



Hack Alert: This Cybersecurity ETF Could Explode

Description

In just the first six months of 2018, 3.3 billion data records were stolen by hackers and cyber criminals. That's an estimated 214 data records stolen every second. Each of those records represents a person's identity, residency status, health record, credit score, or card details.

Cyber crime is a deeply troubling, vastly misunderstood, and woefully underappreciated risk we all face. Businesses of all sizes and citizens of all countries are exposed to this risk, yet cyber security tools are not yet widely adopted. According to a **Gartner** study, 38% of global organizations say they are unprepared to face a sudden cyber attack.

A persistent risk of this magnitude is untenable. Something has to change, and two catalysts could push for wider adoption of cyber security tools in the near future. One such catalyst could well be government regulations on digital security standards and data protection, while the other could be a catastrophic global attack with a deep impact.

In either case, more businesses and individuals invest in their online security, which means the creators of security platforms and tools could experience a windfall. Much of that windfall is captured by the **Evolve Cyber Security Index Fund** ([TSX:CYBR](#)).

The company is Canada's first and only pure-play cyber security exchange-traded fund (ETF). The underlying portfolio includes 37 companies directly involved in the cyber security space through hardware or software deployments.

According to the ETF issuer's website, the team is focused on companies that stand to gain from the "increase in spending on cyber security over the next five to ten years."

Thus far, Evolve Cyber Security's hunt has led to North America, with 76% of the portfolio concentrated in stocks listed in the United States. The largest holdings include well-known cyber security stocks such as **Palo Alto Networks**, **Fortinet**, **Symantec**, and **Akamai Technologies**.

These companies create sophisticated tools that help businesses or regular users comprehensively protect their devices.

Their relatively affordable platforms can save all the data on a device before a ransomware attacker can lock it away, implement firewalls so employees cannot visit unscrupulous websites, and monitor the entire enterprise network so that technical experts are alerted when a data breach occurs.

Not only are these services essential, but they're required on an ongoing basis. Providing security is a business model with lucrative margins and the potential for recurring income.

As the industry expands and more people become aware of the threat they face in the digital age, a savvy cybersecurity company is likely to take the lead and create a multi billion-dollar, multinational business with stable earnings growth and high margins.

Choosing the right company at this stage is difficult, which is why the Evolve Cyber Security Index Fund is a better option for investors. Since inception in 2017, the ETF has delivered 41% cumulative returns for shareholders. Assets under management recently crossed \$63 million, while the stock price is currently on par with its net asset value per share.

Bottom line

Investors who understand the potential of the cybersecurity industry need to look for ways to add exposure to this market to their portfolio. At the moment, I believe Evolve Cyber Security Index Fund is one of the best options.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:CYBR (Evolve Cyber Security Index Fund)

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