

## 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 January 29, 2021



**ETF TICKER:** CYBR (Hedged); CYBR.B (Unhedged); CYBR.U (USD)

**MUTUAL FUND FUNDSERV CODE:** EVF150 (Class F); EVF151 (Class A)

January saw stunning takedowns of online criminal operations running two of the most pernicious malwares on the web today. Police in Canada, the United States, the Netherlands, Germany, the United Kingdom, France, Lithuania, and Ukraine coordinated the seizure of the infrastructure behind the Emotet botnet and disrupted the Netwalker ransomware in separate actions.

According to Europol, law enforcement was able to gain control of the Emotet infrastructure and take it down from the inside using a “unique and new approach.” First discovered as a banking Trojan in 2014, since then Emotet has by some estimates been responsible for delivering up to 60 per cent of all malware online. 13 of the 50 command and control servers behind Emotet were located and seized in Canada. Law enforcement officials in the Netherlands plan to deliver an update through captured Emotet servers in April that will erase any malware previously delivered through the botnet.

The Netwalker ransomware-as-a-service operation was also disrupted by law enforcement as authorities seized control of the Netwalker web site. The Netwalker group has collected over \$30 million in ransoms since their first significant attacks in March 2020. Netwalker often targeted the healthcare sector, taking advantage of COVID-19 fears to extort victims.

Concern over the hack of SolarWinds Orion continued to bubble in January. Most coverage has focused on the potential exposure of 79 of the Fortune 100 companies and upward of 250 federal agencies in the United States, including the departments of State, Treasury, Commerce, Energy and Homeland Security, as well as corporations like Microsoft and security firm FireEye. However, security vendor Kaspersky released a new report in January indicating that roughly a third of organizations that downloaded the compromised software were industries, including manufacturing firms, utilities, energy companies, construction firms and transportation firms meaning the hack was even more widespread across the economy than previously known.

In related news, FireEye released a report saying the group behind that hack also exploited a vulnerability in Microsoft’s Office365 to hack into and compromise security firm Malwarebytes. One of the techniques involved password guessing to take over login accounts.





January saw BlackBerry, a holding of the Fund, expand its partnership with the Chinese search engine giant Baidu. Under this expanded partnership, Baidu's high-definition maps will run on BlackBerry latest QNX Neutrino OS. More importantly, these maps and the BlackBerry OS will be used by GAC Group in their upcoming mass-produced electric vehicles. GAC Group — which currently has partnerships with Honda, Fiat, Toyota, Isuzu, and Mitsubishi — is one of the key automakers in the Chinese market.

BlackBerry also settled its it's long-running intellectual property rights infringement dispute with Facebook in January. BlackBerry has yet to provide details on the settlement.

Fund holding CrowdStrike announced its intention to raise \$750 million via senior unsecured notes due in 2029. Proceeds will be used “for general corporate purposes, which may include, among other things, acquisitions, capital expenditures, and working capital.”

And Palo Alto Networks, also a holding of the Fund, unveiled its new Internet of Things (IoT) security solution for healthcare in January. Palo Alto Networks new IoT Security simplifies the securing of Internet of Medical Things (IoMT) through machine learning-powered visibility, prevention and enforcement. This technology will also offer deep insights on healthcare-specific devices and vulnerabilities. Data security and patient safety will ultimately be improved, while meeting the needs of both IT and clinical engineering teams.

## PERFORMANCE ATTRIBUTION:

For the month, BlackBerry Ltd made the biggest contribution to the Fund, followed by Fastly Inc, and GDS Holdings Ltd. By weight, the Fund's largest exposure was to CrowdStrike Holdings Inc, followed by Palo Alto Networks Inc, and Zscaler Inc.

## SOURCES:

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