

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.

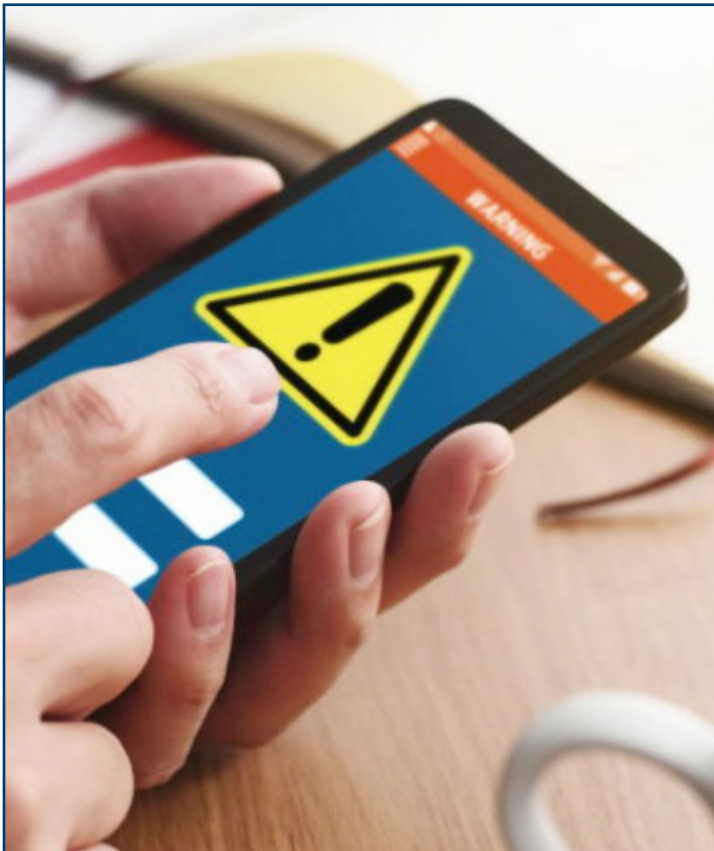
Spending on cybersecurity is driven by cyber attacks on:

- 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: Pcmag.com/ gettyimages

Not a day goes by it seems without cybersecurity-related issues. Businesses and organizations continue to report data breaches and cyberattacks worldwide.

Meta Platforms Inc., for example, recently revealed that roughly one million Facebook users might have had their accounts compromised due to issues with apps downloaded from Apple Inc.'s and Alphabet Inc.'s app stores.

The company identified over 400 malicious iOS and Android apps this year that targeted users to steal their login information. At their core, these apps look as if they are photo editors, mobile games, or health trackers, but instead are used to steal user information.

Apple said 45 of the 400 apps identified were on its App Store and have since been removed. Alphabet has also removed the malicious apps¹

In Australia, Medibank—an insurance company with 3.7 million customers—had a major privacy breach where customers' data, including names, addresses, birth dates, national health care identification numbers, phone numbers, diagnoses, and treatments, were held for ransom by a cybercriminal.

Cybersecurity Minister, Clare O'Neil, said that it's concerning that records of medical diagnoses and procedures has also been part of the data breach and deemed it a dog act.

The cybercriminal behind the data breach threatened to sell the data to third parties and identified 1,000 politicians, media personalities, actors, LGBTQ activists, and drug addicts within the data for exposure.²

In Canada, cyber frauds are also on the rise. According to a report by the Better Business Bureau (BBB), online scams have increased 87% in Canada since 2015. The report said that 55% of more than 300,000 scams reported to the BBB since 2015 took place online, and 75% of those scams were unfortunately successful, resulting in loss of money.³

While cyberattacks and cybersecurity-related issues grow, mergers and acquisitions activities could also increase. Vista Equity Partners, a private equity firm run by billionaire Robert Smith, offered to buy cybersecurity software firm KnowBe4 Inc. for \$24 per share in cash.

KnowBe4 Inc. offers security awareness training that teaches employees how to fend off malware, phishing, and other cybersecurity-related threats. It is also held by the fund. Vista Equity Partners' offer gives the company a market value of \$3.9 billion.⁴

COMPANY SPECIFIC UPDATES



Source: Forgerock.com

ForgeRock Inc.

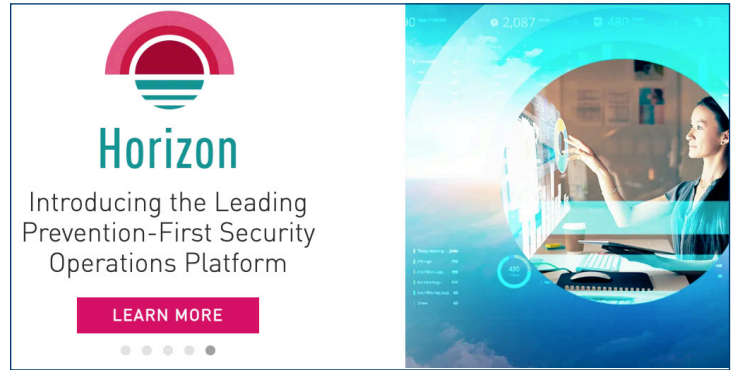
ForgeRock Inc., a cybersecurity company focused on providing digital identity platforms globally and held by the fund, was recently in talks with private equity firm Thoma Bravo to be acquired for \$2.3 billion.

ForgeRock would be the firm's third purchase in the cybersecurity space.

Chip Virnig, a partner at Thoma Bravo, said that identity-centric cybersecurity solutions are critical for businesses when it comes to digital transformation and ForgeRock's solutions combine both the advanced security and customer usability needed in the market.⁵



Check Point
SOFTWARE TECHNOLOGIES LTD.



Source: Checkpoint.com

Check Point Technologies Ltd.

Check Point Software Technologies Ltd., held by the fund and one of the largest contributors to the return, is a leading provider of cybersecurity solutions around malware, ransomware, and other threats. Recently, the company reported solid financial performance for the third quarter of 2022.

While Check Point Software Technologies' revenue increased and profitability improved during the third quarter of 2022, it also expanded its infinity platform by introducing a cybersecurity solution called Horizon. This cybersecurity solution is focused on improving defenses across networks, the cloud, and endpoints to deter any cyberattacks.⁶

PORTFOLIO STRATEGY AND ACTIVITY

For the month, Booz Allen Hamilton Holdings made the largest contribution to the Fund, followed by Fortinet Inc. and Check Point Software Tech. The largest detractors to performance for the month were SentinelOne Inc., followed by Zscaler Inc. and GDS Holdings Ltd. By weight, the Fund's largest geographic exposure was to the United States, followed by Israel and Japan.

PERFORMANCE (%)

TOTAL RETURNS*	1 MTH	YTD	1 YR	2 YR	3 YR	4 YR	5 YR	SI**
CYBR (HEDGED)	2.97	-28.77	-33.69	-0.62	9.43	9.53	11.33	11.75
CYBR.B (UNHEDGED)	1.48	-24.99	-28.65	-0.34	10.78	10.96	13.00	14.59
CYBR.U (USD)	2.90	-30.35	-35.20	-1.46	9.52	-	-	8.03

Source: Bloomberg, as at October 31, 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. McQuirk, R., "Hacker holds Australian health insurer's data for ransom," CP24, October 20, 2022; <https://www.cp24.com/world/hacker-holds-australian-health-insurer-s-data-for-ransom-1.6117142>.
3. Donnini, A., "October is Cyber Security Awareness Month. How secure are you?" CBC, October 11, 2022; <https://www.cbc.ca/news/canada/london/cyber-security-awareness-month-1.6612068>.
4. Fatunde, M., "Vista Equity Makes Offer for Software Security Firm KnowBe4," BNN Bloomberg, September 19, 2022; <https://www.bnnbloomberg.ca/vista-equity-makes-offer-for-software-security-firm-knowbe4-1.1820735>.
5. Miller, R., "Thoma Bravo buys third identity company this year with \$2.3B ForgeRock acquisition," Techcrunch, October 11, 2022; <https://techcrunch.com/2022/10/11/thoma-bravo-buys-third-identity-company-this-year-with-2-3b-forgerock-acquisition>.
6. "Check Point Software Technologies Reports 2022 Third Quarter Financial Results," Yahoo! Finance, October 27, 2022; <https://finance.yahoo.com/news/check-point-software-technologies-reports-090000943.html>.

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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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