

NANOTECHNOLOGY

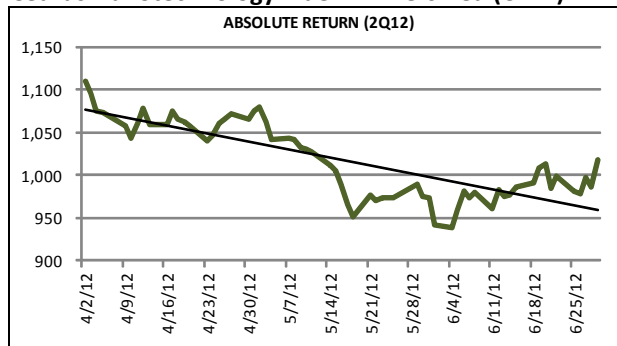
Nanotechnology Index 2Q12 and 1H12 Review

CNID and CNIP Outperform Many Major Indices in 1H12; CNIP's Performance Exceeds CNID's in 2Q12

KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES:** In 2Q12, both Cedrus Nanotechnology Index – Diversified (CNID) and Cedrus Nanotechnology Index – Pure (CNIP) declined versus 1Q12, alongside the retreat of the broader markets worldwide as worries about the worsening of the European debt crisis intensified. In addition, evidence was mounting that the economic growth of the emerging economies was moderating, noticeably in China where the GDP dropped for the sixth consecutive quarter to 7.6% in 2Q. Furthermore, in the U.S., the weakening of several macroeconomic indicators in the quarter together with the threat of the “fiscal cliff” that refers to the automatic cuts in government spending and hikes in taxes scheduled to take effect at year-end 2012 on the sustained growth of the U.S. economy also dampened investors’ sentiment towards stocks as a whole on a global basis.
- Sequentially, CNID and CNIP were down 7.6% and 5.3% in 2Q respectively after achieving a respective gain of 17.3% and 17.7% in 1Q. For 2Q, the performance of CNIP was roughly in line with the NASDAQ, MSCI World Index and the Hang Seng Index while both CNID and CNIP outperformed the S&P/IFC BRIC 40 (-13.4%) as well as the Philadelphia Semiconductor Index (-12.1%). For 1H12, both CNID and CNIP outpace many of the major global indices, including the S&P 500 (+8.3%), with an increase of 8.4% and 11.4% respectively;
- **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID):** Nano-Life Sciences again led other sub-groups in 2Q performance, with a positive return of 2.3% as almost half of its constituents achieved a sequential increase in their stock prices, including the 50% gain by the overall best performer, NuVasive Inc. (NUVA). The Nano-Environment sub-group also performed relatively well as it declined only 2.9%. The most profound dragger was again the Nano-Energy sub-group, which dropped 13.7% in the quarter, as seven out of 15 of its constituents (all players in renewable energy) were down more than 20% due to the well documented subsidy cuts and constraints in financing, among others. In 1H12, the performance among the sub-groups was similar to 2Q;
- **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP):** For 2Q, CNIP outperformed CNID by 230 basis points because of the relative outperformance of all the former’s sub-groups with the exception of Nano-Environment, which was essentially even. The most noticeable performance disparity occurred in the Nano-Energy sub-group, with a difference of 350 basis points as CNIP had fewer relative underperformers than CNID in the quarter. In 1H12, CNIP outpaced CNID in performance by 300 basis points.

Cedrus Nanotechnology Index – Diversified (CNID)



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