How Cybersecurity Firms are Navigating Supply Chain and Trade Policy Risks Monthly Cybersecurity Update

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October performance overview

As of October 31, the ISE Cyber Security UCITS™ Index (HUR™) posted a monthly gain of 1.20%, bringing its year-to-date performance to 15.72%.

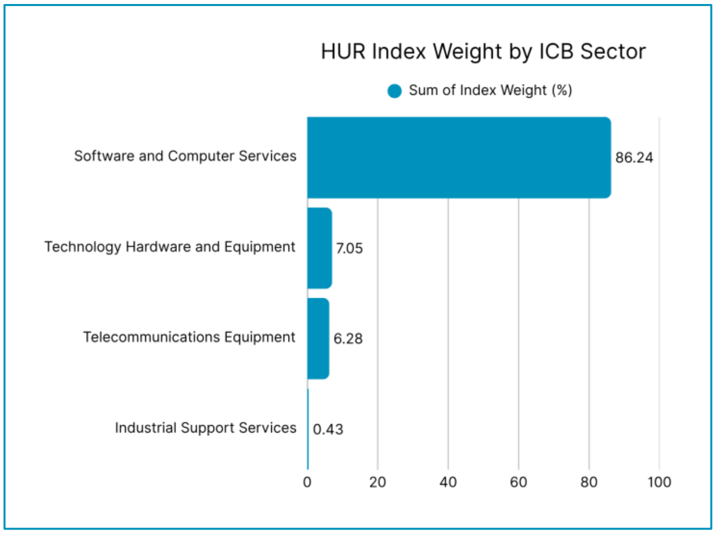
Tariff Update. HUR index exposure to trade policy: structural resilience through software dominance

As of October 2025, the economic environment remains challenging, with U.S. import tariffs averaging around 17.9%, the highest since 1934.[1] This poses challenges for internationally integrated supply chains and cross-border business models.

In this context, sectors with lower exposure to physical supply chains, such as cybersecurity, may be relatively insulated from tariff-related disruptions. The majority of cybersecurity firms operate primarily within the software domain.

The ISE Cyber Security UCITS Index reflects this structure: 28 out of 31 constituent companies are classified under the ICB Software and Computer Services sector, resulting in an 86.27% weighting toward software-driven business models. Remaining index weight is distributed across Industrial Support Services (0.43%), Technology Hardware and Equipment (7.05%), and Telecommunications Equipment (6.28%).[2]

[1] https://budgetlab.yale.edu/research/state-us-tariffs-october-30-2025
[2] Data as of October 2025.



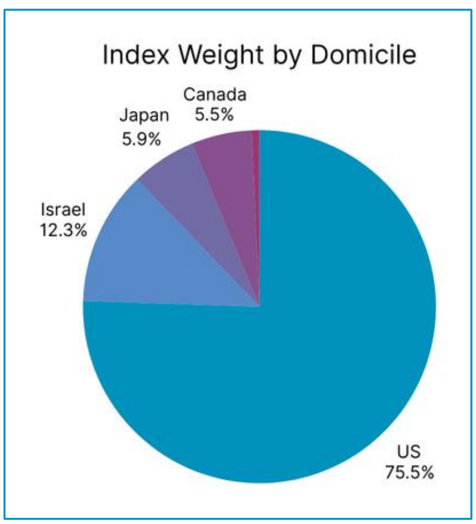
Source: Nasdaq, FactSet

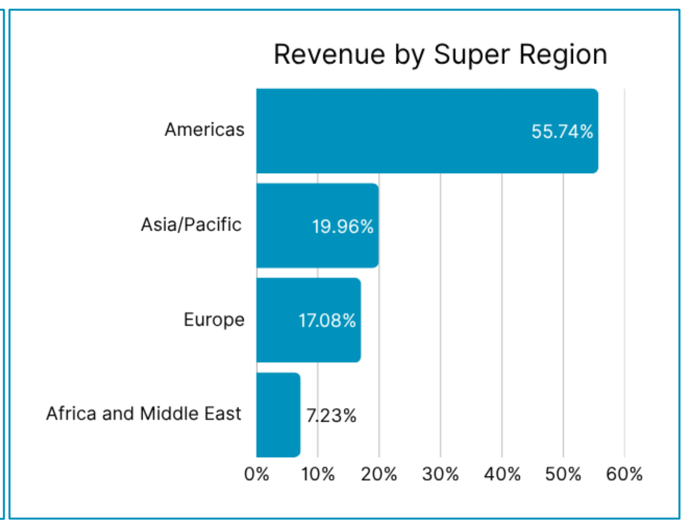
This sector composition may provide a degree of insulation from direct tariff exposure, as software-related companies are less affected by physical trade barriers due to their digitally delivered, cloud-based offerings. Yet, the sector may still face indirect challenges:

- Demand slowdown: clients may delay IT investments, impacting deal cycles.
- Cost pressures: software firms that bundle hardware into their offerings may experience indirect cost impacts as hardware prices rise.
- Strategic shifts: companies may alter supply chains or localize operations to mitigate tariff risks, leading to short-term inefficiencies and higher costs.

HUR Index exposure by geographic revenue vs domicile

The index is heavily concentrated on U.S.-domiciled companies, which account for 75.5% of total weight. Israel follows with 12.3%, while Japan and Canada represent 5.9% and 5.5%, respectively. South Korea contributes a smaller share at 0.71%.





Source: Factset

However, revenue exposure tells a different story. Only 50.5% of revenue is from the U.S., while the rest is distributed across multiple regions. Mainland China and Japan contribute each around 5%, with Germany (2.2%), India (2.0%), the UK (1.9%), South Korea (1.7%), and France (1.7%) adding smaller shares.

The disparity between company domicile and revenue sources highlights that, despite the index's U.S.-centric composition, its earnings are globally diversified. Investors should recognize that, while the index may appear U.S.-centric in structure, its performance is influenced by economic conditions and consumer demand across international markets. This global exposure also means that companies are not insulated from international risks.

Although markets have become less reactive to tariff tensions than earlier in the year, supply chain disruptions remain a tangible concern. Companies are becoming increasingly aware of second-order effects, such as client delays, and are actively managing these risks with diversification strategies, particularly in the supply chain.

- U.S.-domiciled firms with a high proportion of domestic revenue and localized supply chains (e.g., Booz Allen) tend to be more insulated from direct tariff threats. However, they remain vulnerable to second-order effects and retaliatory measures.
- U.S. firms with decentralized supply chains show heightened sensitivity to tariff risks. As an example, those sourcing from China, Malaysia, Thailand, and Taiwan (e.g., Broadcom, Cloudflare, Commvault, Akamai, F5, Cisco, Palo Alto, and Gen Digital) face elevated exposure.
- The extent to which international firms are affected depends on their exposure to U.S. revenue and supply chains. Proactive diversification and risk mitigation remain essential. Checkpoint, for example, is actively working to restructure its supply chain and manage cost pressures. Firms without dependence on the U.S. are the most insulated from direct tariff risk (e.g., AhnLab and Digital Arts).

While exposure levels to the U.S. market and supply chains are a useful indicator of tariff risk, real-world outcomes have varied. There have been cases where firms with significant U.S. exposure have experienced minimal disruption, and conversely, firms with limited U.S. ties have faced unexpected client delays or demand softness.

For example[3]:

- BlackBerry (Canada), with approximately 40% of revenues and 50% of supplier facilities based in the U.S., is more exposed. However, earlier tariff concerns have eased, and its current guidance reflects a lower downside risk.
- In contrast, Trend Micro (Japan) with only 20% revenue exposure and 30% supplier facilities in the U.S., has experienced softer sales amid economic uncertainty, leading to delays in deal closures.
- OneSpan, a U.S.-domiciled firm with strong international exposure and 41% of suppliers located outside the U.S., noted that while initial tariff proposals were steep, the actual impact was only a few hundred thousand dollars, far below expectations.[4]
- Fortinet, another U.S. firm with just 29% revenue exposure to the U.S. and 53% of suppliers outside the U.S., reported no material impact from tariffs.

[3] Source: company quarterly earnings reports
[4] Q2 earnings call

- Akamai (US), with approximately 52% of revenues from the U.S., 11% from China, and 64% of suppliers located outside the U.S. (including 14% in China), maintains a globally distributed footprint. Despite this exposure, the company anticipates only $10 million in tariff-related capital expenditures for 2025, which will be amortized over six years. This suggests that the financial impact is minimal.[5]
- Qualys (US) is generating around 60% of its revenues from the U.S. and 9.5% from China, with 41.2% of suppliers located outside the U.S. (including a notable 22% in Canada). The company has observed a shift in customer behavior: increased caution and more deliberate purchasing decisions, which could weigh on near-term growth and reflect broader macroeconomic uncertainty.

All of this shows how tariff sensitivity is increasingly recognized as a company-specific issue rather than a purely regional one.

To assess tariff-related risks, we can group the index constituents into two categories: U.S.-domiciled and international. This helps highlight differences in client exposure and supply chain vulnerability across geographies.

1. International companies

Based on a weighted average, these firms derive approximately 35% of their revenue from the U.S., with additional contributions from Europe (23%), Japan (13%), China (7%), South Korea (4%), and Canada (2%).[6] This distribution highlights the dominant role of the U.S. market, while also underscoring meaningful exposure to other major economies.

Company Name	Index Weight (%)[7]	Domicile	Geographic Revenue Exposure (%)						Supplier Facilities Location (%)	
			US	CA	CN	JP	KR	EU	US	Non US
AhnLab, Inc.	0.7	South Korea	2.2	0.2	1.4	0.3	91.6	2.1	-	100.0
Trend Micro Incorporated	4.6	Japan	21.0	0.2	15.7	31.4	1.5	21.4	30.0	70.0
Digital Arts Inc.	1.3	Japan	-	-	-	100	-	-	Missing Data	Missing Data
BlackBerry Limited	5.0	Canada	40.1	6.4	7.7	1.7	0.7	23.4	55.5	44.5
Open Text Corporation	0.5	Canada	52.4	4.4	3.6	2.1	-	24.2	31.6	68.4
CyberArk Software Ltd.	5.3	Israel	50.3	0.9	7.5	1.7	0.7	24.1	20.6	79.5
Check Point Software Technologies Ltd.	4.8	Israel	41.7	0.0	2.2	1.4	1.1	29.8	58.2	41.8
Radware Ltd.	2.1	Israel	30.4	2.9	4.1	3.6	2.1	22.8	-	100.0

Source: Nasdaq, FactSet, Bloomberg. This table includes a subset of countries and does not represent global revenue exposure in its entirety. As a result, the total percentage does not necessarily sum to 100%.

[5] Q1 earnings call
[6] To calculate the average exposure, their individual revenue exposures were recalibrated based on their relative weights within each subgroup (international vs U.S. domiciled companies).
[7] As of October 2025

2. U.S.-domiciled companies

The U.S.-domiciled companies in the index show a clear concentration of revenue in their home market, but the degree of exposure varies significantly across names. On average, these firms derive about 55% of their revenue from the U.S., with additional revenue distributed across Canada (1%), China (5%), Japan (2%), South Korea (1%), and Europe (12%).[8]

Company Name	Index Weight (%)	Geographic Revenue Exposure (%)			Supplier Facilities Location (%)		
		US	CN	EU	US	Non US	Notes
Booz Allen Hamilton	0.4	100.0	-	-	69.0	31.0	
Ziff Davis, Inc.	2.5	83.2	-	11.0	n.a.	n.a.	Missing data
Okta, Inc.	0.5	79.0	4.8	6.9	53.3	46.7	Germany 8.8%, UK 5.8%
Mitek Systems, Inc.	0.9	78.7	2.7	13.5	n.a.	n.a	Missing data
Parsons Corporation	0.5	77.0	0.1	0.1	12.2	87.8	Norway 29.3%, UK 14.6%
Fastly, Inc.	2.3	74.9	2.1	9.2	53.3	46.7	Germany 9%, UK 5.8%
Varonis Systems, Inc.	0.3	72.7	2.6	13.8	49.8	50.2	Japan 8.3%, Germany 7.2%
Rubrik, Inc.	4.4	69.1	0.7	16.1	50.2	49.8	Japan 8.6%, Germany 7.5%
CrowdStrike Holdings, Inc.	6.7	67.9	1.8	10.4	58.3	41.7	Germany 8.9%, UK 5.6%
SentinelOne, Inc.	4.8	63.3	8.4	12.1	58.9	41.1	Germany 9.5%, UK 6.1%
Palo Alto Networks, Inc.	6.4	62.7	2.2	13.9	38.2	61.8	China 11.3%, Malaysia 5.5%
Gen Digital Inc.	4.6	59.9	1.8	16.1	24.3	75.7	Singapore 21.6% China 16.2%, India 8.1%
Qualys, Inc.	4.7	58.4	9.5	13.7	58.8	41.2	Canada 21.6%
NetScout Systems, Inc.	3.4	56.6	2.0	19.0	81.6	18.4	-
Commvault Systems, Inc.	0.4	53.7	11.3	16.2	25.8	74.2	Malaysia 22.6%, Thailand 12.9%
Cisco Systems, Inc.	6.3	53.7	2.7	17.5	41.9	58.1	China 17.7%
F5, Inc.	0.4	52.9	3.0	17.8	25.7	74.3	China 16.7%
Akamai Technologies, Inc.	4.8	52.0	11.0	15.8	36.0	64.0	China 13.7%
Cloudflare Inc.	6.4	50.9	2.4	18.6	40.0	60.0	China 20%, UK 13.3%
Zscaler, Inc.	0.6	50.9	2.9	19.9	71.4	28.6	Canada 14.3%, Malaysia 14.3%
Fortinet, Inc.	6.0	29.9	3.3	26.8	43.9	56.1	Japan 8.4%, Germany 6.5%
Broadcom Inc.	7.1	25.0	19.8	10.5	35.7	64.3	China 12.7%, Taiwan 8%
OneSpan Inc.	1.2	19.2	3.5	29.7	58.9	41.1	Germany 9.6%, UK 6.1%

Source: Nasdaq, FactSet, Bloomberg. This table includes a subset of countries and does not represent global revenue exposure in its entirety. As a result, the total percentage does not necessarily sum to 100%.

Sources: Nasdaq Index Research, Bloomberg, FactSet.

[8] To calculate the average exposure, their individual revenue exposures were recalibrated based on their relative weights within each subgroup (international vs U.S. domiciled companies).

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