

Evolve Cyber Security Index Fund

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 April 30, 2019



ETF TICKER: CYBR (Hedged); CYBR.B (Unhedged); CYBR.U (USD)
MUTUAL FUND FUNDSERV CODE: EVF150 (Class F); EVF151 (Class A)

MACROECONOMIC HIGHLIGHTS:

- Cybersecurity is probably the biggest threat to the US financial system, according to J.P. Morgan's CEO, Jamie Dimon. He said the firm spends almost \$600 million annually on cyberdefenses in a letter to shareholders. Dimon called cybersecurity an "arms race" that was critical for the financial industry, as well as for sectors such as utilities and tech; and suggested that improvements be made to the local and international regulatory framework tied to cyber risk.
- The potential for foreign cyber influence before and during the fall federal election is high according to Canada's national cybersecurity agency, the Communications Security Establishment (CSE). The CSE said that it is "very likely" that voters, political parties, candidates and political staff will all be "attractive targets."
- And in ongoing news about security breaches at Facebook, the social media giant confirmed that its password-related security incident in March affected "millions" of Instagram users, not "tens of thousands" as first thought. Facebook admitted it had inadvertently stored "hundreds of millions" of user account passwords in plain text for years, dating to as far back as 2012, accessible to some 2,000 engineers and developers but the data was not leaked outside of the company.ⁱ
- Facebook also disclosed that it expected to be fined up to \$5-billion by the Federal Trade Commission for privacy violations. Yet, some lawmakers believe a fine would not suffice in punishing Facebook but instead it should implement far reaching reforms in management, privacy practices and culture.ⁱⁱ
- A recent survey by the immigration consulting company Envoy Global indicated that 65% of international tech employers might be heading to Canada. Nearly 40% of the firms said they're considering expanding into Canada, and more than 20% said they have already established at least one Canadian office.ⁱⁱⁱ
- In company news, Goldman Sachs upgraded Symantec from neutral to buy, citing potential outperformance over the next year, based on a path for sustained revenue growth. Symantec expects FY20 to show key metric improvements as the company returns to normalized execution, business mix stabilization, and benefits from revenue already on the balance sheet.





- FireEye Inc. reported Q1 results which were in line with estimates. Revenues rose by approximately 6% YoY.
- Proofpoint, which specializes in email and data-loss protection, and is a competitor to FireEye and Symantec, also reported Q1 results which beat earnings and revenue estimates. Revenues were up 25% YoY and billings were up 15% YoY. During 2019 Cybersecurity Excellence Awards held in March, Proofpoint was recognized as the Most Innovative Cybersecurity company.
- CyberArk, a global leader in privileged access security, announced that it was named a Government Security News (GSN) Homeland Security Award winner for the third consecutive year. CyberArk is the platinum winner for “Best Identity Management Platform.” The CyberArk Privileged Access Security Solution helps eliminate the most advanced cyber threats by identifying existing accounts across networks, locking them down, and leveraging advanced analytics and continuous monitoring to detect and isolate anomalous behavior to stop attacks. Its’ Privileged Access Security Solution is on the U.S. Department of Defense Information Network Approved Products List.

PERFORMANCE ATTRIBUTION:

- The ETF produced a positive return in February. The top performing holdings were Varonis Systems, followed by ZIX Corp. The largest holding by weight was Fortinet Inc.

SOURCES:

ⁱ <https://techcrunch.com/2019/04/18/instagram-password-leak-millions/>

ⁱⁱ <https://www.theglobeandmail.com/business/technology/article-instagram-growth-boosts-facebook-revenue-but-potential-privacy/>

ⁱⁱⁱ <https://globalnews.ca/news/5117201/canada-immigration-tech-trump/>

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.