 20,000 miles on a peak day. That means the cost of moving products can drop from $0.55 to $0.05.

That's enormous cost savings.

And, as it turns out, the biggest box retailer of them all took notice…

Walmart's BIG Stake in Symbotic

Today, Symbotic's software is used by 1,400 stores.

Its customers are scaled across the grocery, retail and wholesale industries. Its roster includes Albertsons, C&S Wholesale Grocers, Giant Tiger, Target, UNFI and Walmart.

A testament to how well Symbotic's robotics warehouse automation system works can be found in its relationship with Walmart.

In 2017, Symbotic started working with Walmart at its distribution center in Brooksville, Florida.

In July 2021, Walmart introduced Symbotic robots to 25 of its regional distribution centers.

In May 2022, Walmart announced its plans to retrofit and install Symbotic's robotics and software automation platform into all 42 of its U.S. distribution centers. This process will take about eight years.

In the companies' joint press release on the deal, David Guggina, Executive Vice President, Supply Chain Operations, Walmart U.S. said:

The need for accuracy and speed in the supply chain has never been more visible, and we're confident that now is the time to move even faster by scaling Symbotic's technology to our entire regional distribution center network.

Using high-speed robotics and intelligent software to organize and optimize inventory, the Symbotic System helps us get products to our customers quickly and seamlessly by revolutionizing how we receive and distribute products to stores.

We love to see news like this for our recommended companies. With legendary retailer Walmart on board, it's only a matter of time before Symbotic becomes a household name for retail automation.

Why Symbotic Beats the Street!

As I've written in the past, I believe deglobalization is going to be a huge trend throughout the next few years.

As the deglobalization narrative plays out, especially here in the U.S., companies will need to become more flexible and technologically savvy to beat the competition.

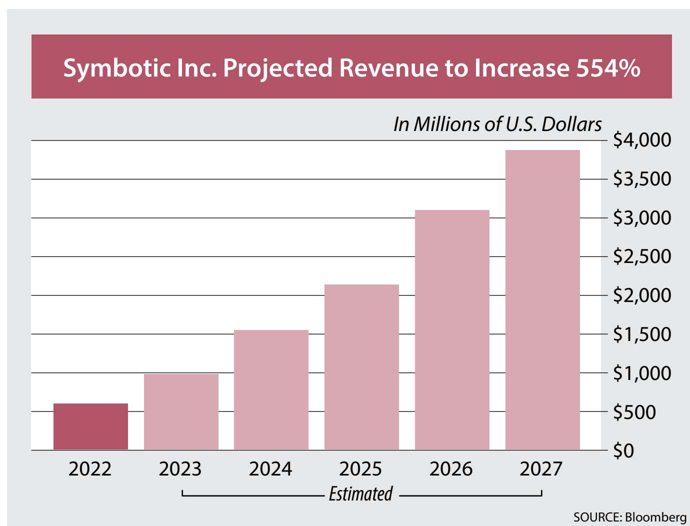
Symbotic's warehouse robotics solutions help companies save up to $250 million over the life to the system. That's a business-changing figure.

With robots in one system able to travel up to 20,000 miles a day, customers can beat their competition by driving down costs and increasing efficiencies.

Where an X-factor or a unique edge that no other company has, according to Northland Capital Markets, the market opportunity for Symbotic is immense.

Based on its current product portfolio, Symbotic could be implemented in as many as 50,000 distribution centers worldwide. This amounts to an approximate $500 billion total addressable market (TAM). With a current company market cap of $8.5 billion, Symbotic has room to grow.

Per Northland Capital Markets: "As Symbotic expands its technology portfolio, the TAM grows."



At last check, Symbotic has little to no demand issues as it currently boasts an $11 billion backlog. It also has the potential to triple its backlog based on current customers alone.

Symbotic is selective in who it takes on as customers.

Currently, the company chooses one to two customers per year.

Considering its backlog level — and the fact that potential clients are going to have a greater need to cut costs in the future — Symbotic is well-positioned to thrive in a potential recessionary environment.

The company's revenue is poised to grow from $501 million in 2022 to $3.69 billion by 2027. However, given the $500 billion total addressable market, and the race by companies to do more with less, I think those numbers are easily beatable.

That's why I think shares could easily return 300% within the next two years.

Your Trade for a Deglobalized Economy

One of Symbotic's mottos is "every operation, tuned to perfection."

Symbotic has one of the world's highest-production customizable warehouse solutions.

By leveraging a power-packed software combination of computer vision and machine learning — along with modular flexibility, scale and high-tech SymBots — Symbotic is set up for success in the years to come.

Simply put, its business has the potential to grow in the supply chain world across a variety of industries. I'm talking about from apparel to automotive to retail.

So, here is your action to take.

Action to Take: Buy Symbotic Inc. (Nasdaq: SYM).

Top Security Stock

Cybersecurity, one of the most undervalued sectors in the stock market, is primed for takeoff.

Worldwide, customers of all kinds — people, companies and governments — are on track to spend an incredible $300 billion on cybersecurity products and services in 2026, according to IDC forecasts. That's why San Diego-based **Kratos Defense & Security Solutions (Nasdaq: KTOS)** is in the right business at the right time.

Founded in 1995, Kratos is a government contractor that designs and implements information technology systems and provides engineering and other technical services to the U.S military, federal, state and local intelligence agencies as well as international commercial customers.

The company's primary focus areas are unmanned systems (drones), space and satellite communications, cybersecurity/warfare, rocket/missile defense systems, computing and intelligence surveillance.

The company operates in two reportable segments:

- The Kratos Government Solutions.
- Unmanned Systems.

Kratos Government Solutions segment generates about 75% of sales. The segment provides microwave electronic products, space, training and cybersecurity, C5ISR/modular systems, turbine technologies, and defense and rocket support services.

Unmanned Systems segment generates nearly 25% of sale. It provides unmanned aerial system and unmanned ground, unmanned seaborne and command, control and communications system products to its customers.

Kratos mission is to be the leader in developing and delivering leading technology systems at an affordable cost.

Kratos Cybersecurity History

"Kratos," in case you're wondering, was the Greek god of strength. But nearly 20 years ago, when Eric DeMarco joined the company as president and chief operating officer, it had a much blander-sounding name: Wireless Facilities.

Privately held, the firm designed and built equipment for wireless telecom networks.

Sounds great now. But after the dot-com crash, phone companies weren't investing much in their wireless networks. The equipment industry was dead on its feet.

DeMarco, who became CEO in 2004, steered the company toward a business he knew very well: the defense industry.

In six years in senior leadership positions at Titan Corp. (a defense contractor later acquired by Lockheed Martin), he helped grow Titan's revenue tenfold.

As a result, Wireless Facilities sold its telecom equipment operations and shifted into defense work. Acquiring a series of smaller companies with government contracts, DeMarco rebuilt the company as a provider of design, engineering and technical services for the military.

By 2007, it was big enough to go public on the Nasdaq with a new name: Kratos Defense & Security Solutions.

Four years later, Kratos acquired cyberprotection company SecureInfo. From the beginning, SecureInfo billed itself as a "pure-play cybersecurity company specializing in assisting defense, intelligence, civilian government and commercial customers" against cybersecurity risks.

By concentrating on the special needs of the military and intelligence agencies, Kratos was able to stake out some very lucrative cyberprotection turf, especially in the realm of "satcom" — satellite communications.

But cybersecurity is only half of Kratos' growth story.

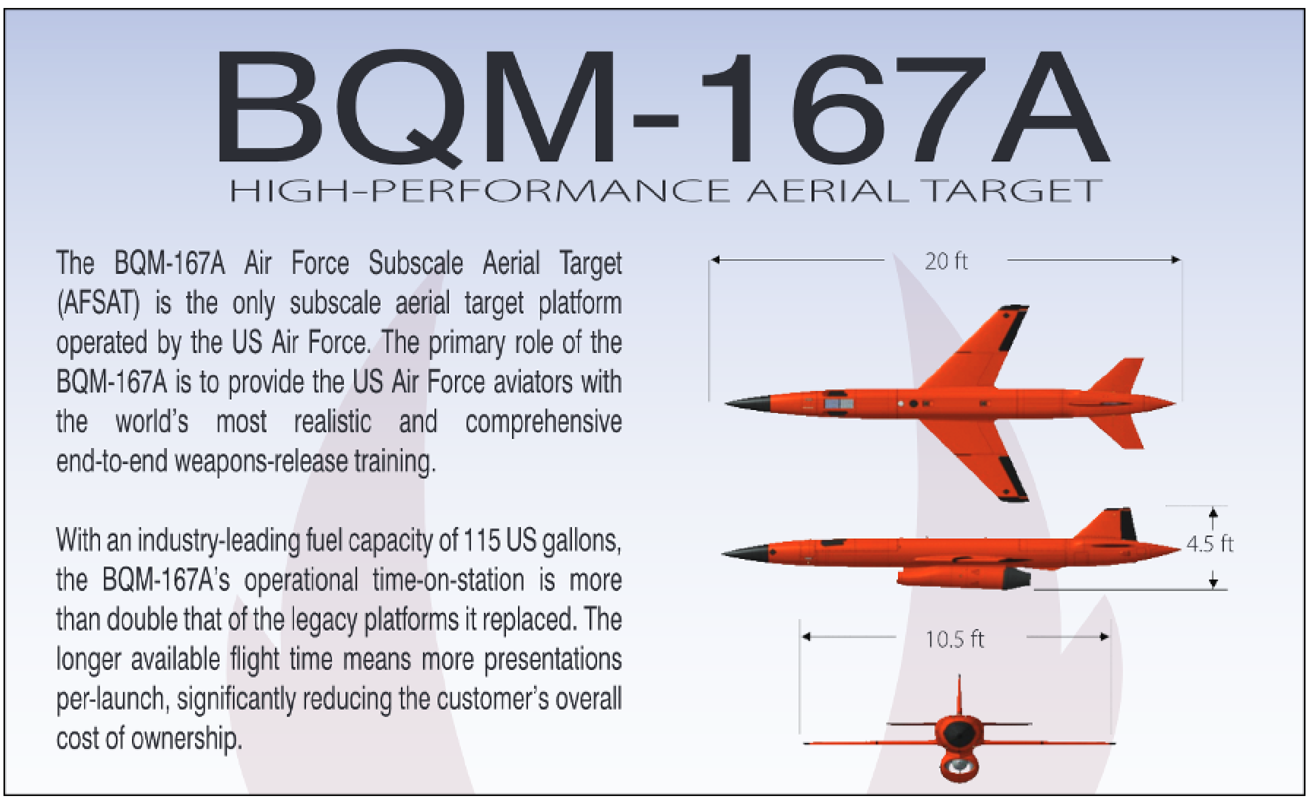
Drones the Next Opportunity

In 2011, Kratos' executives could see that large swaths of future U.S. defense budgets would steadily evolve toward robotic unmanned systems of all kinds — aircraft, ground vehicles and boats.

That's when Kratos plunked down $155 million to buy a privately held maker of drone aircrafts, Composite Engineering.

But Kratos and its new acquisition staked out a different part of the game: drones built for use by the military as unmanned aerial targets.

For instance, U.S. Air Force pilots need real-time training on a regular basis against simulated "air-to-air" and "ground-to-air" missile threats to maintain combat readiness. Kratos' 10-foot-long, 2,000-pound, bright-red BQM-167A jet-powered target drone (which can fly almost to the speed of sound and be reused multiple times) stands in nicely for such exercises.



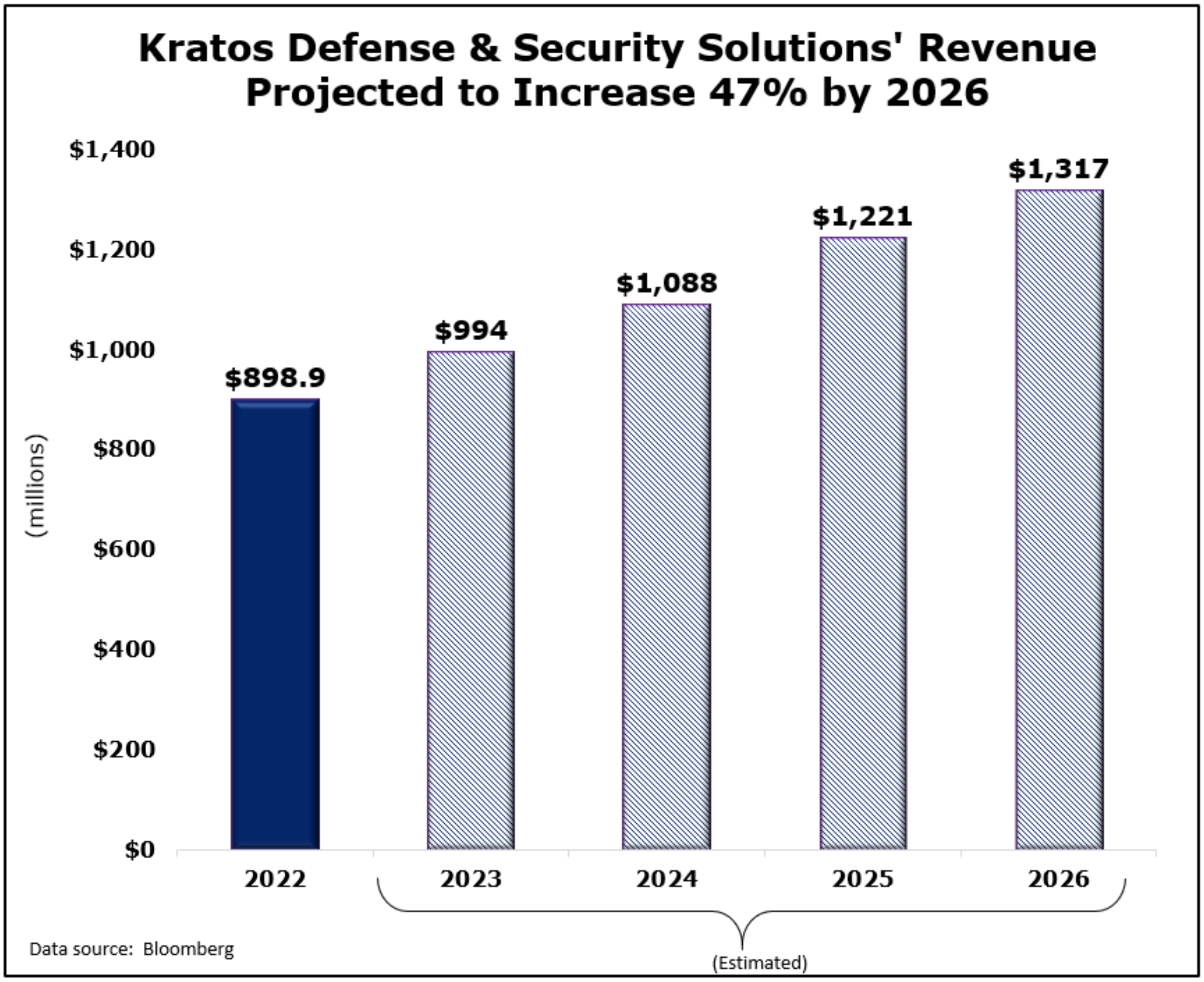
That's why the Air Force awarded a contract to Kratos, a $109 million deal to build dozens of such target drones. Not to be left out, the U.S. Army later contracted with Kratos to deliver $93 million worth of these drones.

So, the target-drone business is a growing part of Kratos' revenue picture.

In 2012, the first year of operations for the company's "unmanned systems" division, drone sales accounted for about 9% of Kratos' total revenue. By 2022, they made up 25% of revenue ($221.7 million) and should continue to grow in the years ahead.

Kratos Our Cybersecurity and Drone Play

Kratos' company revenue is projected to reach 1.3 billion by 2026 from 898.9 million in 2022, an increase of 47%.



While company annual earnings per share is forecast to reach $0.69 from $0.31 in fiscal year 2022.

The way I see it, Kratos is the right stock at the right time for us.

We'll be benefiting on two fronts: While its satellite security division allows us to take advantage of the trillion-dollar wave of spending heading for the cybersecurity sector, its growing drone program also allows us to profit from steady defense spending.

Action to Take: Buy Kratos Defense & Security Solutions (Nasdaq: KTOS).

Regards,

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