The products provided by the companies in CYBR are services that governments and major companies worldwide will continue to spend on.”

Indeed, when tech stocks declined in the fall, CYBR was able to remain consistent. Lala says he’s working on spreading the message that CYBR represents a different kind of technology and can help advisors diversify their portfolios.

“A lot of advisors were really too heavy in tech through large companies in the sector like the FAANG stocks,” he says. “But why not allocate towards cyber? It is a different kind of technology that can potentially generate alpha.”

A passive index-based ETF, CYBR uses the Solactive Global Cyber Security Index to select its holdings, focusing on companies with a minimum of $100 million in market cap and a minimum of $2 million daily trading volume. There are 37 holding in the fund, primarily in the US, but Lala notes that even the smallest company in the fund has a market cap of $500 million. While there are other ETFs that have a cyber component to them, CYBR remains the only ETF in Canada that is fully devoted to cybersecurity companies.

So far, the fund has found tremendous success. It was Canada’s top-performing equity ETF in 2018 and was also the best-performing cybersecurity ETF worldwide. It outperformed FAANG in 2018 with far less volatility. And its success helped Evolve become Canada’s fastest-growing ETF provider; the firm had approximately $400 million in AUM as of December 2018.

Looking forward, Lala says he has no reason to believe this momentum will shift.

“CYBR provides an opportunity for alpha generation, diversifies portfolios, and there is a long-term growth prospect within the sector,” he says. “The most important question that we get asked is, ‘Have I missed it?’ But when you look at what drives CYBR, cybercrime and spending on cybersecurity indicates more growth, and it could still perform well in a recession environment.”

Raj Lala, Evolve ETFs