



NANOTECHNOLOGY

Nanotechnology Index 1Q14

CNID and CNIP Gained 9.83% and 11.25% Respectively in 1Q14, Outperforming the Broader Markets Again

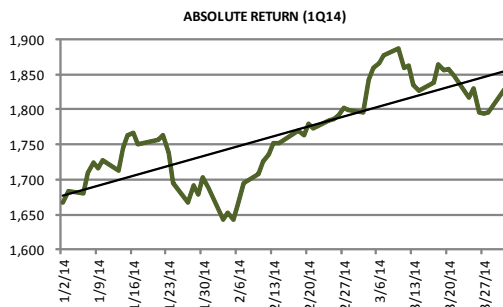
KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES:** In 1Q 2014, Cedrus Nanotechnology Index – Diversified (CNID) and Cedrus Nanotechnology Index – Pure (CNIP) extended the streak of outperforming quite a few of the major equity indices to five straight quarters, with a respective sequential gain of 9.83% and 11.25%. Indeed, CNID and CNIP not only fared better than some of the major equity indices in the quarter but also outperformed them by a wide margin. The performance of those indices in 1Q was S&P 500 (+1.30%), NASDAQ Composite (+0.54%), MSCI World (+0.77%), Hang Seng (-4.96%), Shanghai Composite (-3.91%), Nikkei 225 (-8.98%) and DAX (+0.04%).

1Q 2014 was a relatively tough quarter for equities as a whole amid faltering global economic data in general and for China in particular, fears about liquidity strain as the Fed continues to taper the bond purchase program, concerns over the spillover effects on emerging markets and their currencies following the Fed’s tapering, as well as the heightened political tensions in Ukraine. Despite all these negatives, we believe the markets will continue to perform relatively well in 2014, buoyed by abnormally low interest rates virtually worldwide and expectations for stronger global economic growth at least in the next 1-2 years relative to 2014. However, after the run of equities in the last two years, we are in an environment that favors stock selection and is characterized by heightened volatility. With value proposition of producing innovative materials, procedures and applications coupled with an improving supply and demand balance in the industries they serve, supportive government policies, as well as massive public and private funding designated to them, we believe nanotechnology plays should continue to grow and likely outperform generally the broader markets in 2014.

- **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID):** This index was off to a good start in 2014, with a sequential increase of 9.83% for 1Q. Among the sub-groups, Nano-Energy led the pack, with an impressive 33.07% jump sequentially, driven largely by the 358.1% surge achieved by its constituent, Plug Power, Inc. (PLUG), the overall best performer of CNID in the quarter. Three other sub-groups also delivered a positive return in the quarter, namely Nano-Manufacturing at 8.12%, Nano-Life Sciences at 7.33% and Nano-Electronics at 4.05%, with Nano-Environment being the only exception, which registered a negative return of 4.31%.
- **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP):** The performance of CNIP was noticeably better than CNID, climbing 11.25% in 1Q over 4Q. Just like CNID, Nano-Energy was the best-performing sub-group in the quarter, with an astounding 43.94% return. Nano-Life Sciences and Nano-Manufacturing ranked the second and third best-performing sub-group, returning 10.80% and 9.73% respectively in 1Q.

Cedrus Nanotechnology Index – Diversified (CNID)



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