



Cybersecurity ETFs

We're bullish on the entire sector and have mainly been contemplating whether we want to own individual stocks or these two ETF's. Let's break them down:

HACK ETF:

- Expense Ratio: 0.64%
- Assets Under Mgmt: \$1.62B
- P/E: 123.77
- 46 Holdings
- YTD: +18.55%
- 3 YR Return: 12.91% annualized

Top 5 Holdings as a % of ETF:

- Cisco at 4.5%
- Imperva at 4.45%
- FireEye at 4.12%
- Symantec at 4.08%
- Juniper at 4.02%

Allocation:

- 87% in United States
- 5.9% U.K.
- 5.2% Japan

Note that a lot of this year's performance (when compared to CIBR) can be related to the fact that on October 10th, Imperva got bought out for \$2.1B sending shares from \$43 to \$55.30

CIBR ETF:

- Expense Ratio: 0.60%
- Assets Under Mgmt: \$765M
- P/E: 74.33
- 31 Holdings
- YTD: +13.37%
- 3 YR Return: 14.07% annualized

Top 5 Holdings as a % of ETF:

- Symantec at 6.6%
- Raytheon at 6.3%
- Cisco a 6.2%
- Palo Alto at 5.72%
- Splunk at 5.33%

Allocation:

- 85.5% in United States
- 8.71% U.K.
- 3.1% Japan

So looking at these two it really comes down to preference. Personally, we give the edge to CIBR but not by much. Why? Slightly lower expense ratio, outperforming HACK over three years (might be outperforming this year but because of the Imperva buyout it helped HACK out), and lower P/E.



We were hoping Palo Alto (PANW) would have been a top 10 let alone a top 5 holding but it isn't. We do like that they own FEYE at 4.1% but CIBR owns them too as their 6th top holding at 3.5%.

You might look and see HACK has 46 holdings vs. CIBR's 31 so it is more diversified in that regard but if you break down the sectors of those companies its a little different story. For example, HACK has an 87.73% weight in Software and IT Services, 8.88% in Communication and Networking, and 2.3% in Aerospace and Defense. On the other hand, CIBR has a 80.8% weight in Software and IT, 9.2% in Communication and Networking, 4% in Aerospace and Defense, 3.22% weight in Machinery and Equipment Components, and 2.8% in Professional and Commercial Services.

Like we said, you can't really go wrong with either. You're going to get your exposure to the cyber security market in both it simply comes down to preference.