

## Episode 45: Is your portfolio ready for cyber warfare?

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Listen to Portfolio Manager Michael Seidenberg and Product Specialist Johannes Jacobi discuss the heightened threat of cyber warfare after Russia's invasion of Ukraine, and what it means to investors' portfolios. Also: Mike and Johannes provide a broader overview of the industry, and outline potential investment opportunities across the space as our lives become more and more enmeshed in the digital world.



Michael Seidenberg  
Senior Portfolio Manager and Director



Johannes Jacobi  
Senior Product Specialist and Director

## Show notes

### The Investment Intelligence Podcast: Is your portfolio ready for cyber warfare?

**Host:** J.P. Vicente, Head of US Marketing & Client Engagement at Allianz Global Investors

**Featured guest:** Michael Seidenberg, Senior Portfolio Manager and Director, and Johannes Jacobi, Senior Product Specialist and Director, both at Allianz Global Investors

#### Notes, quotes and references:

J.P. talks with Michael and Johannes about the heightened threat of cyber warfare after Russia's invasion of Ukraine and how the growth of digital, cloud-based interactions, both professional and personal, make us more vulnerable to attack while also creating a potential opportunity for investors.

#### Some key thoughts and topics from this episode:

**Michael, what's your outlook for technology sector, and cybersecurity stocks in particular?**

"Interest rate hikes are clearly a near-term headwind for technology stocks, which includes cybersecurity. Longer-term, if you think about what is driving demand for these particular solutions and companies, it is the movement to the cloud and the digitalization of our lives... So, we think the

opportunity set remains robust.”

**Michael, does our increased use of mobile devices and apps make us more vulnerable to cyberattack?**

“It’s not just about protecting apps: It’s about data integrity, data security, identity. All of these layers formulate the overarching cybersecurity programs that companies are implementing today.”

**Michael, are you concerned that the Russia-Ukraine situation heightens global cyber risks?**

“It’s very serious. We’ve been talking about nation states being very involved in cyber warfare now for a number of years. I don’t think that drumbeat gets any quieter, if anything, it gets louder. We’ve gone from a situation whereby, cyber hacking maybe started off with six people in a room trying to hold a company for ransom ... to well-funded, nation states where it’s part of their agenda. It’s truly warfare ... and it is driving companies, governments, states, etc. to not only protect companies but protect infrastructure, such as municipal power systems. This is a very real and pertinent threat in the world we live in today.”

**Johannes, what makes cybersecurity an attractive investment opportunity?**

“The attractiveness of investing in cybersecurity these days is that we have such a broad variety and opportunity for diversification. It’s not a market where the winner takes it all. It’s an opportunity for small, highly specialized companies that cover one specific area. That’s what makes it so attractive from a portfolio management perspective.”

**Michael, is there significant growth potential for the sector in the coming years?**

“There’s a lot of information out there with respect to spending on cybersecurity. Most of the reports that I have read (forecast growth of) plus-10% to plus-12% current spend over the next couple years, as companies move their infrastructure to digital and the cloud. So, we think that there’s a nice, healthy growth rate ahead for spending.”

The full episode has even more details on the topics above. Check it out.

## Cultural recommendations:

J.P. recommends [Great National Parks](#), a five-part streaming documentary series about national parks around the world, narrated by former US President Barack Obama. [Hollywood Reporter](#) praised the production: “Obama turns out to be a very fine narrator,” not least because “his trademark deliberate cadences and oft-emulated calculated pauses are a perfect delivery mechanism for letting lovely nature photography breathe.

Michael has been cooking Mexican cuisine for his family based on the recipes of Pati Jinich from her book, [Treasures of the Mexican Table](#), which was listed among [Glamour](#) magazine’s top cookbooks of 2021.

Johannes has been riding his bicycle to [relax](#).

Creativity and editing: Peter Lennox.

Production: Mark Egan.

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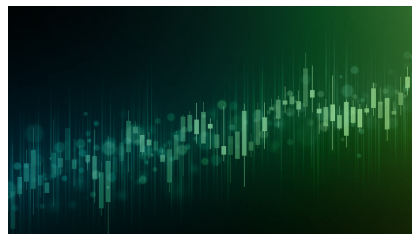


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