

NANOTECHNOLOGY

Nanotechnology Index 3Q13 Review

CNID and CNIP Continue to Outperform the Broader Markets in 3Q13 with respective 15.82% and 18.17% Sequential Gains

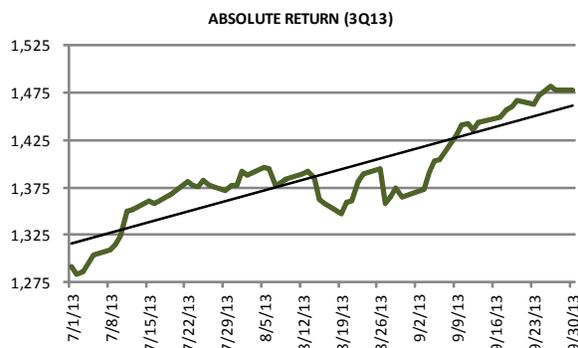
KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES:** In 3Q 2013, Cedrus Nanotechnology Index – Diversified (CNID) and Cedrus Nanotechnology Index – Pure (CNIP) jumped a respective 15.82% and 18.17% on a sequential basis, continuing to outperform many of the major equity indices, including S&P 500 (+4.69%), NASDAQ Composite (+10.82%), MSCI World (+7.68%), Hang Seng (+9.89%) and Shanghai Composite (+9.88%).

After the decline in many equity markets worldwide since mid-May amid growing concerns over the reduction of quantitative easing in the U.S., a slowdown in China's economy and fear of a liquidity crunch particularly in China, equities in general started rebounding in 3Q. The change in the course on equities occurred as the Federal Reserve unexpectedly maintained the pace of its monthly debt purchases during the September Federal Open Market Committee meeting coupled with several measures of economic activity improving both at individual country level and in aggregate in the eurozone, boosting global investors' sentiment. With the help of an abnormally low interest rate environment and a lot of liquidity in the markets, growth stocks were in favor, especially those companies engaged in businesses supported by government policies. Consequently, the performance of a number of solar and wind power plays in Cedrus' nanotechnology indices surpassed the broader market significantly.

- **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID):** The 15.82% sequential increase in 3Q was particularly impressive given that it was followed by the 15.65% and 7.16% gains in 1Q13 and 2Q13 respectively. Nano-Life Sciences retook the crown as the best-performing sub-group with a 26.81% jump sequentially in 3Q, attributed largely to the 369.7% surge achieved by the overall best performer in CNID, BioCryst Pharmaceuticals (BCRX). Nano-Energy also posted a strong return of 24.65% in the quarter after delivering a 27.10% increase in 2Q. It is worth noting that all sub-groups delivered a positive return: Nano-Manufacturing at 14.58%, Nano-Environment at 7.45% and Nano-Electronics at 1.56%.
- **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP):** The performance of CNIP was even more amazing, and the 18.17% sequential lift was the highest since at least back to 1Q10. Just like CNID, Nano-Life Sciences was the best-performing sub-group in CNIP, with a 29.63% return. Nano-Energy and Nano-Manufacturing were the second and third best-performing sub-groups in the quarter, returning 18.75% and 16.22% respectively.

Cedrus Nanotechnology Index – Diversified (CNID)



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