

Evolve Cyber Security Index Fund

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

TSX

CYBR

ETF TICKERS: CYBR (HEDGED); CYBR.B (UNHEDGED); CYBR.U (USD)
MUTUAL FUND FUNDSERV CODE: EVF150 (CLASS F); EVF151 (CLASS A)

Investment Thesis: Cybersecurity spending is non-discretionary and growing. It has transformed into a basic-need service.

Spending on cybersecurity is driven by cyber attacks on:

- Individuals
- Enterprises
- Governments

Cybersecurity is non-discretionary due to:

- Growing cost of data breaches
- Increased regulatory requirements
- Increasing sophistication of cyber criminals
- Increased usage of the cloud

GENERAL INDUSTRY UPDATE



Source: Information-age.com

The list of governments, organizations, and businesses facing cybersecurity threats, incidents, and breaches keeps getting longer. Just recently, the University of Windsor alerted students, faculty, and employees that its website, Blackboard, and other systems were temporarily unavailable. In a statement on Twitter, the university said that once it knew about the cybersecurity incident, it took immediate steps to secure its systems, data, and operations. It also added that external cybersecurity experts were conducting a full investigation.¹

The Canadian Department of National Defence (DND) is investigating a cyberattack on one of its contractors—CMC Electronics, an aerospace company based in Montreal. In late May, the company alerted the government about a cyberattack. Around the same time, the Canadian government also announced that CMC Electronics would be part of a team working on upgrading Canada's 85 CH-146 Griffon helicopters, a project worth \$800 million.

While the nature and depth of the attack are unknown, it is

believed to have been caused by a third-party intrusion in their network that disrupted operations. The company also added that it shut down the network to protect systems and data and launched an investigation.²

In late June, Lithuania's defense ministry reported that ongoing, intense cyberattacks have been targeting the country's Secure Data Transfer Network—a communication network for government officials that is built to withstand war and other crises.

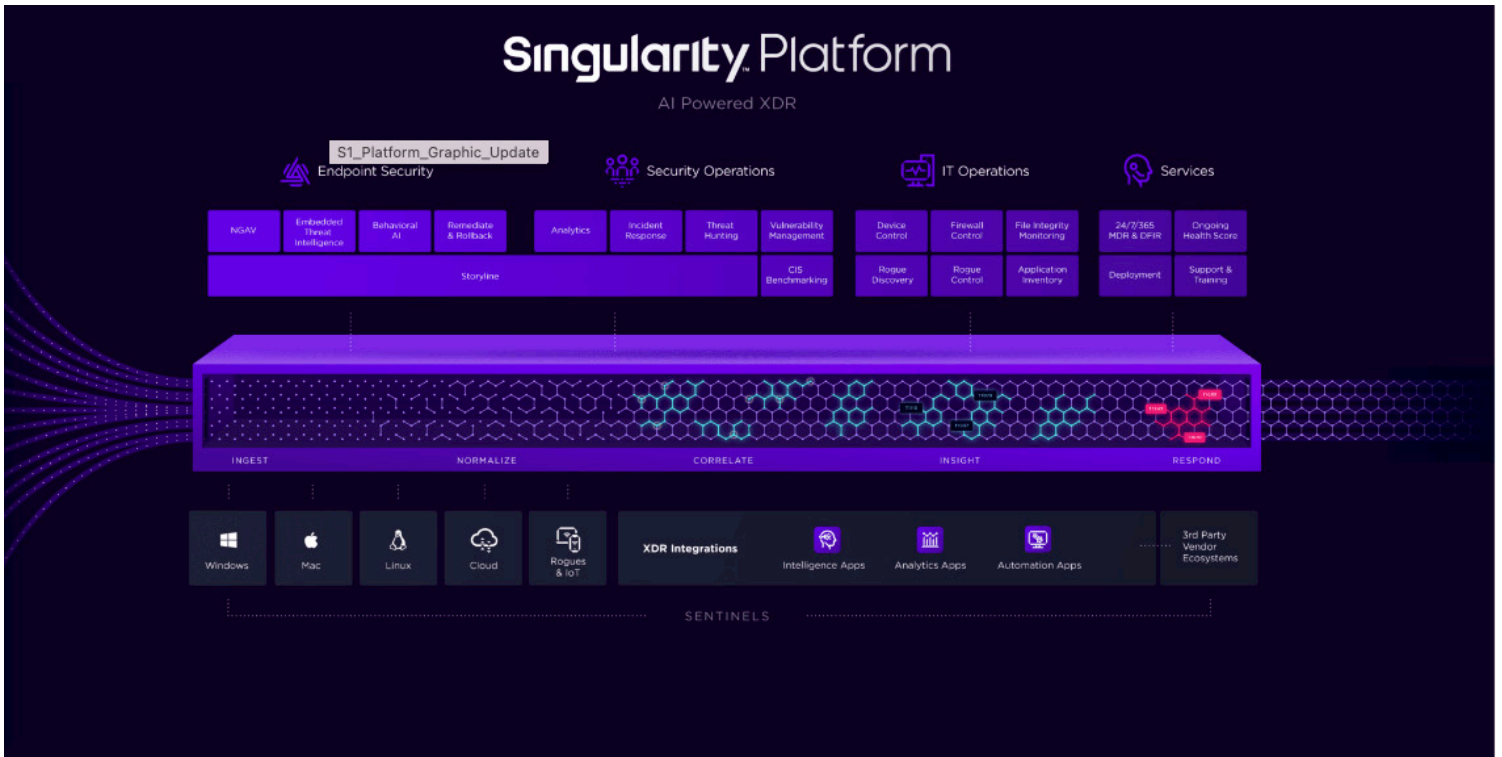
A Russian-speaking hacking group, known as Killnet, has said

it was behind the attack and it was in retaliation for Lithuania blocking shipments of some goods to Russia. The attack on the network is being investigated as a "distributed denial of service attack", which is where website users are bombarded with fake traffic, leading them offline.³

In response to recent cyberattacks worldwide, many governments are taking action. The Canadian government has proposed a bill where companies in the finance, energy, telecommunications, and transportation sectors will be required to increase their cybersecurity, or they could face hefty penalties ranging from \$1.0 million to \$15.0 million.

If the bill is passed, the Act Respecting Cyber Security will provide the federal government with more control over how companies in the critical sector of the Canadian economy respond to cybersecurity incidents. Furthermore, companies will also have to report cybersecurity incidents to the government's Cyber Centre and build programs that can detect severe attacks and protect cybersecurity systems.⁴

COMPANY SPECIFIC UPDATES



Source: SentinelOne Inc. Security platform

SentinelOne Inc.

SentinelOne Inc., held by the fund, is a provider of an autonomous cybersecurity platform in the U.S. and internationally. Recently, the company announced two key developments that will make its products more compelling to end-users and more fruitful for the company.

First, SentinelOne announced a new integration with Torq (a provider of no-code security automation) that would enable cybersecurity teams to improve their response time to cyberthreats, ease alert fatigue, maintain compliance, and improve overall cybersecurity.⁵

Second, the company announced integrations with IBM, Swimlane, and Intezer. At its core, these integrations will help increase the use of the company's Singularity platform. The new integrations with security and software solutions providers cover security information and event management (SIEM), security orchestration, automation and response (SOAR), and malware analysis.⁶



Source: Envatoelements/alexnddz

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	4 YR	SI**
CYBR (HEDGED)	-3.37	-25.27	-23.30	2.99	10.34	10.82	13.76
CYBR.B (UNHEDGED)	-2.14	-24.75	-21.27	0.55	10.35	11.06	15.76
CYBR.U (USD)	-3.84	-26.05	-24.19	3.25	10.97	-	11.04

Source: Bloomberg, as at June 30, 2022.

** Performance since inception of CYBR and CYBR.B on September 18, 2017.

Performance since inception of CYBR.U on May 14, 2019.

Sources:

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2. Boutilier, A., and Cooper, S., "National Defence looking at potential 'impacts' after cyberattack on military contractor," Global News, June 9, 2022; <https://globalnews.ca/news/8906423/national-defence-potential-impacts-cyberattack-military-contractor>.
3. Lyngaas, S., "Pro-Russia hackers claim responsibility for 'intense, ongoing' cyberattack against Lithuanian websites," CNN, June 27, 2022; <https://www.cnn.com/2022/06/27/politics/lithuania-cyber-attack-pro-russian-group/index.html>.
4. Tunney, C., "New federal bill would compel key industries to bolster cyber security — or pay a price," CBC, June 14, 2022; <https://www.cbc.ca/news/politics/cyberattacks-bill-1.6487826>.
5. SentinelOne Inc., "SentinelOne Integrates with Torq, Streamlining SOC Workflows with Automated Incident Response," June 28, 2022; <https://www.sentinelone.com/press/sentinelone-integrates-with-torq-streamlining-soc-workflows-with-automated-incident-response>.
6. SentinelOne, Inc., "SentinelOne Expands Singularity Marketplace with New Integrations for SIEM, SOAR, and Malware Analysis," June 22, 2022; <https://www.sentinelone.com/press/sentinelone-expands-singularity-marketplace-with-new-integrations-for-siem-soar-and-malware-analysis>.

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*The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in per unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or returns on investment in the ETF. ETFs are not guaranteed, their values change frequently, and past performance may not be repeated.

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