



## 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

<b>ISIN</b>	CH0473585252	DE000US8NX94
<b>NAV</b>	USD 102.6	USD 62.9
<b>Inception Date</b>	08.11.2019	27.09.2021
<b>Issuer Rating</b>	UBS / S&P A+	Kepler - UBS S&P A+
<b>Number of Holdings</b>	33	
<b>Liquidity</b>	Daily	
<b>Management fees</b>	1.6% (incl. issuer fees)	
<b>Performance fees</b>	15% (HWM)	

## Investment Universe

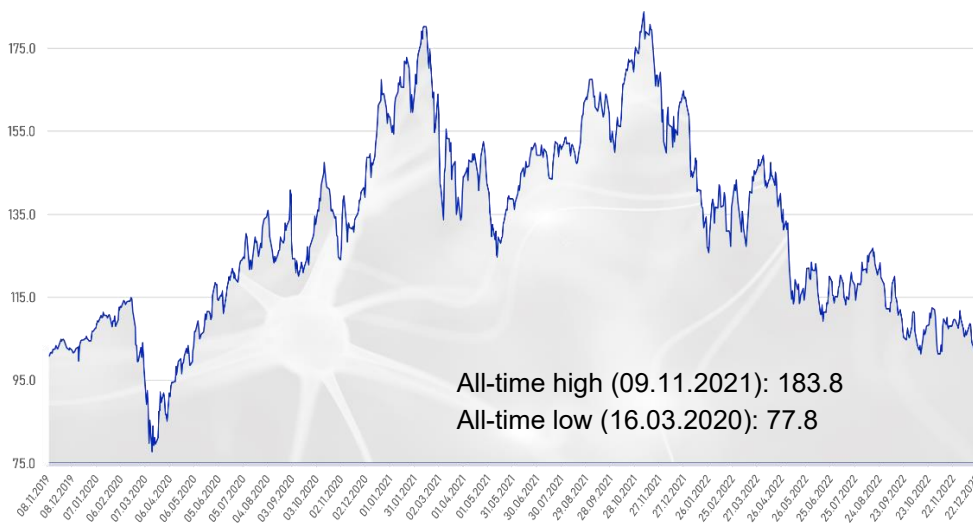


## December Report

- The Digital Security & Privacy certificate fell 5.7% in December and underperformed the MSCI World by 1.5%.
- The earnings season in cybersecurity ended just like it started, with wildly different investor reactions to revenue growth and earnings figures that, fundamentally, were strong and showed a continued momentum.
- While cybersecurity highflyer Zscaler, for which expectations are high, failed to impress despite 54% revenue growth in Q1 and a full-year guidance upgrade, companies such as Okta and Splunk, that have been struggling for a while and for which the bar is low, were rewarded for posting 40% and 37% growth, respectively and showing signs of improved execution.
- Worth noting, Splunk materially raised its FY23 operating margin guidance (to 12-13% from 8% previously), strengthening our view that profitability could now become a key pillar of the cybersecurity investment thesis and that margin positive surprises could offset any top-line downside.
- Looking at industry trends, ransomware attacks keep increasing at an alarming rate thanks notably to the emergence of the Ransomware-as-a-Service (RaaS) "business model" in the hackers' community. In RaaS, ransomware criminals lease out their infrastructure (advertised on the dark web) to other cybercriminals, allowing them to be up and running quickly and at affordable costs.



## 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%	-2.8%
Dec	12.1%	-2.2%	-5.7%
<b>Annual</b>	<b>51.5%</b>	<b>2.0%</b>	<b>-36.5%</b>

### Top Contributors

Okta (OKTA US)  
Splunk (SPLK US)  
Varonis Systems (VRNS US)

### Worst Contributors

Palo Alto Net (PANW US)  
Cyberark (CYBR US)  
Zscaler (ZS US)

### Risk

Beta vs. MSCI AC World	1.25
Correlation vs. MSCI AC World	0.7
Realized Volatility (Annualized)	34.7
Cash Allocation	3.5%

## Portfolio Structure

### Top Holdings

Cisco (CSCO US)  
Palo Alto Net (PANW US)  
Cyberark (CYBR US)

### Top 5 Currencies

USD	92%
JPY	3%
CNY	3%
GBP	2%

### Market Cap Breakdown [USD]

Mega (> 200bn)	0%
Large (10bn to 200bn)	53%
Medium (2bn to 10bn)	36%
Small (300mln to 2bn)	7%
Micro (50mln to 300mln)	0%

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