



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 107.8	USD 65.9
Inception Date	08.11.2019	27.09.2021
Issuer Rating	UBS / S&P A+	Kepler - UBS S&P A+
Number of Holdings	36	
Liquidity	Daily	
Management fees	1.6% (incl. issuer fees)	
Performance fees	15% (HWM)	

Investment Universe



February Report

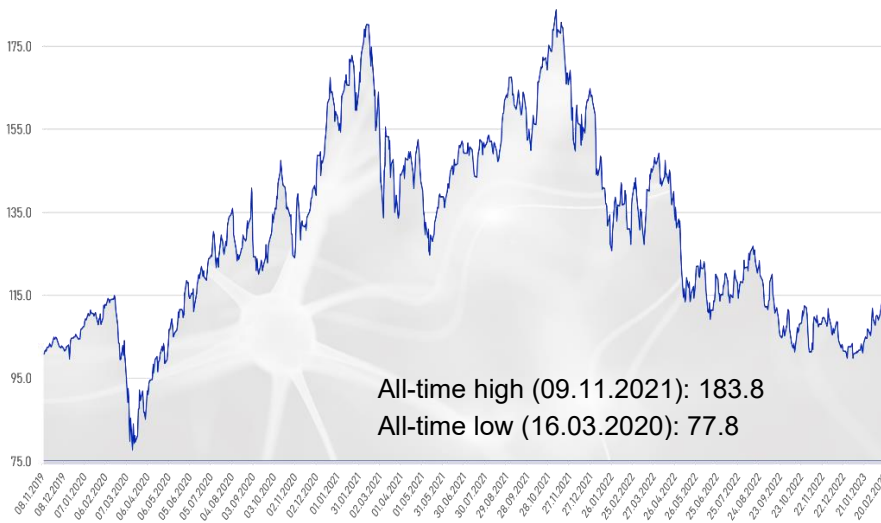
- The Digital Security & Privacy certificate gained 0.9% in February and outperformed the MSCI AC World by 3.6%.
- Even if growth has been slowing down, most cybersecurity companies delivered a message of confidence during the earnings season. Commercial pipelines indeed keep building up at Fortinet, Varonis or Tenable with healthy new customer interest and engagement from existing customers. This was reflected in the guidance provided for FY23 with Fortinet expecting billings up 21% (slightly ahead of consensus at 20%), Tenable anticipating 18% revenue growth (slightly below consensus at 19%) and Varonis reiterating its 10-12% revenue growth guide (in line).
- Profitability was another bright spot with 2023 operating

margins expected to expand at Tenable (+100bps to 11%), Varonis (+70bps to 6.9%) or Palantir (22%, 600bps ahead of guidance). We believe that investor concerns about wage inflation should now gradually fade away as most companies demonstrate their ability to navigate this environment through disciplined spending.

- The current margin strength also suggests that the risk/reward appears attractive going forward. If current macro weakness persists or intensifies, restructuring measures could limit EPS downside. But if macro challenges were to ease and growth to reaccelerate, the margin leverage would be significant and the EPS upside massive.



Performance



	2020	2021	2022	2023
Jan	3.3%	0.8%	-14.9%	4.1%
Feb	-7.8%	-2.3%	3.5%	0.9%
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%	
Annual	51.5%	2.0%	-36.5%	5.0%

Top Contributors

Palo Alto Networks (PANW US)
Fortinet (FTNT US)
New Relic (NEWR US)

Worst Contributors

Absolute Soft (ABST US)
Akamai (AKAM US)
Verisign (VRSN US)

Risk

Beta vs. MSCI AC World	1.1
Correlation vs. MSCI AC World	0.7
Realized Volatility (Annualized)	34.2
Cash Allocation	0%

Portfolio Structure

Top Holdings

Palo Alto Networks (PANW US)
Fortinet (FTNT US)
Splunk (SPLK US)

Top 5 Currencies

USD	92%
CNY	3%
JPY	2%
HKD	2%
GBP	1%

Market Cap Breakdown [USD]

Mega (> 200bn)	0%
Large (10bn to 200bn)	57%
Medium (2bn to 10bn)	35%
Small (300mln to 2bn)	8%
Micro (50mln to 300mln)	0%

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