

Cybersecurity Resilience Amid Tariff Turmoil

Monthly Cybersecurity Update

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Market Overview: April's market response to tariffs

The month of April began with a market downturn driven in part by the announcement of new reciprocal tariffs from the U.S., that were more punitive than expected, raising the U.S. effective tariff rate on imports to over 20%, the highest in over a century.¹ This led to global stock market fluctuations, as investors reacted to the potential economic implications. Major stock indexes experienced sharp declines, with the Nasdaq-100® (NDX®) and the S&P 500 (SPX) posting losses of -11.15% and -10.53%, respectively, between April 2 and April 4.²

On April 9, a temporary pause was announced on most of the new tariffs, except those targeting China.³ However, the overall sentiment remains cautious due to the ongoing trade tensions, with market volatility expected to continue. Global growth projections have been revised downward to 2.8% in 2025 and 3% in 2026, lower than previous projections of 3.3% for both years. The IMF's World Economic Outlook also highlights that global headline inflation is expected to decline, but at a slower pace than previously anticipated.⁴ Amid market uncertainty, investors will focus on the companies' guidance during the earnings season. With many revising outlooks due to economic challenges, forward-looking statements will be key to understanding how businesses are navigating ongoing trade tensions and supply chain issues.

A closer look at HUR: cybersecurity shows resilience despite market fluctuation

In April 2025, the ISE Cyber Security UCITS™ Index (HUR™) gained 3.12%, outperforming NDX, SPX, and MXWO by 1.60%, 3.88% and 2.38% respectively. The index also experienced high volatility, largely driven by ongoing developments surrounding tariffs, which have created significant market fluctuations. Following the tariff announcement, the index recorded its 6th and 7th largest single-day drops in its history on April 3 and April 4, respectively. After the temporary tariff pause on April 9, HUR posted its best single-day performance since inception, surging by 10.44%. The recovery continued in the second half of the month, with the index gaining 8.63% from April 22 to April 30. The index is down -1.61% YTD.

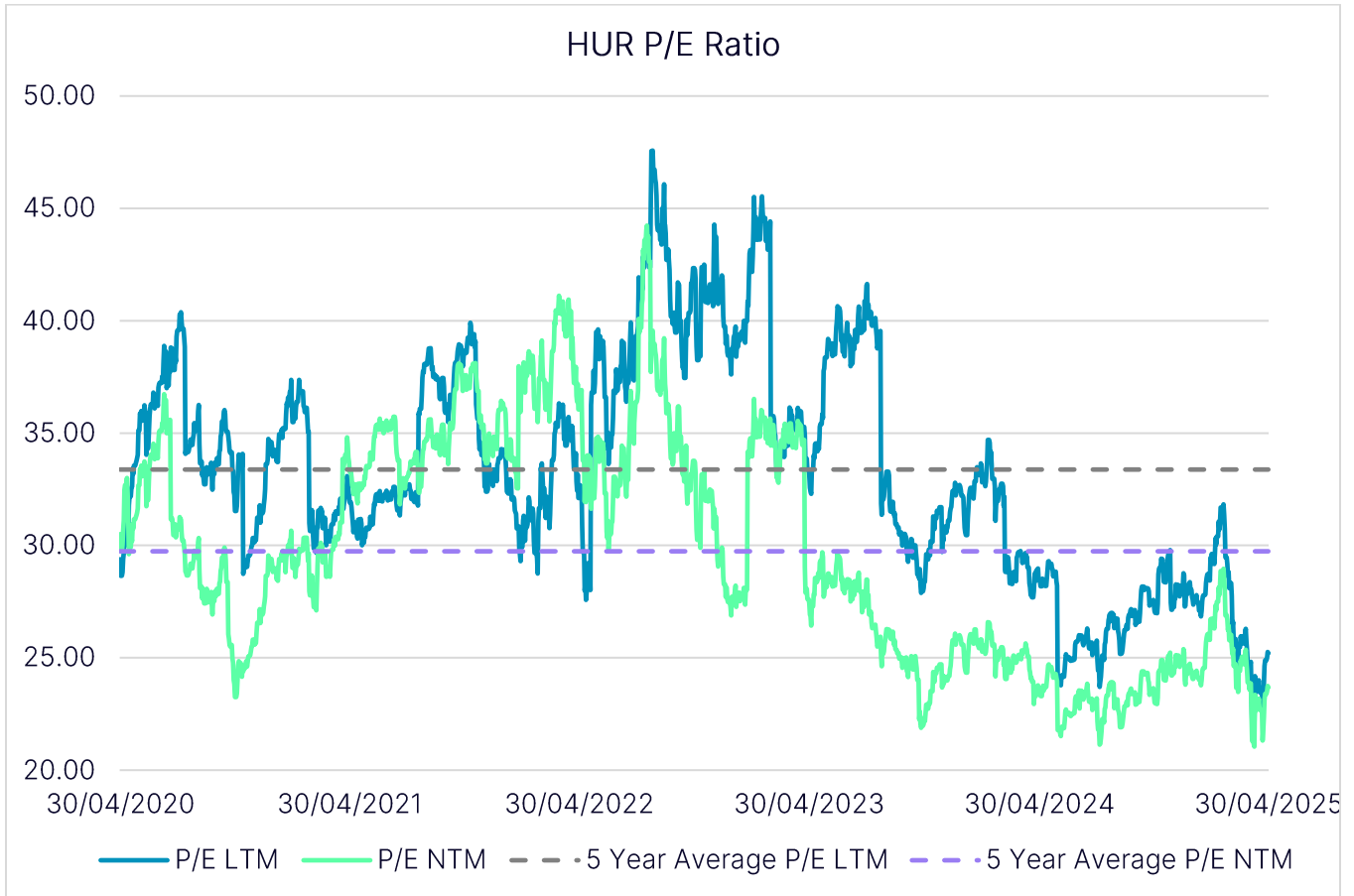
¹Tariffs announced on April 2 include a universal 10% tax on all imported goods, with additional levies on imports from 60 specific countries, based on trade surpluses of other countries held with the U.S. The announcement excluded certain sectors such as copper, lumber, critical minerals, pharmaceuticals, and semiconductors, as US government is expected to impose separate sectoral tariffs on these industries in the future.

² The two day returns experienced by NDX and SPX were the 13th and 5th worst two-day returns in the history of NDX that goes back to January 31, 1985.

³ Tariff targeting China were raised to 145%, while the reciprocal tariffs for other countries were reduced to 10%.

⁴ <https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>

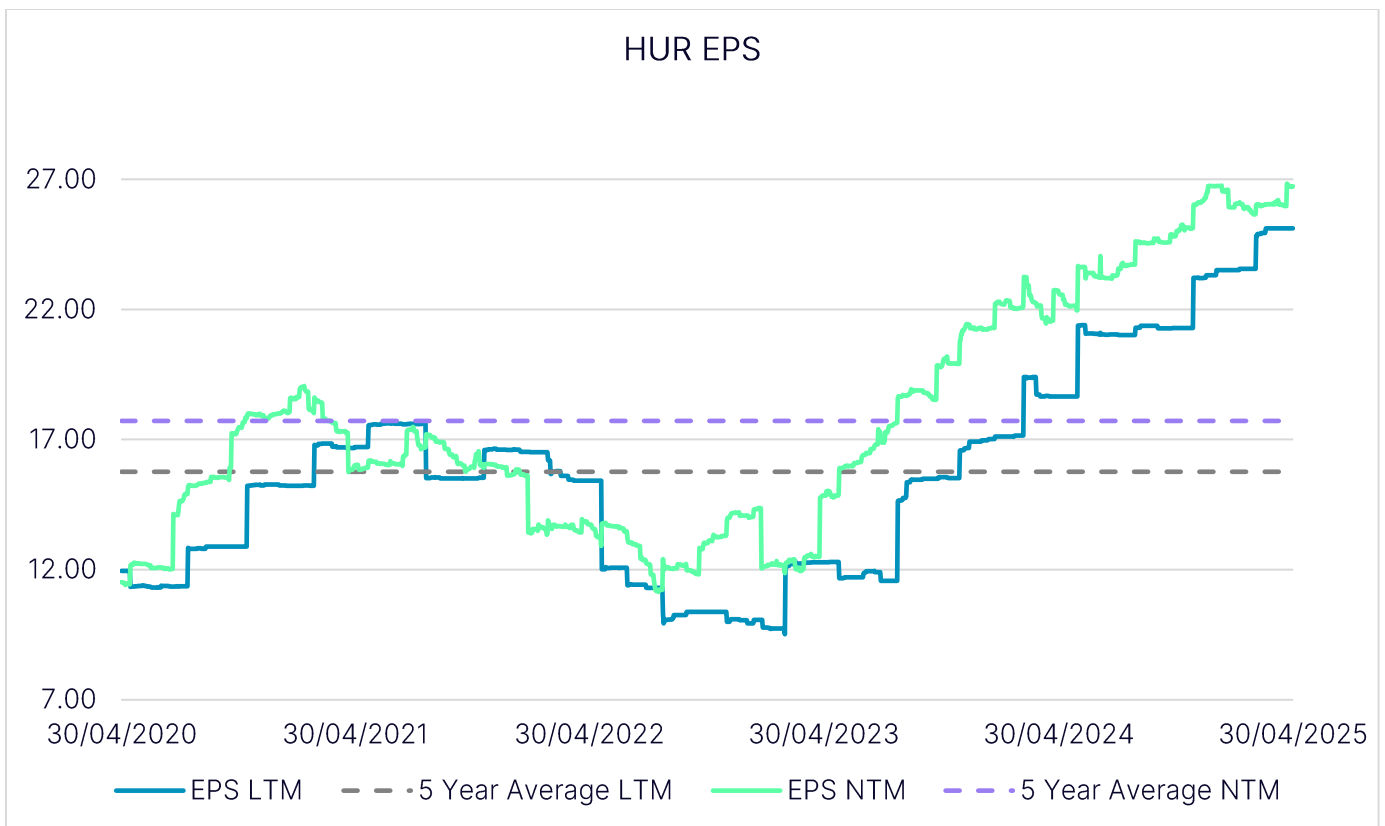
Valuations for the HUR index have compressed relative to its historical average. As of April 30, the current P/E ratio⁵ stands at 25.20, below the 5-year average of 33.39. Additionally, the forward P/E ratio for the next 12 months is estimated at 23.66, below the 5-year average of 29.74.



P/E estimates have compressed not only due to falling share prices, following increasing uncertainty surrounding U.S. tariff policies, but also because of an upward revision in earnings estimates. As of April 30, forward EPS for the next 12 months is estimated at 26.75, compared to the 5-year average of 17.72. Current EPS⁶ stands at 25.11, above the 5-year average of 15.76. Recent market action suggests that valuation has likely decoupled from fundamentals, resulting in the index now trading at more attractive levels.

⁵ Trailing 12 Month

⁶ Trailing 12 Month



Tariffs, as with any major geopolitical shifts, will create both winners and losers, with cybersecurity standing out as a resilient sector during trade wars. At the RSA Conference (RSAC), private cybersecurity firms reported strong demand for their services, emphasizing the importance of cybersecurity due to rising digital threats. The sector is expected to continue thriving as digital security becomes increasingly vital across industries.⁷ Although venture capital and private equity investments have slowed in many sectors, more than 30 cybersecurity startups collectively raised over \$1.7 billion in April 2025, highlighting cybersecurity resilience despite economic uncertainty.⁸

As we approach the earnings season, investors' attention will focus on earnings results and the companies' guidance, as 23 out of 35 companies within the index are expected to report in May.

HUR Index: Top and bottom contributors

	Top/Bottom Contributor	Average Weight (during April)	Total Return (as of April 30)	Contribution to HUR Total Return
CrowdStrike	Top 1	5.93%	21.64%	1.20%
Rubrik	Top 2	5.11%	15.66%	0.82%
Broadcom	Top 3	4.67%	14.96%	0.81%
Cisco Systems	Bottom 3	5.20%	-5.78%	-0.36%
BlackBerry	Bottom 2	4.55%	-10.04%	-0.54%
Ziff Davis	Bottom 1	3.33%	-21.42%	-0.82%

⁷ <https://www.itbrew.com/stories/2025/04/30/at-rsac-economic-instability-is-not-impacting-private-cybersecurity-firms-so-far>

⁸ <https://www.securityweek.com/cybersecurity-firms-raise-over-1-7-billion-ahead-of-rsa-conference-2025/>

Sources: Nasdaq Index Research, Bloomberg, FactSet.

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