Disclosures

Cybersecurity Stocks 2025, Part Two
A Critical Info Tech Group

Part One: Top Cybersecurity Stock Fundamentals, for Three Style Classes
Part Two: Laying Out Top Cybersecurity Stocks, in a Portfolio Context

Presented by:

John Blank, PhD

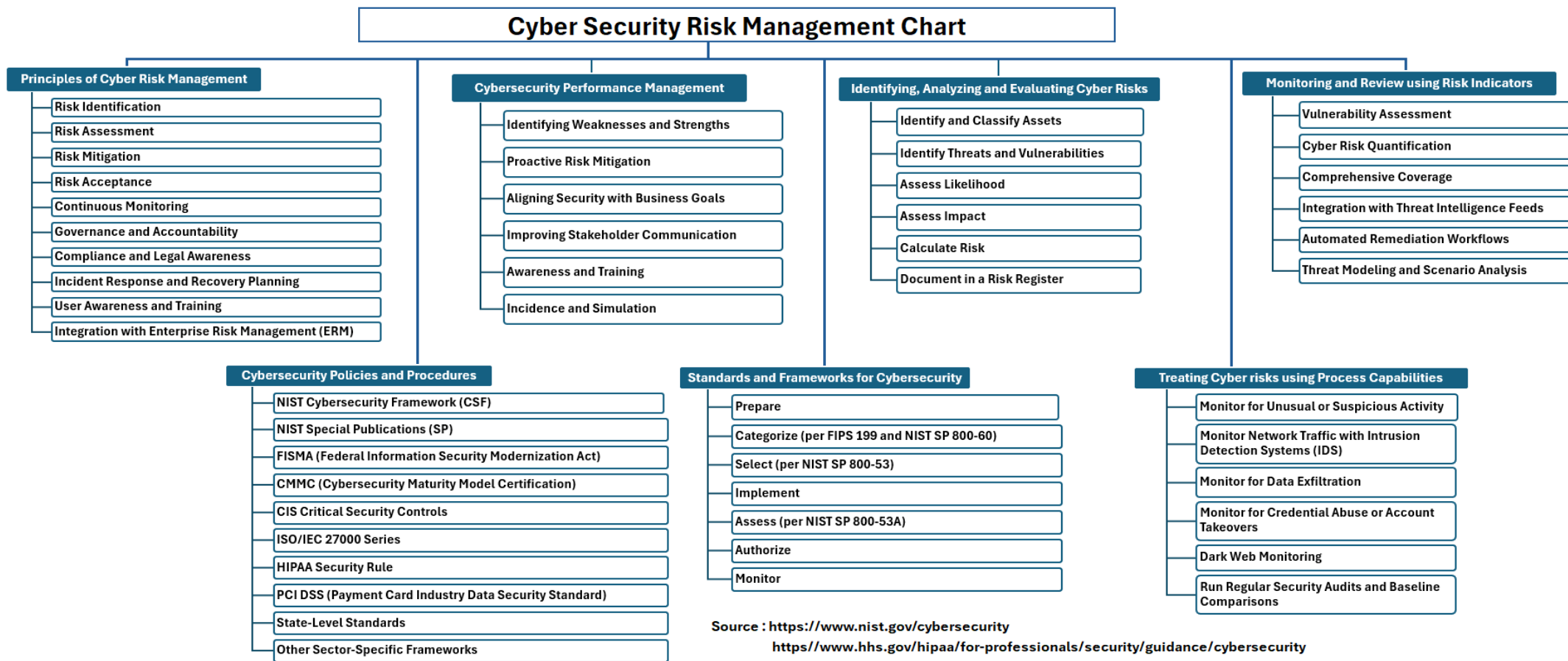Zacks Chief Equity Strategist and Economist

08/25/2025

ZACKSPro

Cyber Security Risk Management Chart

Put into Seven Buckets

Cyber Security Risk Management Chart

Principles of Cyber Risk Management
- Risk Identification
- Risk Assessment
- Risk Mitigation
- Risk Acceptance
- Continuous Monitoring
- Governance and Accountability
- Compliance and Legal Awareness
- Incident Response and Recovery Planning
- User Awareness and Training
- Integration with Enterprise Risk Management (ERM)

Cybersecurity Performance Management
- Identifying Weaknesses and Strengths
- Proactive Risk Mitigation
- Aligning Security with Business Goals
- Improving Stakeholder Communication
- Awareness and Training
- Incidence and Simulation

Identifying, Analyzing and Evaluating Cyber Risks
- Identify and Classify Assets
- Identify Threats and Vulnerabilities
- Assess Likelihood
- Assess Impact
- Calculate Risk
- Document in a Risk Register

Monitoring and Review using Risk Indicators
- Vulnerability Assessment
- Cyber Risk Quantification
- Comprehensive Coverage
- Integration with Threat Intelligence Feeds
- Automated Remediation Workflows
- Threat Modeling and Scenario Analysis

Cybersecurity Policies and Procedures
- NIST Cybersecurity Framework (CSF)
- NIST Special Publications (SP)
- FISMA (Federal Information Security Modernization Act)
- CMMC (Cybersecurity Maturity Model Certification)
- CIS Critical Security Controls
- ISO/IEC 27000 Series
- HIPAA Security Rule
- PCI DSS (Payment Card Industry Data Security Standard)
- State-Level Standards
- Other Sector-Specific Frameworks

Standards and Frameworks for Cybersecurity
- Prepare
- Categorize (per FIPS 199 and NIST SP 800-60)
- Select (per NIST SP 800-53)
- Implement
- Assess (per NIST SP 800-53A)
- Authorize
- Monitor

Treating Cyber risks using Process Capabilities
- Monitor for Unusual or Suspicious Activity
- Monitor Network Traffic with Intrusion Detection Systems (IDS)
- Monitor for Data Exfiltration
- Monitor for Credential Abuse or Account Takeovers
- Dark Web Monitoring
- Run Regular Security Audits and Baseline Comparisons

Source : https://www.nist.gov/cybersecurity
https://www.hhs.gov/hipaa/for-professionals/security/guidance/cybersecurity

1. Top Cybersecurity Stock Fundamentals

Done for Three Style Classes

Top Cybersecurity Stocks by Market Capitalization

Three categories: *Large Cap – Set 1, Large Cap – Set 2, Mid Cap, and Small Cap*

| Tickers	Company Name	Mkt Cap in $Mil
Top Cybersecurity Stocks by Market Capitalization		
Large Cap - Set 1		
CSCO	CISCO SYSTEMS	274427.9
PANW	PALO ALTO NETWK	115723.1
FTNT	FORTINET INC	59194.1
FFIV	F5 INC	18296.9
VRSN	VERISIGN INC	24923.3
CHKP	CHECK PT SOFTW	20382.0
Large Cap - Set 2		
CRWD	CROWDSTRIKE HLD	105895.6
NET	CLOUDFLARE INC	68086.3
ZS	ZSCALER INC	42192.0
CYBR	CYBER-ARK SFTWR	20488.9
OKTA	OKTA INC	15513.2
AKAM	AKAMAI TECH	10649.2
Mid Cap		
VRNS	VARONIS SYSTEMS	6381.1
QLYS	QUALYS INC	4662.1
TENB	TENABLE HOLDNGS	3523.9
S	SENTINEL ONE	5509.3
BB	BLACKBERRY LTD	2188.2
OTEX	OPEN TEXT CORP	7894.0
Small Cap		
RPD	RAPID7 INC	1355.8
ATEN	A10 NETWORKS	1252.6
VRNT	VERINT SYSTEMS	1190.0
RDWR	RADWARE LTD	1034.7
MITK	MITEK SYSTEMS	458.8
ARQQ	ARQIT QUANTUM	413.7

* Mkt. Cap., data is as on 08/08/25

Source : Zacks Investment Research

Revenue F12M Charts for Top Cybersecurity Stocks

By Market Capitalization, Classified into Three Groups

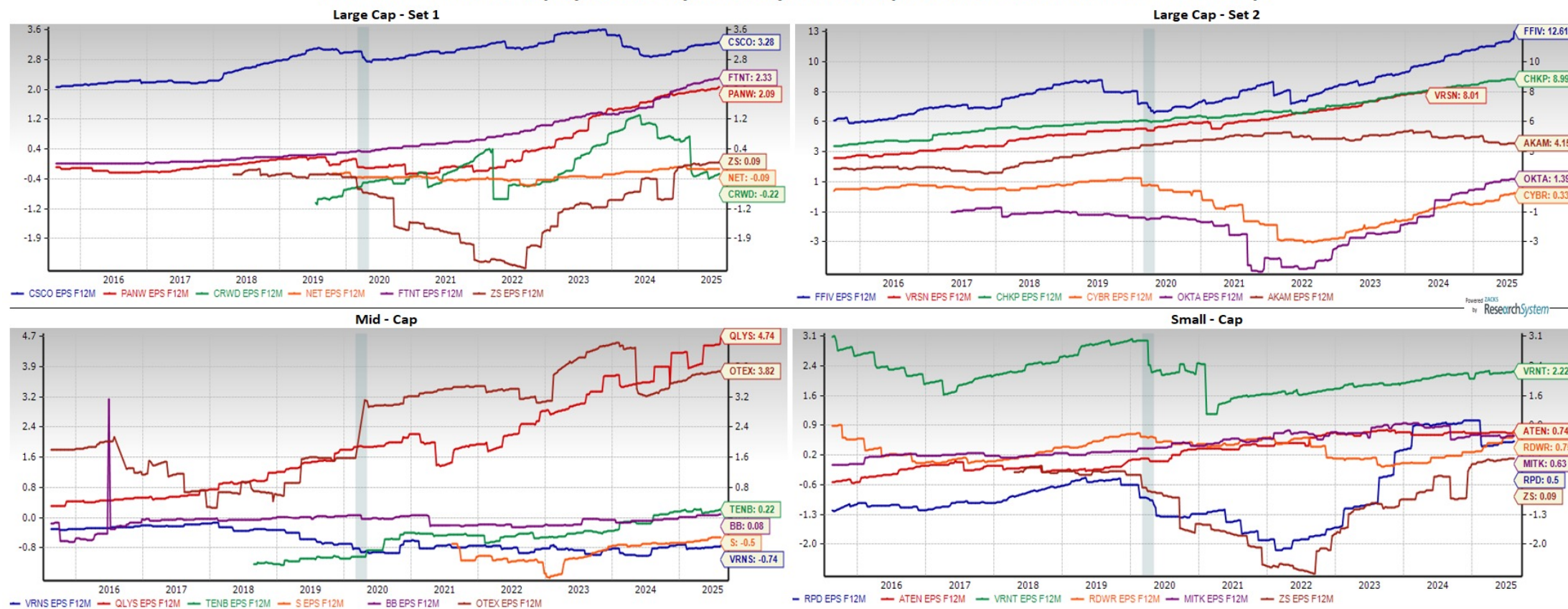Revenue F12M Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups
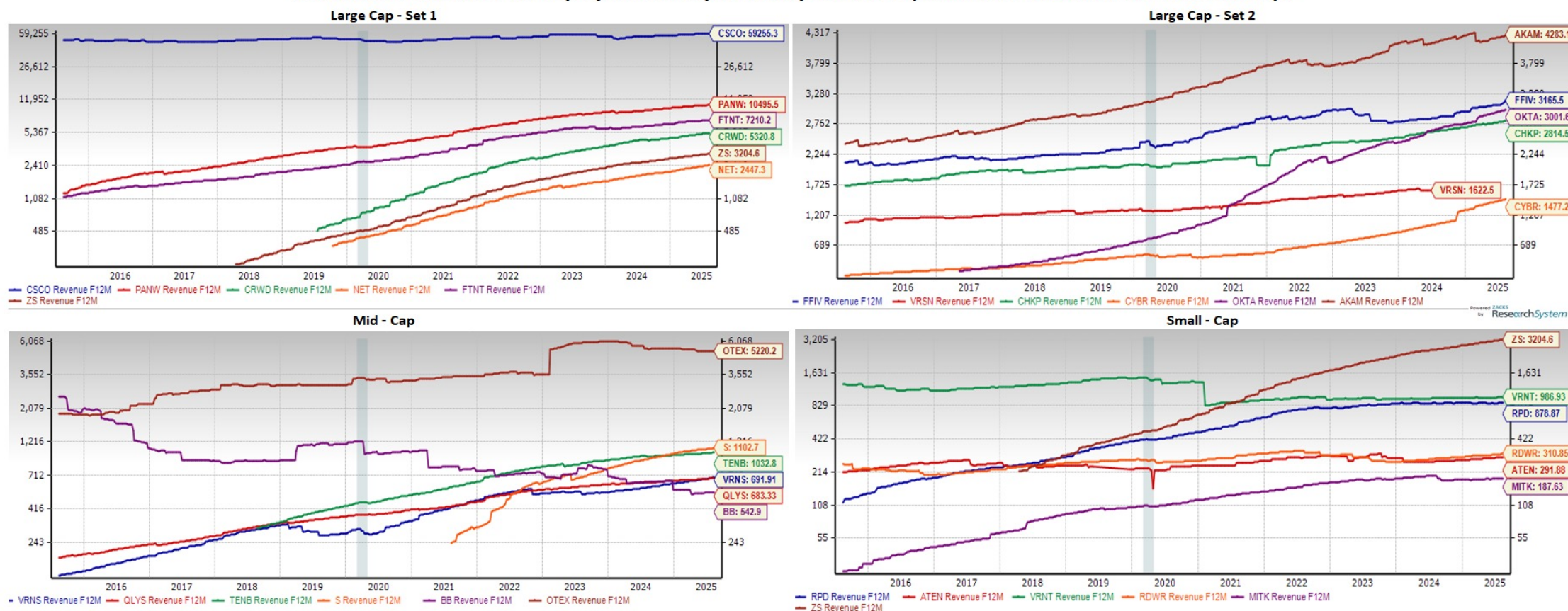
EPS F12M Charts for Top Cybersecurity Stocks by Market Capitalization
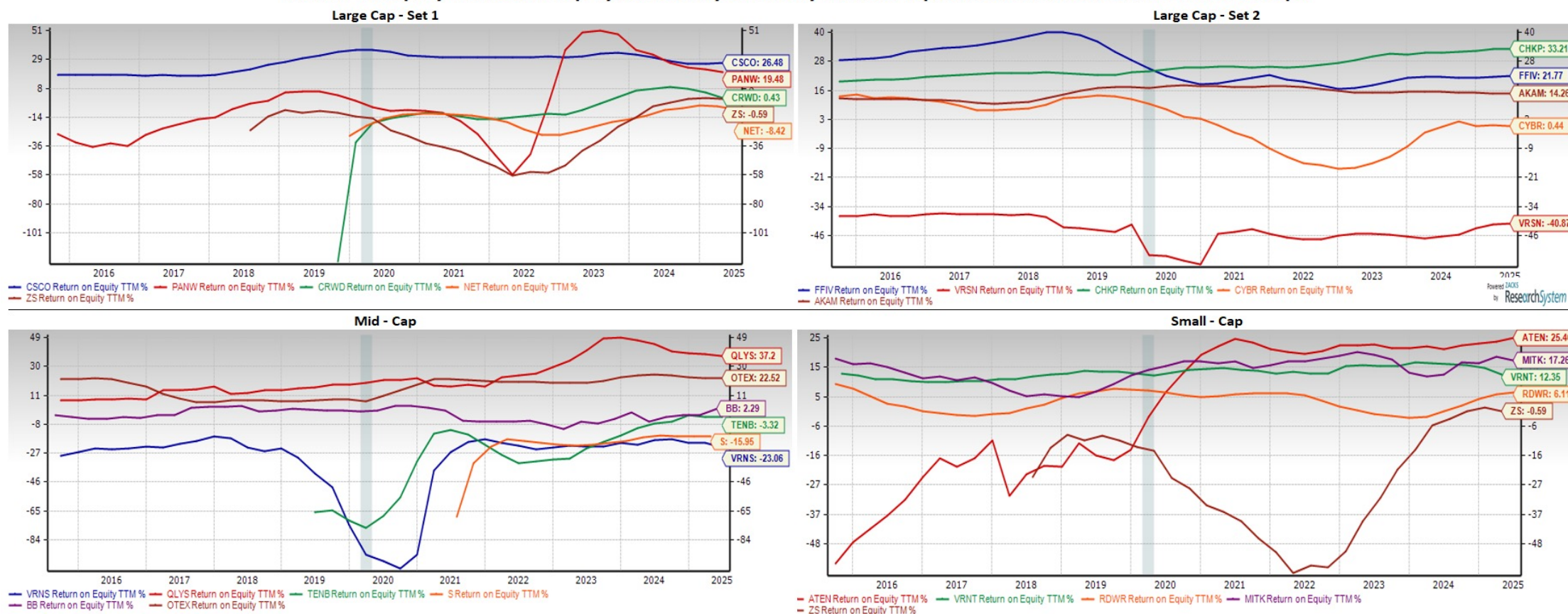
Classified into the Three Groups

EPS F12M Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups

Return on Equity Charts for Top Cybersecurity Stocks

By Market Capitalization, Classified into Three Groups

Return on Equity Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups
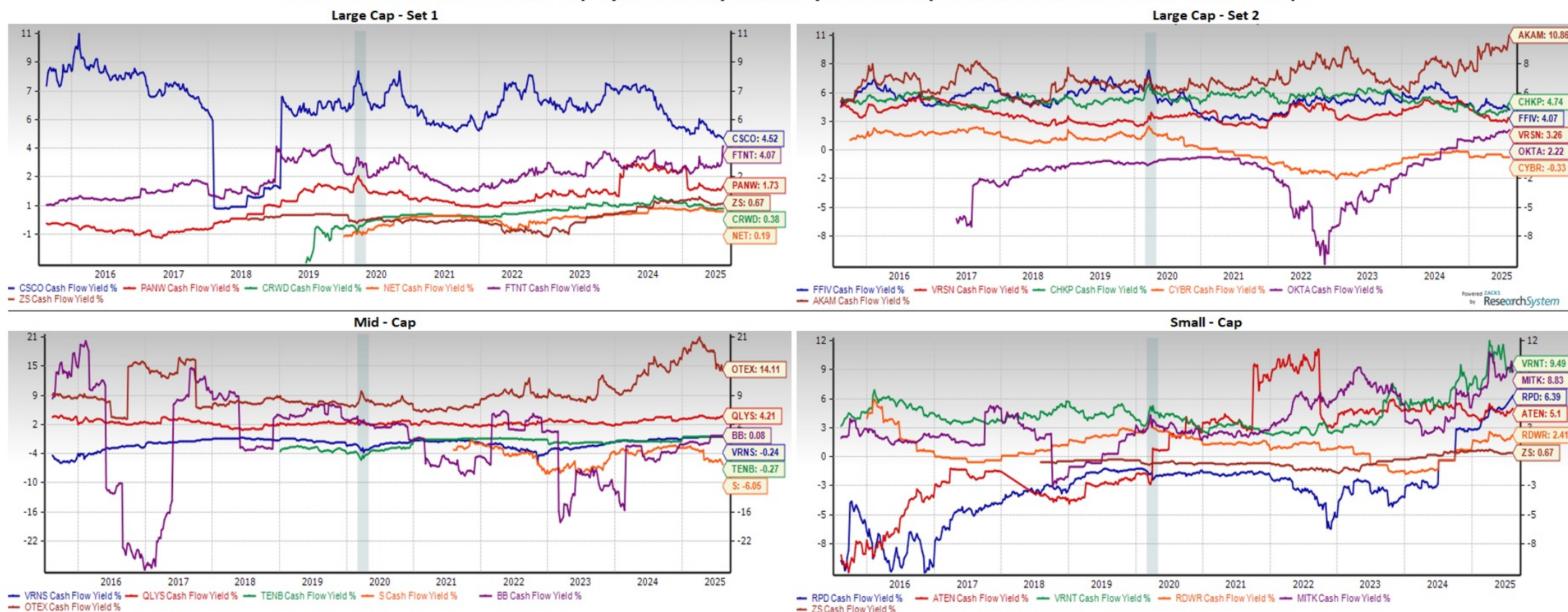
Cash Flow Yield % Charts for Top Cybersecurity Stocks

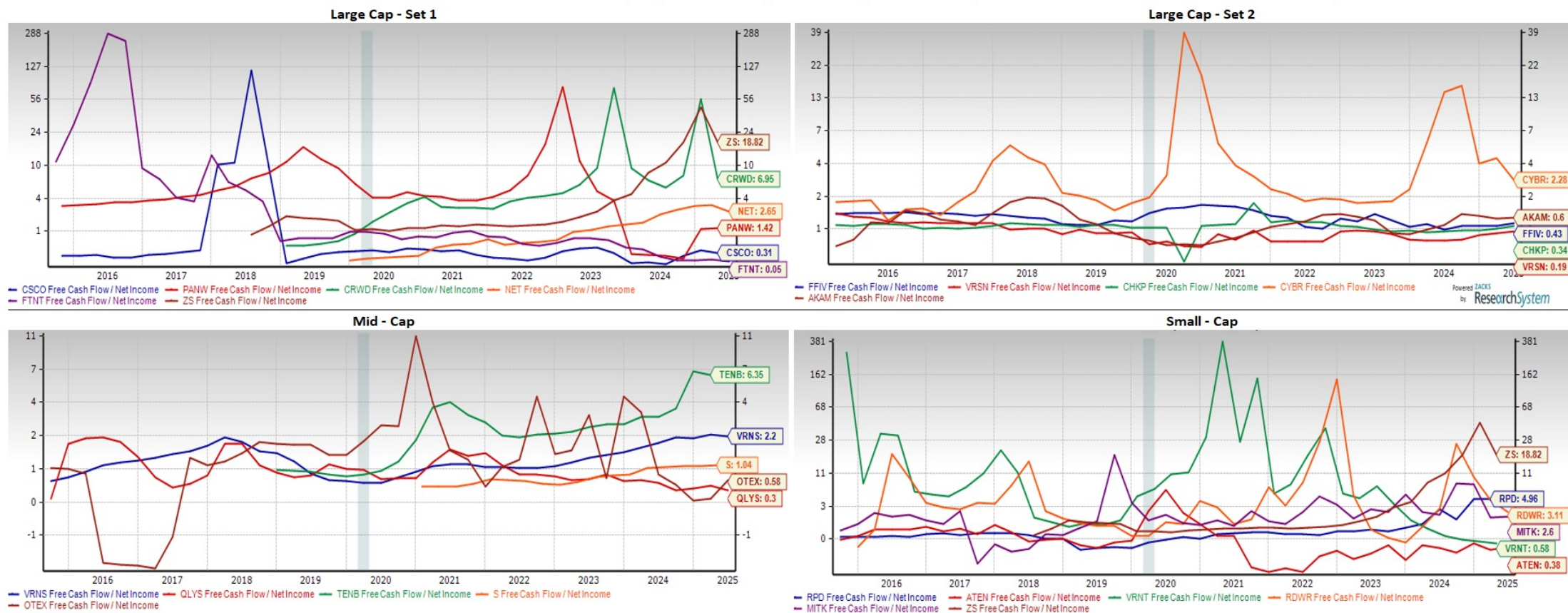*By Market Capitalization, Classified into Three Groups*

Cash Flow Yield % Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups

Free Cash Flow/Net Income Charts for Top Cybersecurity Stocks

By Market Capitalization, Classified into Three Groups

Free Cash Flow/Net Income Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups
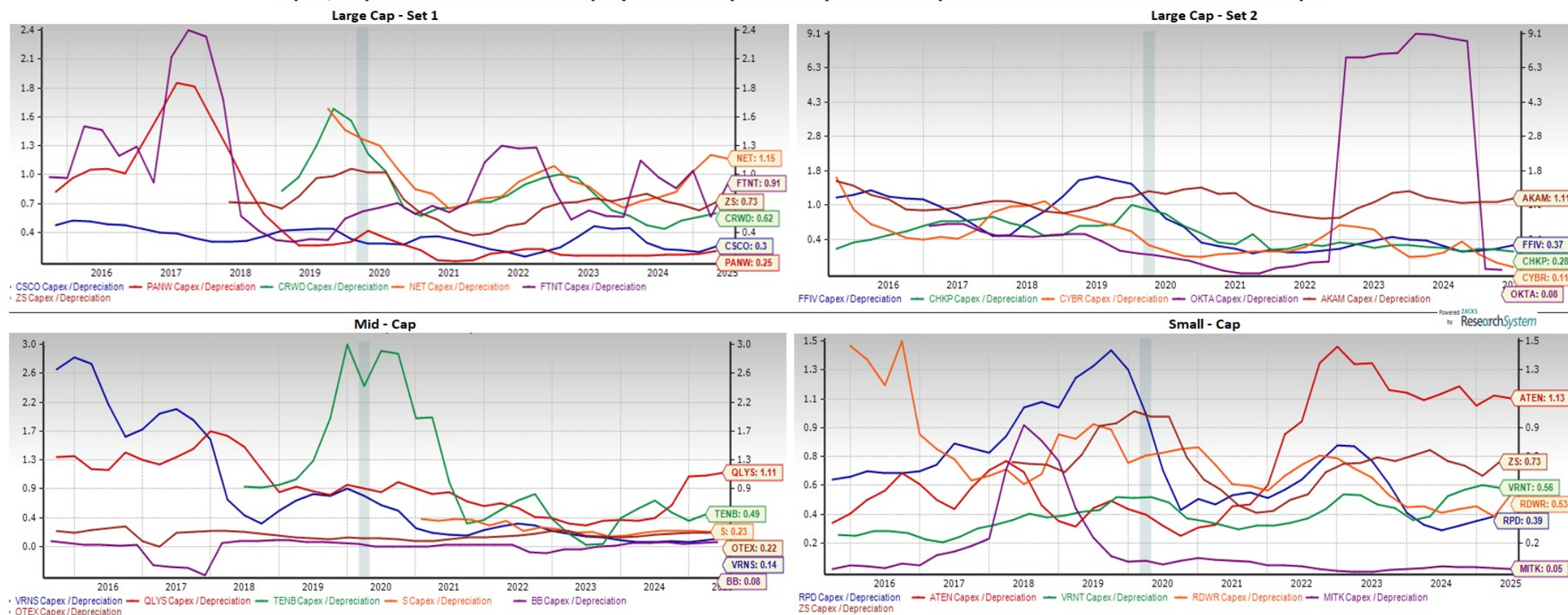
Capex/Depreciation Charts for Top Cybersecurity Stocks

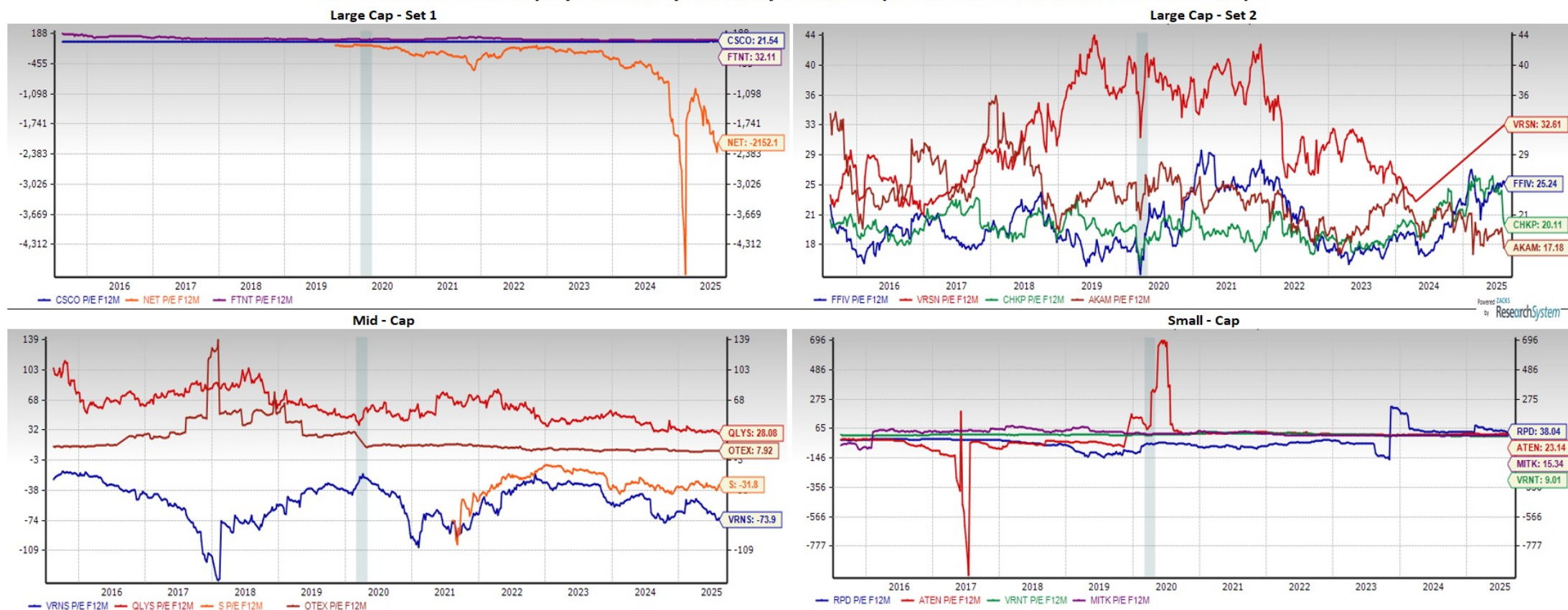*By Market Capitalization Classified into Three Groups*

Capex/Depreciation Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups

PE F12M Charts for Top Cybersecurity Stocks

By Market Capitalization, Classified into Three Groups

PE F12M Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups

Price/Free Cash Flow for Top Cybersecurity Stocks by Market Capitalization

Classified into Three Groups

Price/Free Cash Flow Adjusted Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups

Enterprise Value/Sales F12M Charts for Top Cybersecurity Stocks

By Market Capitalization, Classified into Three Groups

Enterprise Value/Sales F12M Charts for Top Cybersecurity Stocks by Market Capitalization Classified into Three Groups
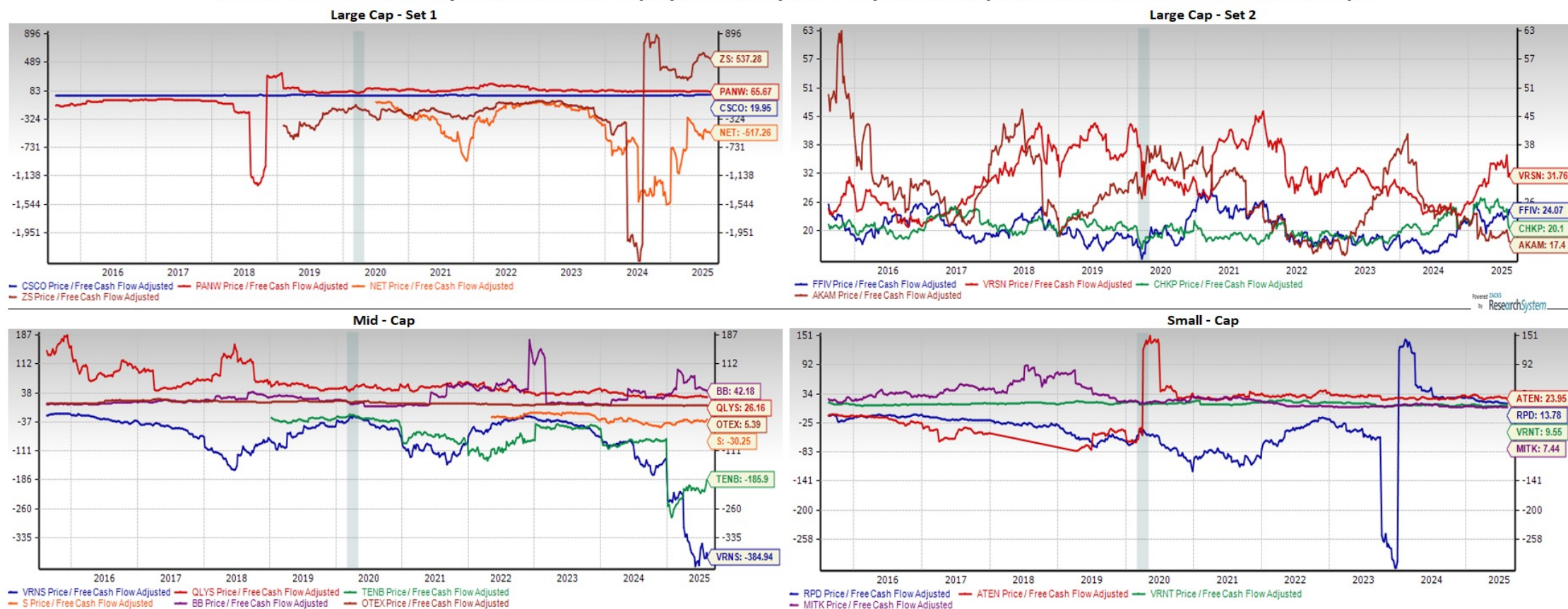
1. Laying Out Cybersecurity Industry Stocks
-- in a Portfolio Context

Stock Characteristics, Portfolio Return Metrics & Asset Allocation -1

Large Cap Set 1: *Cybersecurity Large Cap 6 Stocks from 08.31.17 to 07.31.25*

Stock Characteristics, Portfolio Rt. Metrics & Asset Allocation - Cybersecurity Large Cap 6 Stocks from 08/31/17 to 07/31/25 from Set 1

Metrics for Cybersecurity Large Cap 6 Stocks from Set 1

	CSCO	PANW	FTNT	FFIV	VRSN	CHKP
Average in %	1.29	2.67	3.30	1.33	1.24	0.80
Cumulative Returns in %	175.22	690.40	1253.28	159.56	166.51	76.03
CAGR of Returns in %	13.49	29.49	38.49	12.66	13.04	7.32
Standard Error	0.71	1.03	1.09	0.85	0.67	0.67
Standard Dev., in %	6.87	10.06	10.66	8.25	6.56	6.57
Annualised Std., Dev., in %	23.80	34.86	36.92	28.59	22.73	22.76
Range in %	35.34	54.25	55.67	50.48	36.00	35.57
Skewness	0.00	0.07	0.24	0.33	-0.26	0.31
Kurtsosis	-0.10	0.17	0.73	1.21	0.36	0.69

Note : Period from 08/31/17 to 07/31/25

Source : Zacks Investment Research

Variance - CoVariance Matrix

	CSCO	PANW	FTNT	FFIV	VRSN	CHKP
CSCO	0.00472	0.00326	0.00353	0.00335	0.00210	0.00167
PANW		0.01013	0.00591	0.00345	0.00238	0.00249
FTNT			0.01136	0.00301	0.00282	0.00252
FFIV				0.00681	0.00198	0.00160
VRSN					0.00431	0.00175
CHKP						0.00432

Note : Period from 08/31/17 to 07/31/25

Correlation Matrix

	CSCO	PANW	FTNT	FFIV	VRSN	CHKP
CSCO	1.00	0.47	0.48	0.59	0.47	0.37
PANW		1.00	0.55	0.42	0.36	0.38
FTNT			1.00	0.34	0.40	0.36
FFIV				1.00	0.37	0.29
VRSN					1.00	0.41
CHKP						1.00

Table 3 — Weights Assigned to each of the 6 Stocks in %

	CSCO	PANW	FTNT	FFIV	VRSN	CHKP
Portfolio 1	19.00	16.00	14.00	13.00	21.00	17.00
Portfolio 2	20.00	18.00	14.00	13.00	16.00	19.00
Portfolio 3	21.00	22.00	18.00	16.00	12.00	11.00
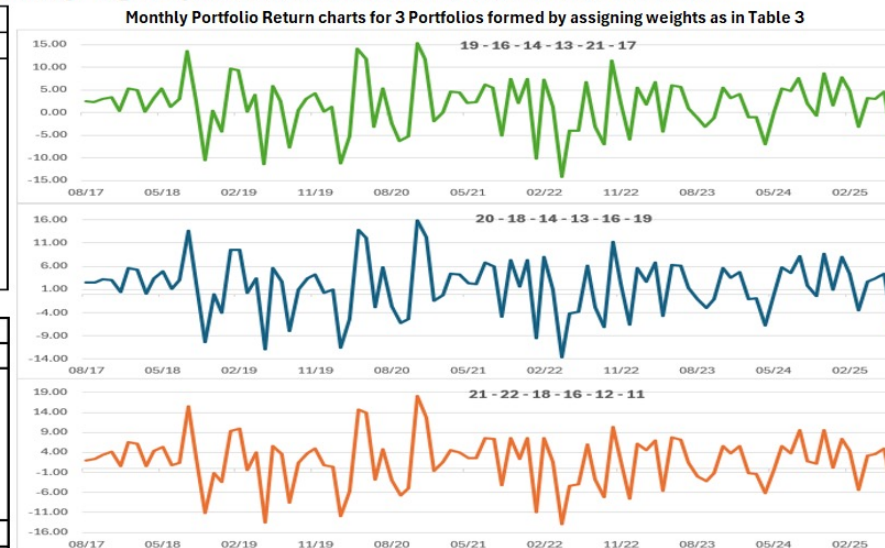
Monthly Portfolio Return charts for 3 Portfolios formed by assigning weights as in Table 3

Portfolio Metrics : Portfolios formed by assiging Weights for Cybersecurity Large Cap 6 Stocks from 08/31/17 to 07/31/25 from Set 1

Portfolio Metrics	Weights in %		
	19 - 16 - 14 - 13 - 21 - 17	20 - 18 - 14 - 13 - 16 - 19	21 - 22 - 18 - 16 - 12 - 11
Average in %	1.71	1.73	1.90
Cumulative Returns in %	334.24	341.07	410.56
CAGR of Returns in %	20.15	20.38	22.60
Standard Error	0.59	0.60	0.64
Standard Dev., in %	5.75	5.82	6.21
Annualised Std., Dev., in %	19.93	20.18	21.53
Range in %	29.40	29.57	31.97
Skewness	-0.30	-0.27	-0.23
Kurtsosis	0.24	0.19	0.32

Note : Period from 08/31/17 to 07/31/25

Stock Characteristics, Portfolio Return Metrics & Asset Allocation - 2

Large Cap Set 2: Cybersecurity Large Cap 6 Stocks from 08.31.17 to 07.31.25

Stock Characteristics, Portfolio Rt. Metrics & Asset Allocation - Cybersecurity Large Cap 6 Stocks from 08/31/19 to 07/31/25 from Set 2

Metrics for Cybersecurity Large Cap 6 Stocks from Set 2

	CRWD	NET	ZS	CYBR	OKTA	AKAM
Average in %	3.45	5.23	2.79	2.21	0.68	0.07
Cumulative Returns in %	410.36	1018.38	238.86	196.28	-25.24	-13.41
CAGR of Returns in %	31.21	49.54	22.56	19.84	-4.73	-2.37
Standard Error	1.79	2.32	1.78	1.41	1.74	0.86
Standard Dev., in %	15.11	19.23	14.97	11.92	14.65	7.28
Annualised Std., Dev., in %	52.35	66.62	51.86	41.28	50.75	25.22
Range in %	77.66	107.84	81.61	64.93	72.80	31.62
Skewness	-0.20	0.58	0.44	0.39	0.13	-0.58
Kurtsosis	0.13	1.29	1.00	0.51	0.20	-0.20

Note : Period from 08/31/19 to 07/31/25

Variance - CoVariance Matrix

	CRWD	NET	ZS	CYBR	OKTA	AKAM
CRWD	0.02284	0.01619	0.01706	0.01259	0.01069	0.00237
NET		0.03698	0.01776	0.01200	0.01185	0.00251
ZS			0.02241	0.01178	0.01031	0.00313
CYBR				0.01420	0.00706	0.00181
OKTA					0.02146	0.00235
AKAM						0.00530

Source : Zacks Investment Research

Note : Period from 08/31/19 to 07/31/25

Correlation Matrix

	CRWD	NET	ZS	CYBR	OKTA	AKAM
CRWD	1.00	0.57	0.75	0.70	0.48	0.22
NET		1.00	0.64	0.53	0.42	0.18
ZS			1.00	0.66	0.47	0.29
CYBR				1.00	0.40	0.21
OKTA					1.00	0.22
AKAM						1.00

Table 3 — Weights Assigned to each of the 6 Stocks in %

	CRWD	NET	ZS	CYBR	OKTA	AKAM
Portfolio 1	13.00	21.00	14.00	20.00	15.00	17.00
Portfolio 2	15.00	12.00	9.00	21.00	18.00	25.00
Portfolio 3	21.00	18.00	22.00	12.00	16.00	11.00

Monthly Portfolio Return charts for 3 Portfolios formed by assigning weights as in Table 3
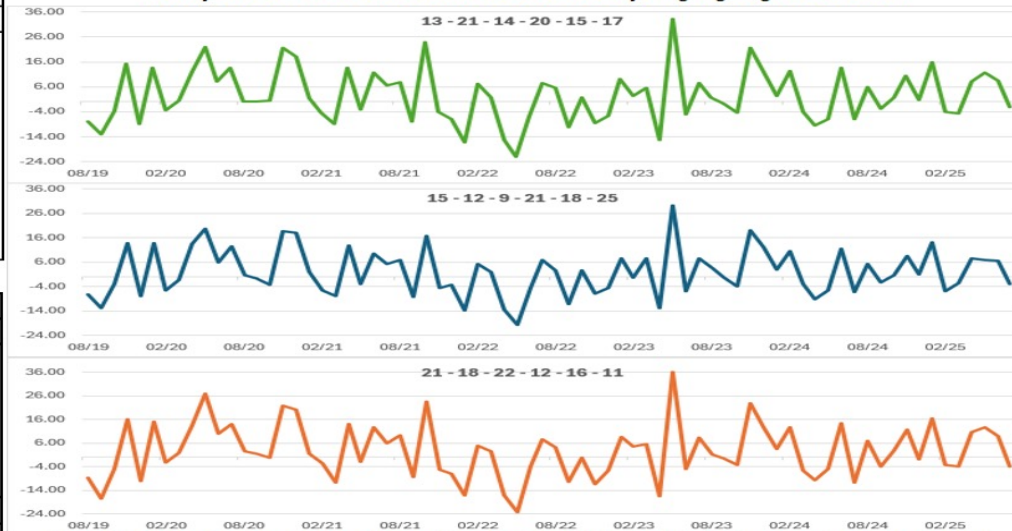
Portfolio Metrics : Portfolios formed by assiging Weights for Cybersecurity Large Cap 6 Stocks from 08/31/19 to 07/31/25 from Set 2

Portfolio Metrics	Weights in %		
	13 - 21 - 14 - 20 - 15 - 17	15 - 12 - 9 - 21 - 18 - 25	21 - 18 - 22 - 12 - 16 - 11
Average in %	2.30	2.41	2.79
Cumulative Returns in %	252.65	280.65	364.94
CAGR of Returns in %	23.37	24.96	29.19
Standard Error	1.25	1.24	1.36
Standard Dev., in %	10.52	10.49	11.45
Annualised Std., Dev., in %	36.43	36.34	39.65
Range in %	55.34	54.81	58.37
Skewness	0.30	0.32	0.32
Kurtsosis	0.06	0.04	-0.01

Note : Period from 08/31/19 to 07/31/25

Stock Characteristics, Portfolio Return Metrics & Asset Allocation - 3

Mid Caps: Cybersecurity Mid Cap 6 Stocks from 08.31.17 to 07.31.25

Stock Characteristics, Portfolio Rt. Metrics & Asset Allocation - Cybersecurity Mid Cap 6 Stocks from 08/31/20 to 07/31/25

Metrics for Cybersecurity Mid Cap 6 Stocks						
	VRNS	QLYS	TENB	S	BB	OTEX
Average in %	1.41	0.70	0.38	-0.44	1.52	0.00
Cumulative Returns in %	54.58	7.77	-7.72	-56.85	-22.15	-19.08
CAGR of Returns in %	9.10	1.51	-1.59	-15.47	-4.88	-4.15
Standard Error	1.52	1.40	1.35	2.29	2.83	1.08
Standard Dev., in %	11.68	10.75	10.37	15.87	21.77	8.30
Annualised Std., Dev., in %	40.45	37.25	35.92	54.97	75.40	28.74
Range in %	59.23	58.65	67.27	80.26	145.73	44.71
Skewness	0.04	0.36	1.11	0.36	2.33	-0.10
Kurtsosis	0.30	0.97	4.41	0.65	10.20	0.72

Note : Period from 08/31/20 to 07/31/25

Variance - CoVariance Matrix						
	VRNS	QLYS	TENB	S	BB	OTEX
VRNS	0.01364	0.00531	0.00633	0.01078	0.00418	0.00250
QLYS		0.01156	0.00598	0.00747	0.00889	0.00281
TENB			0.01075	0.00522	0.00454	0.00237
S				0.02518	0.00298	0.00466
BB					0.04737	0.00471
OTEX						0.00688

Source : Zacks Investment Research

Note : Period from 08/31/20 to 07/31/25

Correlation Matrix						
	VRNS	QLYS	TENB	S	BB	OTEX
VRNS	1.00	0.42	0.52	0.62	0.16	0.26
QLYS		1.00	0.54	0.49	0.38	0.31
TENB			1.00	0.39	0.20	0.28
S				1.00	0.12	0.35
BB					1.00	0.26
OTEX						1.00

Table 3	Weights Assigned to each of the 6 Stocks in %					
	VRNS	QLYS	TENB	S	BB	OTEX
Portfolio 1	20.00	15.00	14.00	15.00	12.00	24.00
Portfolio 2	22.00	10.00	20.50	17.50	18.00	12.00
Portfolio 3	25.00	19.00	22.00	11.00	16.00	7.00
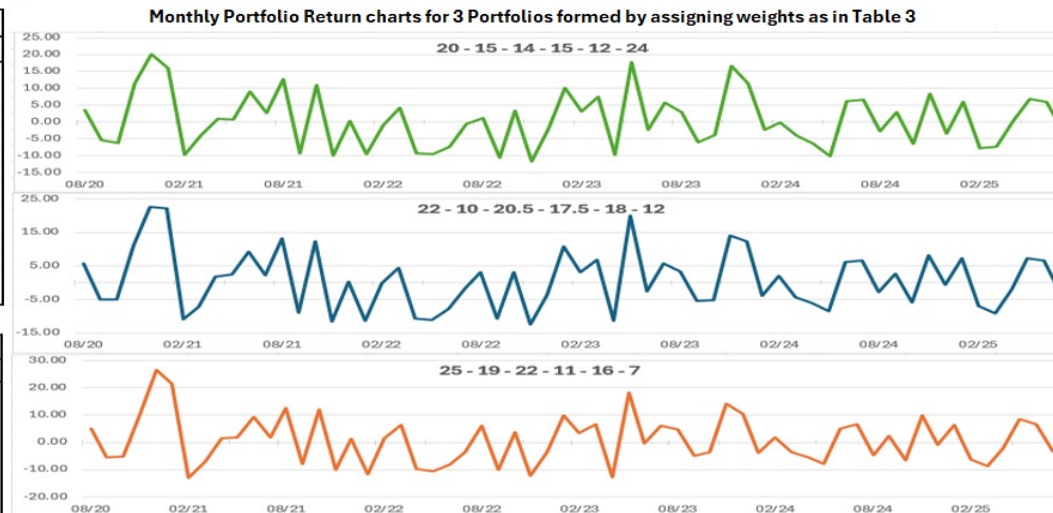
Monthly Portfolio Return charts for 3 Portfolios formed by assigning weights as in Table 3

Portfolio Metrics : Portfolios formed by assiging Weights for Cybersecurity Mid Cap 6 Stocks from 08/31/20 to 07/31/25

Portfolio Metrics	Weights in %		
	20 - 15 - 14 - 15 - 12 - 24	22 - 10 - 20.5 - 17.5 - 18 - 12	25 - 19 - 22 - 11 - 16 - 7
Average in %	0.57	0.67	0.77
Cumulative Returns in %	16.57	19.69	27.21
CAGR of Returns in %	3.11	3.66	4.93
Standard Error	1.04	1.13	1.14
Standard Dev., in %	7.99	8.70	8.73
Annualised Std., Dev., in %	27.66	30.13	30.23
Range in %	31.71	35.23	39.69
Skewness	0.47	0.53	0.57
Kurtsosis	-0.51	-0.20	0.12

Note : Period from 08/31/20 to 07/31/25

Stock Characteristics, Portfolio Return Metrics & Asset Allocation - 4

Small Caps: *Cybersecurity Small Cap 6 Stocks from 08.31.17 to 07.31.25*

Stock Characteristics, Portfolio Rt. Metrics & Asset Allocation - Cybersecurity Small Cap 6 Stocks from 08/31/20 to 07/31/25
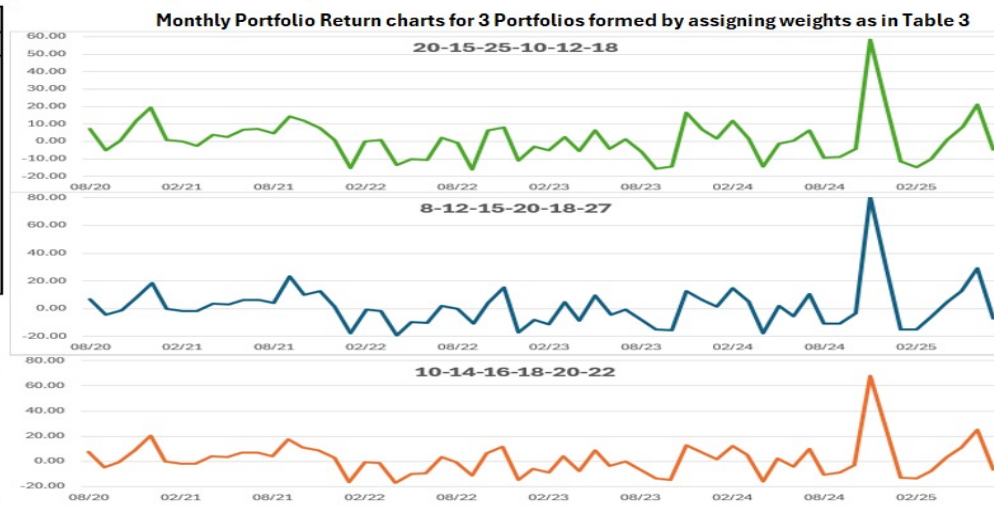
Metrics for Cybersecurity Small Cap 6 Stocks

	RPD	ATEN	VRNT	RDWR	MITK	ARQQ
Average in %	-0.91	2.15	0.41	0.54	0.60	3.79
Cumulative Returns in %	-64.54	141.15	-16.05	0.20	-12.08	-86.39
CAGR of Returns in %	-18.73	19.25	-3.44	0.04	-2.54	-32.89
Standard Error	1.60	1.51	1.50	1.40	1.71	6.16
Standard Dev., in %	12.33	11.60	11.56	10.76	13.11	47.34
Annualised Std., Dev., in %	42.70	40.19	40.04	37.29	45.41	163.97
Range in %	56.06	66.33	61.37	62.97	80.91	322.00
Skewness	-0.30	0.14	-0.42	1.29	0.93	3.29
Kurtsosis	0.09	1.43	0.68	3.67	2.59	15.83

Note : Period from 08/31/20 to 07/31/25

	RPD	ATEN	VRNT	RDWR	MITK	ARQQ
RPD	0.01520	0.00270	0.00362	0.00241	0.00564	-0.00203
ATEN		0.01346	0.00459	0.00520	0.00529	0.01055
VRNT			0.01336	0.00347	0.00502	0.01949
RDWR				0.01159	0.00568	0.00233
MITK					0.01718	0.00801
ARQQ						0.22406

Note : Period from 08/31/20 to 07/31/25

Correlation Matrix

	RPD	ATEN	VRNT	RDWR	MITK	ARQQ
RPD	1.00	0.19	0.25	0.18	0.35	-0.03
ATEN		1.00	0.34	0.42	0.35	0.19
VRNT			1.00	0.28	0.33	0.36
RDWR				1.00	0.40	0.05
MITK					1.00	0.13
ARQQ						1.00

Source : Zacks Investment Research

Weights Assigned to each of the 6 Stocks in %

Table 3	RPD	ATEN	VRNT	RDWR	MITK	ARQQ
Portfolio 1	20.00	15.00	25.00	10.00	12.00	18.00
Portfolio 2	8.00	12.00	15.00	20.00	18.00	27.00
Portfolio 3	10.00	14.00	16.00	18.00	20.00	22.00

Monthly Portfolio Return charts for 3 Portfolios formed by assigning weights as in Table 3

20-15-25-10-12-18

8-12-15-20-18-27

10-14-16-18-20-22

Portfolio Metrics : Portfolios formed by assiging Weights for Cybersecurity Small Cap 6 Stocks from 08/31/20 to 07/31/25

Portfolio Metrics	Weights in %		
	20-15-25-10-12-18	8-12-15-20-18-27	10-14-16-18-20-22
Average in %	1.05	1.49	1.33
Cmulative Returns in %	28.29	36.32	39.59
CAGR of Returns in %	5.11	6.39	6.90
Standard Error	1.55	1.98	1.73
Standard Dev., in %	11.90	15.19	13.30
Annualised Std., Dev., in %	41.24	52.61	46.07
Range in %	74.10	99.77	85.05
Skewness	1.84	2.44	2.13
Kurtsosis	7.54	11.10	9.12

Note : Period from 08/31/20 to 07/31/25

Thank You for Attending!

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