

Evolve Cyber Security Index ETF

CYBR invests primarily in equity securities of companies located domestically or internationally that are involved in the cyber security industry through hardware and software development.

As at February 28, 2019



TICKER: CYBR (HEDGED); CYBR.B (UNHEDGED)

MACROECONOMIC HIGHLIGHTS:

- The increasing threat of cybercrimes will remain one of the most formidable challenges facing businesses, governments and other institutions for years to come. According to the 2019 Cybersecurity Almanac, published by Cisco and Cybersecurity Ventures, cyberattacks are the fastest growing crime globally, and are increasing in size, sophistication and cost.
- The Almanac forecasts that cybercrime damages will cost the world \$6 trillion annually by 2021 – exponentially more than the damage inflicted from natural disasters in a year, and more profitable than the global trade of all major illegal drugs combined.
- Incidentally, Canada is an attractive target for malicious cyber operations and is often one of the first countries criminals and hostile nations target with new methods, according to testimony to the House of Commons public safety and national security committee by FireEye's cyber security expert and former CIA analyst. It was also noted that the country is also a natural target for politically motivated retaliation from a number of actors worldwide.
- According to Symantec's recent Internet Security Threat Report, "formjacking" is one of the biggest types of cyber attacks. Formjacking uses malicious JavaScript code to steal credit card details and other information from online payment forms through e-commerce websites. According to Symantec data, 4,818 unique websites were compromised by formjacking attacks every month in 2018. Overall, Canada ranked 20th globally for cybercrime, based on Symantec's measure of phishing, malware, bots, web attacks, network attacks and spam. Canada's banks, in particular, have found themselves in the crosshairs of cybercriminals.
- A PricewaterhouseCoopers report that surveyed 3,000 business leaders from more than 80 countries less than half of companies globally are sufficiently prepared for a cybersecurity attack.
- The Cisco-Cybersecurity Ventures report states that the 5 most cyber-attacked industries over the past 5 years are healthcare, manufacturing, financial services, government, and transportation. It predicted that healthcare will suffer 2-3 times more cyberattacks in 2019 than the average amount for other industries because of its woefully inadequate security practices, weak and shared passwords, plus vulnerabilities in code. The report also forecasted that that retail, oil and gas/energy and utilities, media and entertainment, legal, and education will round out the top 10 most-attacked industries for 2019 to 2022.





PERFORMANCE ATTRIBUTION:

- The ETF produced a strong positive return in February. The top performing holdings were Onespan Inc., Forescout Technologies Inc., and Minecast Ltd. The largest contributor to the ETF's return was Palo Alto Networks Inc. which comprised 7.87% of the portfolio by weight.

SOURCES:

- <https://mobilesyrup.com/2019/03/01/canada-20th-cybercrime-report/>
- <https://ottawacitizen.com/news/politics/canada-is-an-attractive-target-for-new-cyberattack-techniques-security-expert-testifies/wcm/0af26f93-f72f-4e41-8d52-de06416e6616>
- <https://nationalpost.com/news/politics/canadas-electronic-security-agency-says-its-responded-to-thousands-of-cyber-security-incidents-on-government-networks-but-no-actual-attacks>
- <https://cybersecurityventures.com/cybersecurity-almanac-2019/>

DISCLAIMER:

Commissions, management fees and expenses all may be associated with exchange traded mutual funds (ETFs). Please read the prospectus before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. There are risks involved with investing in ETFs. Please read the prospectus for a complete description of risks relevant to the ETF. Investors may incur customary brokerage commissions in buying or selling ETF units.

