

KEITH FITZ-GERALD'S

TOTAL Wealth

INDEPENDENCE 

UNSTOPPABLE TREND REPORT

**THE NEW ARMS RACE:
DOUBLE YOUR MONEY AS THIS
COMPANY TAKES THE FIGHT
TO AMERICA'S ENEMIES**



Brought to you by Lee Bellinger



Investor's Report

From: Keith Fitz-Gerald,

Chief Investment Strategist

For: *Total Wealth Independence* Members

The New Arms Race:

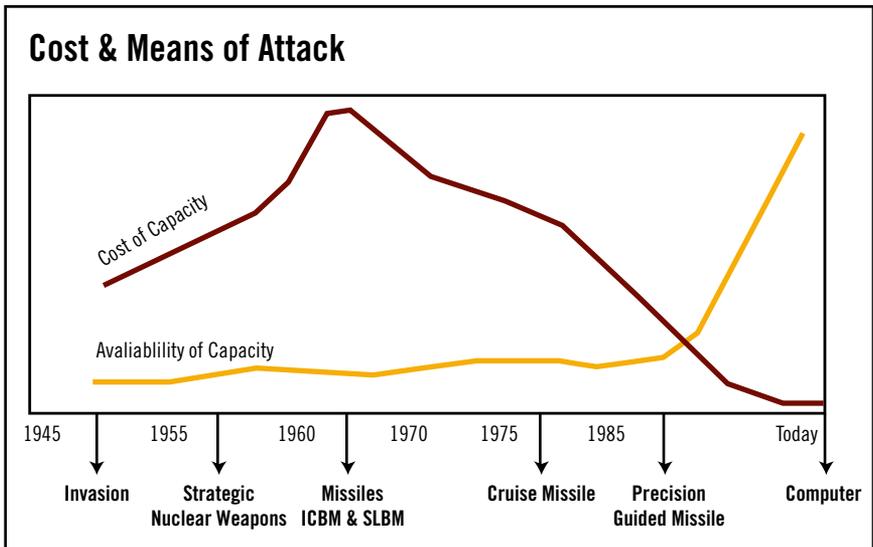
Double Your Money as This Company Takes the Fight to America's Enemies

Dear *Total Wealth Independence* Reader,

Remarking on the devastation in the days following World War II, it was Albert Einstein who reportedly quipped, "I know not with what weapons World War III will be fought, but World War IV will be fought with sticks and stones."

Some 70 years on, Einstein is right.

Tomorrow's cyber-terrorists could potentially do more damage with a single keyboard stroke than with a bomb as the cost of an attack goes down and the availability of the digital capacity to carry it out increases dramatically.

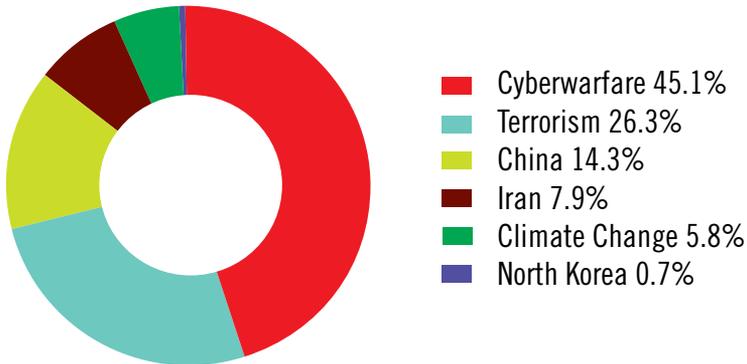


A report from the Cambridge Centre for Risk Studies found that the damage from a foreign cyberattack on America's power grid alone could cost the U.S. economy more than \$1 *trillion* as it leaves tens of millions without power, cripples thousands of businesses, and hobbles international trade.

Some reports even put the potential death toll of such an attack in the tens of thousands, as millions of Americans are denied hospital visits, or even access to basic life necessities, for days or weeks at a time. Because of the deadly ripple effects through the economy, it's easy to envision a cyber attack on America's power grid as being far deadlier, both in terms of economic cost and loss of human life, than 9/11.

Greatest Threat

Which of the following is the greatest threat to the United States and its interests?



Partisan Divided

While overall respondents cite cyberwarfare as the No. 1 threat facing the U.S., self-identified Democrats cite climate change as the No. 2 threat, while independents cite terrorism. Republicans consider terrorism and cyberwarfare as equal threats.

Source: John Harman and Staff, Defense News, United Technologies

And, speaking of terrorism... cyberattacks are now the vehicle of choice for multiple jihadist groups around the world to inflict economic damage in places beyond their physical reach. Since 2014, at least seven pro-ISIS hacking groups launched cyberattacks with the goal of aiding

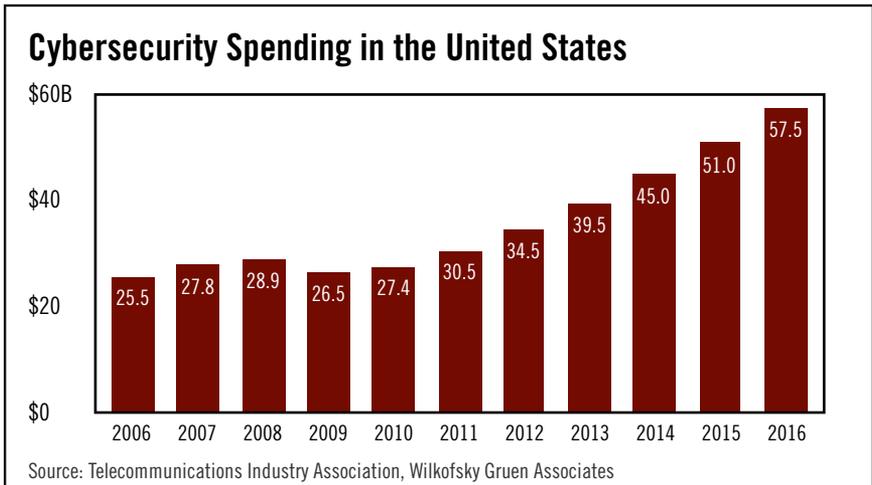
the Islamic State. An analysis of the United Cyber Caliphate, ISIS's main hacking organization, found that while many of its methods are unsophisticated today, ISIS's cyber reach could grow exponentially as it recruits more talent worldwide.

This is why naming cyber-terrorism as the top threat America faces is no longer a controversial statement, even though it resulted in mockery when then-Defense Secretary Leon Panetta made that claim in 2012.

To put this in context, the word "cyber" appeared just 12 times in the 2012 U.S. Defense Budget. Three years later, it appeared 147 times, along with new funding for hiring thousands of new contractors to help U.S. war planners develop their own cyber arsenal to both prevent and respond to increasingly aggressive and sophisticated cyberattacks. Only four companies were lobbying Congress on cyber-security a few years ago, but now more than 1,500 do.

In fact, the 2017 Department of Defense budget calls for a 15% hike in cyber-security spending, bringing the total for the year to \$6.7 billion.

And with good reason.



There is a seismic shift in U.S. national security preparation and spending underway. Spending has already more than doubled from \$25 billion in 2006 to nearly \$60 billion by the end of 2016.

Amazingly, most investors are completely missing the boat – not to mention the profits, too!

I don't want that to be you.

History shows very clearly that technological revolutions in military preparation and warfare have been bonanzas for the defense companies that recognized them, even as those same revolutions hobbled others that failed to adjust.

It's no accident, for example, that companies like Northrup Grumman and Lockheed Martin have more than doubled in only five years after grabbing hold of the unmanned aerial vehicle (UAV) market before it took off as drone warfare became normalized – and before the investing public understood the ramifications.

This shift is happening even faster this time around.

A \$1 Billion Nod from the Department of Defense

Founded in 1922 and based in Waltham, Massachusetts, Raytheon Co. (NYSE:RTN) provides government markets around the world with state-of-the-art electronics, mission systems integration, and other weapons capabilities.

Believe it or not, the company's original focus was on refrigeration technology. Not many people know that its first product was a revolutionary little vacuum tube that allowed radios and other small appliances to plug directly into an electricity grid, eliminating the need to use expensive, short-lived batteries in everything.

Then the company distinguished itself with the discovery of microwave cooking in 1945 and the rest, as they say, is history.

Raytheon quickly built upon that early success and soon moved into radar systems, missiles, satellites, aircraft, and even spacecraft – markets it still dominates today.

Most people look at that progression and think the company simply moved from product to product, but that's not true. In fact, the company

continually re-invented itself by leveraging increasingly specialized knowledge.

And now Raytheon's ready to do it again – this time as a pioneer in cyber-security.

Just last month, for example, the company launched an NSA-certified next-generation Ethernet encryption system to protect network communications handling sensitive information, including and up to Top Secret/SC1 status. That's an important move because it gives Raytheon the ability to sell the very same KG-350 Ethernet encryption system to commercial, government, and military customers immediately – and to simultaneously bring hundreds of millions to the bottom line that are not yet priced in.

Barely two months ago, the Department of Homeland Security reaffirmed Raytheon's \$1 billion contract to safeguard dozens of Federal agencies' data from cybercrime and keep many of its older legacy computer systems running. That's good for profit margins, too.

What really excites me, though, is something that very few analysts have focused on yet: Raytheon is leading the charge in teaching computers to defend themselves.

Admittedly, I don't know whether to be excited as all heck or terrified because of the *Terminator*-like images that come to mind as I type. But I do know this is worth billions and will make a lot of people very, very wealthy.

Current protocol, you see, involves a human identifying a problem, flagging it with a write-up, and then sending a report to higher ups who may take months to fix it – if ever. But a computer capable of proactively identifying threats and healing itself could free up analysts to do what they do best... think ahead.

Futurist Udo Gollub at Messe Berlin estimates that computers will become more "intelligent" than humans by 2030 – a figure I find extremely conservative considering IBM's "Watson" already helps nurses diagnose cancer four times more accurately than doctors, and Facebook has a facial recognition system that's capable of recognizing people better than people themselves.

Raytheon's cyber-security division, Forcepoint, more than tripled net sales last year, bringing in \$328 million compared to \$104 million in 2014. That's a surge that's roughly in line with the speed at which the cyber-security sector is growing, and serves as confirmation that we're on the right track.

Uniquely Positioned to Defy Expectations

A nod from the U.S. Department of Defense is great validation of the potential we see in Raytheon, but the real potential is in civilian markets.

In fact, Raytheon's CEO Thomas Kennedy turned heads a year ago with his remarks on how cyber-security isn't just about protecting America – it's about protecting companies, businesses, and ultimately, everyday citizens from threats like fraud and stolen privacy.

“Cyber-security,” Kennedy declared, “is now something that we must treat in our businesses just like we watch our balance sheets.”

It's huge for a defense tech CEO to recognize this because it shows he's aware of just how vast the profit frontiers are in the cyber-security sector. While other defense tech companies focus exclusively on national security, CEO Kennedy is positioning Raytheon to conquer the much broader cyber-security revolution *and* national security.

In fact, Mr. Kennedy has shown how serious he is with Raytheon's recent partnership with Vista Equity Partners to create Websense, a commercial cyber-security company that specializes in protecting organizations (crucially, not just countries) against cybercrime and data theft.

All told, Raytheon invested \$1.9 billion to acquire Websense, which might seem hefty for a company with 2014 sales of \$23 billion. But the opportunity to establish a dominant market share in the commercial cyber-security sector is just too tantalizing to ignore: The market is projected to swell to \$75 billion by the end of 2016 alone.

It's hard to understate what a coup this is for Raytheon, yet, shockingly, I have yet to see an analyst even comment on it.

Raytheon's move into the commercial cyber-security sector puts it a world apart from Lockheed Martin, which, incredibly, announced its plans last December to exit the commercial cyber-security market altogether. General Dynamics retreated even faster, selling off its Fidelis cyber-security business in 2015 to Marlin Equity Partners. And Boeing couldn't even wait until 2015 before finalizing its plans to exit the commercial cyber-security business, ceding staff and technology licenses to Symantec as it said *sayonara* to commercial cyber-security.

With costs of data breaches projected to total an astonishing \$2.1 trillion by 2019, Raytheon will have the luxury of operating in – and maybe dominating – a market that's crying out for cyber-security services and technology.

Get Paid to Ride out the \$170 Billion Cyber-Security Revolution

IT security spending alone will soar to \$170 billion by 2018, according to Gartner Research. In other words, it will more than double *again* from the \$60 billion I told you about earlier.

Most investors hear that and think to themselves, “that’s down the road.”

It's not.

Just as my *Money Map Report* subscribers who acted on my July 2011 recommendation of Raytheon are glad they did five years later – having had the opportunity to capture returns of at least 251% and counting – I believe investors making their move with Raytheon today will also be rewarded handsomely.

Meanwhile, Raytheon's dividends certainly sweeten the wait.

Raytheon offers a 2.7% yield at the moment that is not only significantly higher than the 2.19% average for S&P 500 companies, but growing much faster, too.

How much faster?

Try 21% in just the past 26 months during the midst of an “earnings recession” that's plaguing lesser quality companies struggling to come

to terms with the Fed's feckless leadership. What's more, the company devotes just 42% of its profits towards paying shareholders each quarter, which tells me the company has plenty of room to grow for investors who make their move today.

I don't see this income stream drying up anytime soon, especially after Raytheon's stellar close to 2016, when it capped a busy year by security more than \$1 billion worth of contracts in the final week of December, including a \$600 million contract to upgrade the Patriot missile defense system of an "undisclosed member of the 13 nations" that possess the technology.

So get in to win.

You've got a stellar opportunity to purchase a company that pays you an above-average income, has fabulous potential in an industry that's doubling every few years, and is reinventing itself to deal with a product the world cannot live without.

Best regards for great investing,

A handwritten signature in black ink, appearing to read "Keith Fitz-Gerald". The signature is fluid and cursive, with the first name "Keith" being the most prominent.

Keith Fitz-Gerald

Chief Investment Strategist, *Total Wealth Independence*

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