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# A CIO who nailed the March 2020 market bottom for a \$33 billion money manager breaks down why cybersecurity stocks are his 'favorite' area of the market right now — and shares 2 he likes as he takes the helm at an AI-driven hedge fund

William Edwards 6 hours ago



**Max Gokhman, CIO at AlphaTrAI.** AlphaTrAI

**Max Gokhman has taken over as CIO at AlphaTrAI.**

**He broke down why cybersecurity stocks are his "favorite" at the moment.**

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**He shared two stocks in particular that he thinks have upside.**

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It's perhaps appropriate that [Max Gokhman](#) has headed to AlphaTrAI, an artificial intelligence-driven hedge fund, after leaving \$33 billion Pacific Life Fund Advisors.

The renowned chief investment officer who called the market bottom in March 2020 thinks AI will penetrate all areas of society in the years ahead, including things like autos and household appliances.

The same applies to investing, where algorithms will be able to process much vaster amounts of information than humans and be able to correct their own behavior, allowing them to deliver superior returns, he said. This will especially be the case in the crypto space, he said.

He likened his new role to driving a quick and nimble Formula 1 race car, while he lead a metaphorical battalion of tanks in his last position at a bigger institutional firm: lots of fire power, but slower moving.

But it's precisely because of this longer-term shift to AI that Gokhman calls cybersecurity stocks his "favorite" at the moment. That's because the more pervasive a presence AI has in society, the greater the risk of cyberattacks and the greater the demand will be for defense against them, he said.

He pointed to the hacking of the [Colonial Pipeline](#), which uses automation, earlier this year. The hack cut off the gas supply to much of the east coast of the US, sending prices soaring.

"You had a company invest a lot in automation — it was great because it improved efficiency and lowered costs — but what they didn't invest in is keeping the automation secure," Gokhman told Insider in an interview last week. "So they were able to be hacked pretty easily."

## 2 cybersecurity stocks Gokhman likes

Gokhman highlighted two firms in particular that he thinks are well-positioned to benefit from money entering the space: **CrowdStrike (CRWD)** and **Fortinet (FTNT)**. Both offer various cybersecurity solutions.

**CROWDSTRIKE** Stock, CRWD Add to watchlist

**265.16** -0.07 (-0.03%) charles SCHWAB

04:00:01 PM NAS



### CrowdStrike Markets Insider

**FORTINET INC** Stock, FTNT Add to watchlist

**310.74** +0.09 (+0.03%)

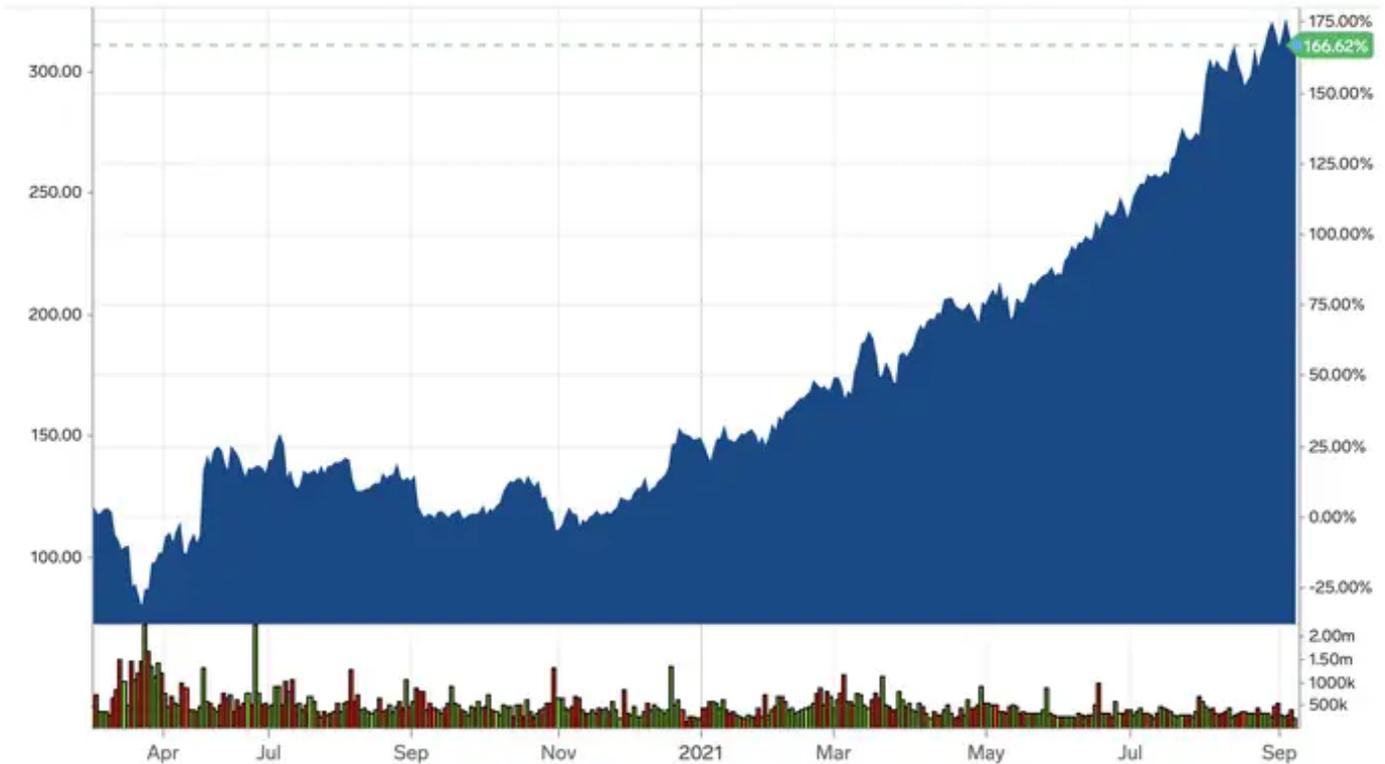
After-market 04:02:22 PM NAS

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**310.65** +1.45 (+0.47%)

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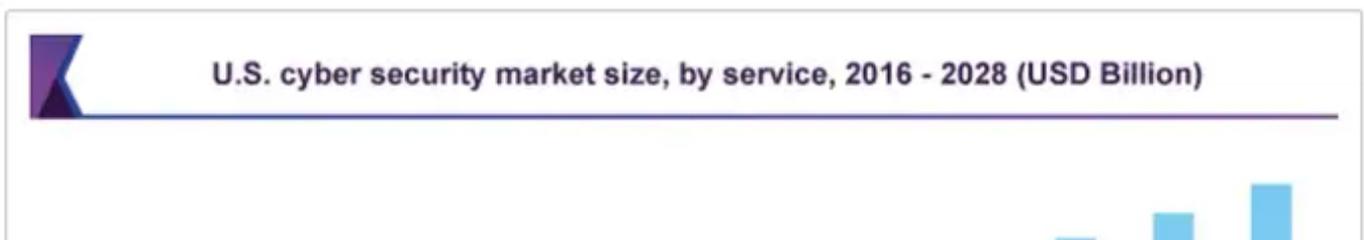


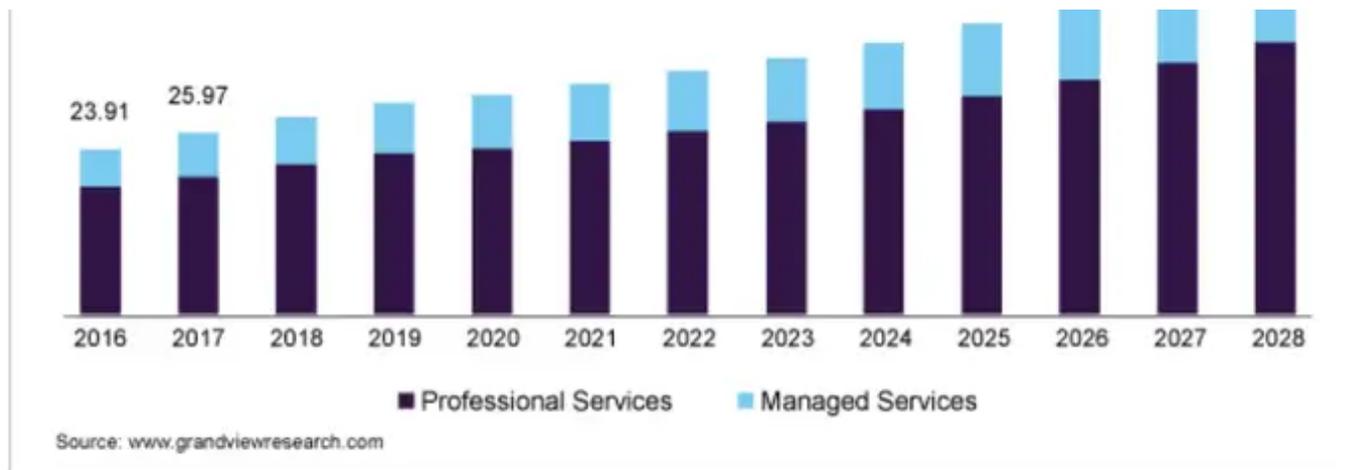
**Fortinet** Markets Insider

"I think [the colonial pipeline hack] was a lesson not just for other companies but for US regulators that you need stronger cybersecurity protection. And that technology exists in the private sector," Gokhman said. "Because of that, cybersecurity firms are going to see greater demand both from civilian contracts at the large corporate level, and also at the government level as well, including potentially as part of the infrastructure bills that are coming out.

"Firms like CrowdStrike have really long-term potential to do well," he added.

Global cybersecurity revenue is expected to more than double by 2028 from about \$180 billion to \$370 billion, according to [Grand View Research](#). US growth is expected to be substantially as well.





Grand View Research

CrowdStrike and Fortinet are currently the two biggest firms by market cap in the cybersecurity sub-sector, according to [Companiesmarketcap.com](https://www.companiesmarketcap.com).

According to data from The Wall Street Journal, more than 80% of analysts covering CrowdStrike have a buy rating on the stock. It has an average price target of \$311.83, higher than its current price around \$265.

As for Fortinet, 38% of analysts have a buy rating on it, according to the data. Its average price target is \$295.73, lower than its current level around \$310.

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