



## NANOTECHNOLOGY

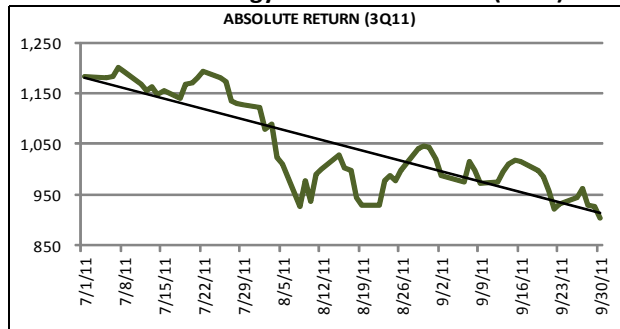
# Nanotechnology Index 3Q11 Review

## 2008 Redux: Worst Quarter for the Market since the Financial Crisis

### KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES.** This was a very volatile quarter with the S&P 500 declining quarter-over-quarter 14.3%; CNID and CNIP decreased 22.6% and 22.5% respectively. This was reminiscent of 4Q 2008, when CNID fell 26.7%, CNIP dropped 27% and the S&P 500 fell 22.6%. The destruction of value in 3Q 2011 was not confined to the U.S., with global markets falling precipitously: Hang Seng -21.5%, MSCI's World Index fell 15.3%, France's CAC 40 -25.1%, Germany's DAX -25.4% and the U.K.'s FTSE 100 -13.7%. In other words, this was a broad-based decline. On a year-over-year basis, CNID fell 14.9%, CNIP declined 13.7% and S&P 500 was down 0.9%. Within the CNID sub-groups, the performance differential was wide between the best and worst at 33.9% points, between Nano Environment (best, -8.7%) and Nano Energy (worst, -42.6%), with cut backs in spending on clean technology projects in Europe, impacting the Nano Energy space;
- **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID).** CNID marginally underperformed CNIP by 10 basis points (bps), CNID -22.6% and CNIP -22.5%. Performance of the five sub-groups varied between CNID and CNIP, with some performing better in one index than the other and vice versa. For example, Nano Electronics fared much better in CNIP, -6.1% than in CNID, -11%, but Nano Life Sciences outperformed in CNID, -21.9% compared to CNIP where Nano Life Sciences fell 26.2%. Otherwise, the differences were minimal, with Nano Energy doing a little better in CNIP than in CNID (-40% vs. -42.6%), Nano Manufacturing slightly outperformed in CNID (-22.6%) versus CNIP's Nano Manufacturing's -23.1%. The differential in Nano Environment's performance between indices favored CNID (-8.7% vs. -9.4%). As is often the case, the indices' performance masks the performance differential between leaders and laggards within the index and within the index's sub-groups. Within CNID, the difference between the overall best and worst performers was 142.8% points (ALTI vs. HEV, +55.3% vs. -87.5%). Within CNID's sub-groups, the biggest performance differential between the best and worst performers was 112.7% points in Nano Manufacturing (ALTI vs. AIXG, +55.3% vs. -57.4%);
- **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP).** Again, CNIP outperformed CNID, but by the slimmest margins of 10 bps, compared to its 2Q 2011 outperformance of 40 bps. Looking over the three quarters of this year, the indices are neck and neck, both down 25.6%. In CNIP, the difference between the overall best and worst performers was 113.4% points (ALTI vs. SPWRA, +55.3% vs. -58.1%). Within CNIP's sub-groups, the largest performance differential between the best and worst-performing stocks was 112.7% points in Nano Manufacturing (ALTI vs. AIXG, +55.3% vs. -57.4%) as well.

Cedrus Nanotechnology Index – Diversified (CNID)



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