



Investment Rationale

- A tense geopolitical environment and the accelerated digitization of the economy are a fertile ground for cyber criminals, with the number of attacks surging.
- The next growth driver is already visible, with the emergence of the Internet of Things expected to spark a massive rise in the number of vulnerabilities (autonomous cars, medical wearables...).
- Against this backdrop, all organizations face massive intrusion threats, suggesting they will have no choice but to roll out Zero Trust security architectures that combine user identification and access management with device protection.
- M&A is adding some spice to the investment case as private equity and Tech companies seek to consolidate this fragmented market.

Certificate Details

ISIN	CH0473585252	DE000US8NX94
NAV	USD 112.0	USD 68.7
Inception Date	08.11.2019	27.09.2021
Issuer Rating	UBS / S&P A+	Kepler - UBS S&P A+
Number of Holdings	29	
Liquidity	Daily	
Management fees	1.6% (incl. issuer fees)	
Performance fees	15% (HWM)	

Investment Universe

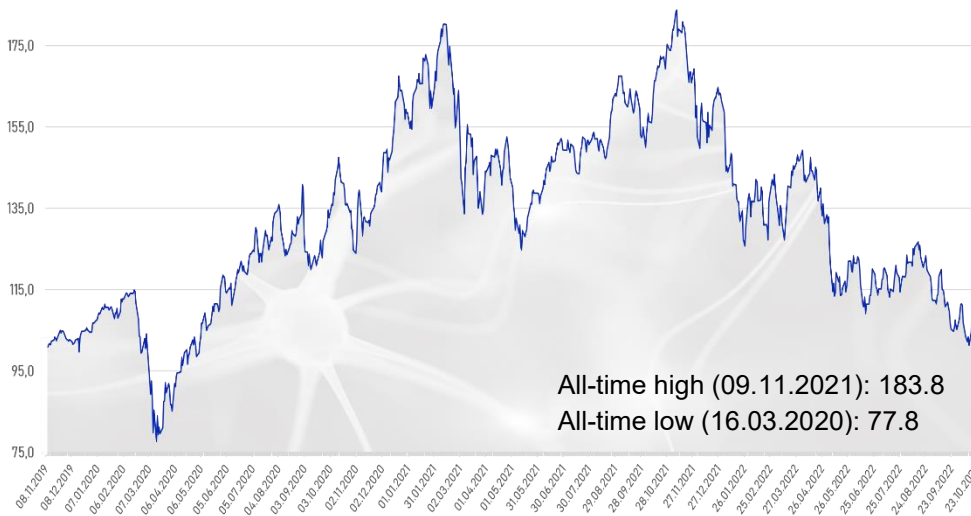


October Report

- The Digital Security & Privacy certificate gained 6.4% in October and underperformed the MSCI World by 0.8%.
- While macro uncertainty was widely expected to weigh on quarterly figures and guidance of most companies, revenue and earnings reported so far in the cybersecurity industry (Check Point, Tenable) show continued strength with revenue/billings growth in line or even above the previous quarter and operating margin upside, suggesting that cost escalation is well under control.
- Importantly, if the sales cycles in the industry started to elongate a couple of months ago, there was no worsening during the quarter according to Tenable.
- The only exception was F5 in networking security which suffered deal push-outs in its software business.
- Turning to M&A, private equity Thoma Bravo made another move in identity and access management after the recent takeovers of SailPoint and Ping with the acquisition of ForgeRock for \$2.3 billion and a hefty 53% premium.
- This confirms the appeal and strategic nature of IAM for cybersecurity offerings and suggests that the two remaining players CyberArk and Okta could be up for grab at some point.
- Data analytics firm Splunk is also attracting increasing speculation as activist investor Starboard Value and private equity are circling the company which was reportedly in M&A talks with Cisco earlier this year.



Performance



	2020	2021	2022
Jan	3.3%	0.8%	-14.9%
Feb	-7.8%	-2.3%	3.5%
Mar	-9.0%	-10.1%	3.2%
Apr	11.8%	1.6%	-10.5%
May	13.9%	-2.6%	-8.9%
Jun	4.5%	7.7%	-5.0%
Jul	10.9%	0.9%	4.0%
Aug	-0.1%	7.9%	-1.5%
Sep	-2.4%	-6.0%	-9.7%
Oct	-4.5%	14.7%	6.4%
Nov	13.4%	-5.7%	
Dec	12.1%	-2.2%	
Annual	51.5%	2.0%	-30.7%

Top Contributors

A10 Networks (ATEN US)
ForgeRock (FORG US)
Check Point (CHKP US)

Worst Contributors

Zscaler (ZS US)
SentinelOne (S US)
CrowdStrike (CRWD US)

Risk

Beta vs. MSCI AC World	1.3
Correlation vs. MSCI AC World	0.7
Realized Volatility (Annualized)	35.1
Cash Allocation	6.5%

Portfolio Structure

Top Holdings

Palo Alto Net (PANW US)
Check Point (CHKP US)
Fortinet (FTNT US)

Top 5 Currencies

USD 96%
GBP 2%
JPY 2%

Market Cap Breakdown [USD]

Mega (> 200bn)	8%
Large (10bn to 200bn)	62%
Medium (2bn to 10bn)	30%
Small (300mln to 2bn)	0%
Micro (50mln to 300mln)	0%

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