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WisdomTree Cybersecurity UCITS ETF



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Modern companies use data collection and processing on a scale that has never been seen before. We have seen some of the largest market capitalisation companies in the world taking advantage of this.

The consequences of a data or a privacy breach have never been higher. If companies are seen to have poor data protection techniques, it could be the end of their business. It is also true that megatrends do not exist in a vacuum. Artificial intelligence, cloud computing, biotechnology, the Internet-of-Things are each significant megatrends in their own right, and if cybersecurity is not properly dealt with in each one respectively then the future of these megatrends could be at risk.

The need to protect privacy, intellectual property, money and critical business operations will grow as the world moves increasingly online.

Partnership for Cybersecurity expertise: Team8

To navigate this complex ecosystem, WisdomTree has partnered with Team8, a Venture Group specialised in cyber, data, artificial intelligence and fintech. The WisdomTree Team8 Cybersecurity Strategy provides an expert-led approach to the theme to help investors find the most important activities in cybersecurity as well as the companies that are best positioned to capitalise on this potential growth.

The cybersecurity market is far broader than a simple consideration of cyber defence. Breaking the landscape into different development themes allows for a better understanding of the

current trends, as well as the flexibility to evolve and face what comes next. A strategy must not only focus on defence, but also factor in key growth areas like the Internet-of-Things and cloud security, as well as be sensitive to security as part of general application development. Expertise is also required to understand the business models of cybersecurity and privacy companies. Some companies have exposure to many different cybersecurity themes, while others are more specialised.



Who are Team8?

Team8 is a global venture group that creates and invests in new ventures at the intersection of cyber, data, artificial intelligence and fintech. Team8’s Leadership team includes a former Director of the US National Security Agency and a former Commander of Unit 8200, the signal and cyber intelligence unit of the Israel Defence Forces (IDF).

Understanding cybersecurity

Team8’s cybersecurity growth themes are the product of Team8’s collaboration with their Village –a community of 350+ senior security executives from 300 enterprises across 20 countries, 25% of which are Fortune 500 and 55% are ForbesG2000. Team8 also closely works with their cybersecurity experts, many from Israel’s elite 8200 military intelligence unit, and global advisors to highlight the areas of immense future business growth and product depth from a technology, market trend, regulatory, and venture funding standpoint.

Themes driving the future of Cybersecurity

WisdomTree and Team8 outlined the themes, products, and services that they believe will be of critical importance to the industry in the coming years. Each theme includes the threats and technology trends driving the theme, as well as some suggested products and services that can serve as solutions to the challenges created.



Layer 8



Shift-Left



Data Security



Perimeter-less World



Smarter Security



Security of Things



Resilience & Recovery



Cloud Security

The WisdomTree Team8 Cybersecurity UCITS Index

We focus on the future of cybersecurity. Companies included in the portfolio are chosen for their high exposure to eight themes expected to drive the future growth of cyber-security and must have proven revenue growth capability.

Screening for index inclusion

The index utilizes Focus Score and Growth Score to form the portfolio comprising at least 25 cybersecurity stocks:



Focus score – quantified by each company’s perceived exposure across eight cyber development themes. Only companies deemed to have “high exposure” to at least one of the themes are included in the portfolio. These are then classified into “broad focus” and “narrow focus” buckets based on the number of themes they have a high exposure to.



Growth score – quantified by the revenue compound annual growth rate (CAGR) that each company exhibits. Companies must meet minimum CAGR requirements to enter the index and are classified into “Fast Growing”, “Growing” and other companies.



ESG Consideration – The index members are also screened for the ESG (Environmental, Social and Corporate Governance) criteria defined within the WisdomTree ESG framework.

Weighting

Weighting leverages companies’ Focus & Growth Scores and tilts the portfolio towards the companies with the broadest high exposure to the themes and the fastest revenue growth.



Broad Focus & Growing Fast
weight factor
1.33



Other companies
weight factor
1



Narrow Focus & Growing
weight factor
0.75

Why WisdomTree Cybersecurity UCITS ETF?

- + **Exposure to the future of cybersecurity:** WisdomTree’s strategy offers a refined exposure to the key development themes driving the cybersecurity space.
- + **Expert selection:** Expert partner leverages a proprietary methodology that measures the exposure of cybersecurity companies and their products to these trends.
- + **Focus & Growth:** Selected companies have high exposure to one or more key development themes in cybersecurity (Focus score) and demonstrate continued growth (Growth score).
- + **Active + Passive:** The strategy benefits from a systematic approach and active expert selection, while modified equal-weighting and semi-annual rebalancing mitigate over-valuation risk.

Fund info: WisdomTree Cybersecurity UCITS ETF – USD Acc

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base Currency	TER%
WCBR	LSE	IE00BLPK3577	WCBR LN	USD	USD	0.45
CYSE	LSE	IE00BLPK3577	CYSE LN	GBx	USD	0.45
WCBR	Borsa Italiana	IE00BLPK3577	WCBR IM	EUR	USD	0.45
W1TB	XETRA	IE00BLPK3577	W1TB GY	EUR	USD	0.45
WCBR	Euronext Paris	IE00BLPK3577	WCBR FP	EUR	USD	0.45

TER: Total Expense Ratio

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