

# 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.



CYBR (Hedged)



CYBR.B (Unhedged)



CYBR.U (USD)

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

## MACROECONOMIC HIGHLIGHTS:

The Cybersecurity Maturity Model Certification (CMMC)—the new security standards all defence contractors will need to adhere to in order to bid on US military contracts—is under an ongoing “internal assessment,” according to the US Department of Defense. The review was billed as “routine” for a high-impact program like CMMC.

While CMMC is over a year into development, many companies are wary of the cost to adhere to the CMMC standard. These requirements include paying for third-party assessors to inspect your networks against a set of five-tiered stacking certification levels that identify the maturity and reliability of your company’s cybersecurity infrastructure.

Failure to meet the CMMC level required in a contract means a contractor is ineligible to bid on contracts for companies making up the defence industrial base (DIB)—the 300,000+ businesses, organizations, and universities that research, design, supply, and operate US military systems.

In related defence cybersecurity news, CACI International—held by the Fund—was selected as one of the 144 vendors to participate in the US Defense Intelligence Agency’s \$12.6 billion Solutions for Information Technology Enterprise (SITE III) contract. The managed-services offerings for SITE III will include cybersecurity and enterprise computing, storage and cloud services.

CACI also announced in March an accelerated share repurchase of \$500 million, representing about 2.1 million shares. CACI received an initial delivery of about 1.7 million shares on March 16, with the remainder of the repurchases expected to close before the fourth quarter of 2021.

Fortinet has partnered with AT&T to help the telecom company expand its portfolio of Managed Security Services for Secure Access Service Edge (SASE) for businesses. SASE combines software-defined wide-area networking (WAN) with essential security functions. As the largest SD-WAN Managed Service Provider in North America and one of the world’s largest Managed Security Services Providers (MSSPs), AT&T is in a unique position to leverage Fortinet’s enterprise-level cybersecurity solutions for a workforce that is increasingly remote and accessing data from a variety of company and personal devices.

Fortinet also announced a similar partnership with wireless networking products provider Linksys. The Fortinet-Linksys combo will offer enterprise-grade connectivity and security services to organizations, increasing security and boosting the performance and management of home networks. This will enable employers to provide agile and secure connectivity for their remote workforce via Fortinet's Security Fabric product. Security Fabric helps improve secure connectivity and consistent visibility and control for cloud computing environments. As part of the partnership, Fortinet has invested \$75 million in Linksys.

Trend Micro Inc, a leader in cloud security held by the Fund, blocked 16.7 million high-risk email threats in 2020 that slipped past webmail providers' native security filters. This number is up nearly a third from 2019 totals.

Overall, Trend Micro detected 1.1 million malware-laden emails that would otherwise have slipped through into users' inboxes (up 16% from 2019), 6.9 million phishing emails looking for personal and financial information (up 19% from 2019), and 5.5 million phishing attempts for corporate and business credentials (up 14% on 2019 numbers). These statistics are based on Trend Micro's Cloud App Security (CAS) results, an API-based solution that provides second-layer protection for Microsoft Exchange Online and Gmail, amongst others.

## PORFOLIO STRATEGY AND ACTIVITY:

For the month, Fortinet Inc made the biggest contribution to the Fund, followed by CACI International Inc., and Trend Micro Inc. By weight, the Fund's largest exposure was to Fortinet Inc, followed by Zscaler Inc, and Palo Alto Networks Inc.

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## SOURCES:

<https://www.fedscoop.com/dod-cmmc-review-new-administration/>  
<https://www.fedscoop.com/dia-awards-12-6b-enterprise-contract/>  
<https://finance.yahoo.com/news/caci-international-buy-back-500m-140126046.html>  
<https://finance.yahoo.com/news/t-t-partners-fortinet-ftnt-130701712.html>  
<https://finance.yahoo.com/news/fortinet-ftnt-inks-network-security-142102827.html>  
<https://finance.yahoo.com/news/cloud-based-email-threats-capitalized-134500776.html>

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