Will You 'Vibe Code' Cybersecurity Software?

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Christopher Gannatti, CFA
Global Head of Research

Key Takeaways

- Despite the virality of agentic AI tools like OpenClaw raising fresh cybersecurity risks, the WisdomTree Cybersecurity Fund (WCBR) has lagged the S&P 500 by more than 36% over the past year, creating a sharp valuation dislocation for investors willing to look past the current SaaS sell-off.
- While markets in early 2026 appear to be indiscriminately rotating away from software-as-a-service models, cybersecurity providers focused on cloud security, zero trust and AI-driven threat detection remain mission-critical in an increasingly perimeterless, AI-enabled enterprise environment.
- With WCBR's five-year annualized return roughly flat versus the S&P 500's 13.77% gain, contrarian investors seeking under-owned exposure to structural growth in data protection, resilience and human-risk mitigation may find the current weakness attractive.

Sometimes markets behave in ways that don't make sense, as investors get carried away with a particular idea.

This dynamic appears evident in early 2026 when looking at the share price performance of certain cybersecurity stocks. To understand the current picture, it's important to place two concepts in mind:

1. Artificial intelligence (AI) software continues to increase in capability. Collectively, we saw the virality of what is now referenced as OpenClaw[1] in contextualizing what an agentic AI future could really look like—and this is simply the most recent example. Enterprises have finite technology budgets. If AI can do more, firms may require less of their 'other software' solutions. Put another way, sometimes it's postulated that employees can just 'vibe code' customized software solutions to suit company needs[2].

2. It is also true that nearly every time I am seeing OpenClaw mentioned, I am seeing or hearing references to potential cybersecurity issues[3]. It makes sense, in that if this software is taking actions and has access to important systems without being directed in every instance, it's possible that the user may not agree with all of those actions. There is no guarantee that important private data would not be shared or mishandled.

The implication: If OpenClaw represents an important window into our potential agentic AI future, proper cybersecurity practices will only become more important for both companies and individuals.

The Market Performance Picture

The WisdomTree Cybersecurity Fund (WCBR) is a strategy that focuses on a specific group of cybersecurity providers[4]. Before progressing further, instead of just saying 'cybersecurity', which can mean many things, let's zoom in on the specific types of cybersecurity these companies must focus on to have the potential for inclusion in this strategy[5]:

- **Cloud Security** – Enterprise cloud migration is accelerating, making security foundational to protecting data, applications, and workloads while maintaining governance, visibility, and control across distributed environments.
- **Security of Things** – Expanding Internet of Things (IoT) adoption multiplies connected endpoints, each a potential breach vector, requiring device-level protection, identity management, and continuous monitoring to mitigate exponentially rising risk.
- **Perimeterless World** – Traditional network perimeters are obsolete; zero trust and modern identity and access management are essential to secure users, devices, and applications in remote-first environments.
- **Data Security** – As data becomes the enterprise core asset, focus expands beyond confidentiality to include integrity and availability, ensuring trustworthy, resilient, and continuously accessible information systems.
- **Resilience & Recovery** – Cybersecurity must prioritize rapid recovery and operational continuity, enabling organizations to restore systems and data quickly after disruption, attack, or infrastructure failure.
- **Shift-Left Security** – Embedding security earlier in the software development lifecycle ensures vulnerabilities are addressed proactively, reducing risk, improving code quality, and easing pressure on understaffed security teams.
- **Smarter Security** – Growing complexity and talent shortages demand automation, analytics, and AI-driven orchestration to enhance threat detection, streamline response, and maximize human security expertise.
- **Layer 8 (Human Risk)** – Humans remain the primary attack surface; effective security requires training, monitoring, empowerment, and in some cases automation that reduces reliance on error-prone manual processes.

If we can agree that these eight areas of focus at least sound reasonable if a company is seeking to provide cybersecurity solutions to businesses, it allows us to move to looking at performance.

The primary question:How does a group of cybersecurity-focused companies that have a strong focus in at least one of these eight areas look, performance-wise, as of mid-February 2026?

Figure 1a tells the story…

- Relative to the S&P 500 Index benchmark—a primary benchmark for many U.S. equity investors—WCBR's track record looks bleak.

- The one-year number in particular, where WCBR's NAV performance lagged the S&P 500 by more than 36%, creates a stark contrast.
- The recent track record is so rough that the 5-Year figure for WCBR has been pulled to a negative 20 basis points (bps) per year, whereas the S&P 500 Index was up 13.77% per year over the same period.

Figure 1a: A Study in Extreme Contrast

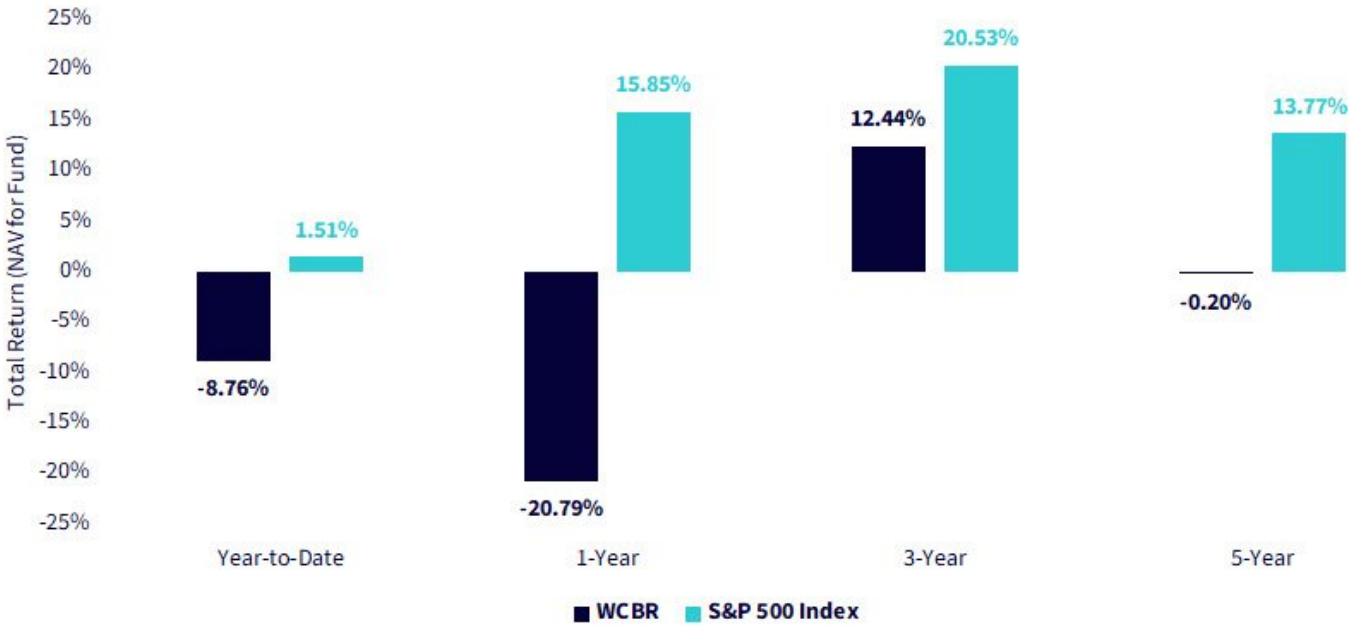


Figure 1b: Standardized Performance

Fund/Index Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
WisdomTree Cybersecurity Fund (NAV)	WCBR	1/28/21	0.45%	-1.73%	-1.73%	22.28%	N/A	N/A	3.03%
WisdomTree Cybersecurity Fund (MP)	WCBR	1/28/21	0.45%	-1.63%	-1.63%	22.28%	N/A	N/A	3.01%
S&P 500 Index				17.88%	17.88%	23.01%	14.42%	14.82%	N/A

Sources: Morningstar, FactSet and WisdomTree. Data are from the PATH Fund Comparison Tool, accessed as of February 12, 2026, but showing returns for the period ended February 11, 2026 for Figure 1a and December 31, 2025 for 1b. NAV denotes total return performance at net asset value. MP denotes market price performance. **Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.For the most recent month-end and standardized performance, clickhere.**

Conclusion: Why do Firms Invest in Cybersecurity Solutions?

Cybersecurity is an area where protection from threats such as hackers and ransomware is only part of the story. Another part is putting together a picture of activities such that a company's cybersecurity strategy

appears ‘credible' and ‘up-to-date.' If an issue ever were to occur, it is helpful to be seen to have subscribed to different providers who are amongst the best at such things as network security, identity management, endpoint protection, observability…and the list goes on. There is never a guarantee that issues will never occur, but if or when they do, it's better to be seen as having a comprehensive set of solutions that are accepted as amongst the best-of-breed at what they focus on[6].

It's possible that, since many cybersecurity-focused companies are ultimately ‘software-as-a-service' (SaaS), and the equity market at least in early 2026 seems to be running away from this business model, it's possible that there could be a lack of discrimination. It's possible that people see such things as software or SaaS and they seek to position elsewhere and they may not be thinking more deeply about what the software is meant to do[7].

Can the downdraft continue? Of course, but it is often that investors tell me they are looking for dislocations and areas where they have not already missed the price appreciation. Cybersecurity in early 2026 may represent one such opportunity.

[1] Source: OpenClaw. (n.d.). *OpenClaw — Personal AI assistant*. Retrieved February 12, 2026, from https://openclaw.ai/

[2] Source: ShiftMag. (2025, *The Illusion of Vibe Coding: There Are No Shortcuts to Mastery*). *ShiftMag.dev*.

[3] Source: Stokel-Walker, C. (2026, February 3). *OpenClaw is a major leap forward for AI — and a cybersecurity nightmare*. Fast Company.

[4] WCBR is built to track the total return performance of, before fees and expenses, the WisdomTree Team8 Cybersecurity Index.

[5] Source: The WisdomTree Team8 Cybersecurity Index defines as part of its selection criteria that companies must have a strong solution in at least one of the eight themes to be eligible for further screening and possible index inclusion.

[6] Sources: LegalClarity.org. (2026). *Building a legally compliant cyber security strategy*; Fortinet. (2026). *Why compliance is a critical part of a cybersecurity strategy*; Larcker, D. F., & Tayan, B. (2022). *Building effective cybersecurity governance*. Harvard Law School Forum on Corporate Governance.

[7] Sources: Cohan, P. (2026, February 6). *Why SaaS stocks are falling as AI reshapes software*. *Forbes*; Lipman, D., Callahan, G., Fiore, G., Kieffer, G., & Bosche, A. (2026). *Why SaaS stocks have dropped—and what it signals for software's next chapter*. *Bain & Company*.

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. The Fund invests in cybersecurity companies, which generate a meaningful part of their revenue from security protocols that prevent intrusion and attacks to systems, networks, applications, computers, and mobile devices. Cybersecurity companies are particularly vulnerable to rapid changes in technology, rapid obsolescence of products and services, the loss of patent, copyright and trademark protections, government regulation and competition, both domestically and internationally. Cybersecurity company stocks, especially those which are internet related, have experienced extreme price and volume fluctuations in the past that have often been unrelated to their operating performance. These companies may also be smaller and less experienced companies, with limited product or service lines, markets or financial resources and fewer experienced management or marketing personnel. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.