

## NANOTECHNOLOGY

### Nanotechnology Index 3Q14 Review

CNID and CNIP Returned -6.18% and -7.94% Respectively in 3Q 2014, Roughly In Line with Peers and some Major Indices

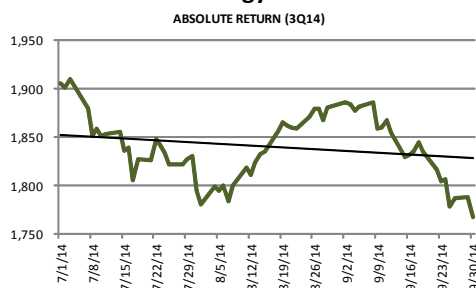
#### KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES:** In line with the pullback of the broader markets in general, the Cedrus Nanotechnology Index – Diversified (CNID) and Cedrus Nanotechnology Index – Pure (CNIP) retreated Q/Q 6.18% and 7.94% respectively in 3Q 2014. The performance was more or less comparable to the respective decline of 2.93% and 4.87% recorded by its peers, SGI Global Nanotechnology Index and the Credit Suisse Global Nanotechnology Index, and a few major indices like MSCI World (-2.58%), Hang Seng(-1.11%) and DAX (-3.65%). For the first three quarters of 2014, CNID and CNIP gained 6.17% and 4.27% respectively, exceeding meaningfully the performance of MSCI World (+2.25%), Hang Seng (-1.60%), Nikkei (-0.72%) and DAX (-0.82%).

Due to concerns over the growth prospects of the global economy and even deflation in the eurozone given the inflation rate in the region has been below 1% for a prolonged period of time together with heightened political tensions in the Middle East and Ukraine as well as uncertainty around the timing and magnitude of interest rate hike in the U.S. and United Kingdom, global equities generally delivered muted performance in 3Q 2014, with some major indices registering sequential declines. Compared to major indices, nanotechnology related indices as a whole lagged in performance in the quarter (following CNID and CNIP's outperformance in many quarters in the past several years) because many investors stayed with more established firms when uncertainty mounted instead of holding growth companies even those with substantial potential. However, we continue to be a firm believer in the prospects of nanotechnology in view of the amazing benefits it brings to society in terms of making materials stronger, lighter, more durable, and more reactive among other traits, in accordance with the specific needs of various applications. We believe this type of disruptive technology will eventually prevail.

- **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID):** Following the gains of 9.83% in 1Q 2014 and 3.04% in 2Q 2014, CNID decreased 6.18% in 3Q, with every sub-group contributing to the subdued performance. Relatively, Nano-Electronics performed better than the other sub-groups, declining 3.74% sequentially, while the Nano-Environment sub-group was the worst performance in the quarter, sliding 13.01% over 2Q. Nano-Electronics had a comparatively stronger performance in the quarter because one-third of its constituents registered gains between low-single-digits and high-teens sequentially.
- **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP):** Similarly, CNIP dropped 7.94% on a sequential basis in 3Q, reversing the increases of 11.25% and 1.81% in the first two quarters of 2014. As in CNID, the Nano-Electronics sub-group was the standout, posting a gain of 1.34% in 3Q over 2Q, and Nano-Environment was also the laggard among the sub-groups, slumping 14.86% sequentially.

**Cedrus Nanotechnology Index – Diversified (CNID)**



**Cedrus Nanotechnology Index – Diversified (CNID)**

