



NANOTECHNOLOGY

Nanotechnology Index 4Q14 and 2014 Review

CNID and CNIP Returned +2.48% and +1.79% Respectively in 4Q 2014, Roughly In Line with Peers and some Major Indices

KEY POINTS:

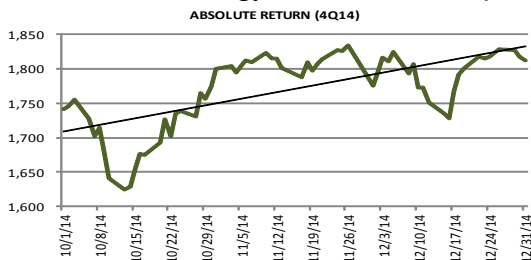
➤ **CEDRUS NANOTECHNOLOGY INDICES:** The Cedrus Nanotechnology Index – Diversified (CNID) and Cedrus Nanotechnology Index – Pure (CNIP) delivered sequential (Q/Q) gains of 2.48% and 1.79% respectively in 4Q 2014, roughly in line with some of the major equity indices: MSCI World (+0.66%), Hang Seng (+2.93%) and DAX (+3.5%). Their performance was in between the peers, namely SGI Global Nanotechnology Index (SGIXGNT) and the Credit Suisse Global Nanotechnology Index (CSGNI), which posted a respective return of +7.89% and -0.98%. For year 2014, CNID and CNIP gained 8.81% and 6.12% respectively, exceeding meaningfully the performance of MSCI World (+2.93%), Hang Seng (+1.28%), DAX (+2.65%) and CSGNI (-1.91%), versus the 10.33% gain by SGIXGNT.

In 2014, global economic growth was tepid in general in the developed economies with the exception of the U.S., which achieved a GDP expansion of 2.4%, an improvement to the 2.2% growth in 2013. China, the Eurozone, and Japan haunted by slowing economic growth have been introducing easing monetary policies, including cuts in deposit and lending rates as in the case for China and purchases of bonds by the European Central Bank and Bank of Japan in the amount of EUR 50 billion per month and 80 trillion yen per year respectively. They are also committed to using all the tools available to spur growth. Although the Fed could start interest rate hikes later this year, the pace is expected to be gradual and the magnitude to be minimal as indicated by Fed Chairwoman Janet Yellen so as not to derail the economic recovery. Hence, we believe the global economy will be on a path to steady growth near term, potentially picking up momentum in medium term, providing a positive environment for continued nanotechnology development. Last year, the U.S. Food and Drug Administration (FDA) issued three final guidances and one draft guidance on the use of nanotechnology in FDA-regulated products. We believe the provision of greater regulatory clarity will benefit the development of the industry by attracting more corporate and private investments.

➤ **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID):** Following the 6.18% Q/Q loss in 3Q14, CNID rebounded 2.48% in 4Q14. For 4Q, Nano-Energy was the worst-performing sub-group, posting a return of -15.75%, as 10 of its 15 constituents recorded losses between -1.7% and -47.5%. For full year 2014, all sub-groups enjoyed positive returns except Nano-Environment, which dropped 15.45%, with the top-two worst-performing component companies registering declines of 46% and 80.9%.

➤ **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP):** Likewise, CNIP regained 1.79% in 4Q, reversing the -7.94% in 3Q14. As in CNID, the Nano-Life Sciences sub-group led in performance in the quarter (advancing 20.48% in CNID and 25.11% in CNIP). In 2014, Nano-Environment was also the lone sub-group posting negative return of 21.58%.

Cedrus Nanotechnology Index – Diversified (CNID)



Cedrus Nanotechnology Index – Diversified (CNID)

