

Background

The **RFiD Index™** is a composite measure that reflects the financial performance of two carefully selected groups of companies that are active in the emerging RFID sector.

Over the past 5 years, this sector has been the focus of much attention. Though at first hyped and predicted to 'take the world by storm', the RFID technology has shown a steady increase both in capabilities and deployments. The RFID market is currently 'picking up speed'. After an initial phase of limited adoption but with significant sponsors like the DoD and Wal*Mart, many implementation efforts are now increasingly seen across a wide array of industries. Efforts at supply chain integrated deployment are being backed by giants like Microsoft and Cisco, and the significance of China's lively interest and investment in RFID can hardly be overstated.

In our view, RFID will become as ubiquitous as the barcode, but because of its far greater applicative possibilities and inherent network-based operation, the impact that the technology will have in the long run will far exceed that of the barcode. Although item identification is usually perceived as the main stream RFID application, there are in fact many different application areas in which RF technology can be effectively applied – smartcards, real-time location systems, tracking & tracing etc. This means that suppliers of RFID components (semiconductors, substrates, tags, readers, middleware) can have a potentially even larger market, depending on the innovation capabilities of solution providers and system integrators.

IDTechEx, a leading independent research and analysis company on RFID and related technologies expects the worldwide market for RFID components and systems to grow from \$ 4.96 billion in 2007, to \$ 26.88 billion in 2017.

RFiD Index™

It is against this background that RFID Society has developed a monitoring instrument that reflects the financial performance as expressed in share prices of a relevant group of publicly traded companies in the RFID industry. The **RFiD Index™** is composed of two groups of companies. The first group is traded in US dollars, the second group is traded in other currencies. The **RFiD Index™** however is expressed in dollars. Because of this the currency conversion rate is an important factor in the graph for the non-USD companies index.

Since the RFID market is not yet mature, there is much volatility. The RFID industry is expected to go through the regular 'growing pain' of consolidation and shake-out, where the high-potential smaller companies will eventually be taken over by a few of the larger players. At the same time, the market is expected to grow rapidly by a factor of 5 within 10 years time.

Although there are certainly interesting players in Asia, these are explicitly not represented in the **RFiD Index™** because either they are not publicly traded (China) or they are large companies with very differentiated activities (India) that may be candidates for acquiring a few RFID players but who are not focussed RFID players themselves.

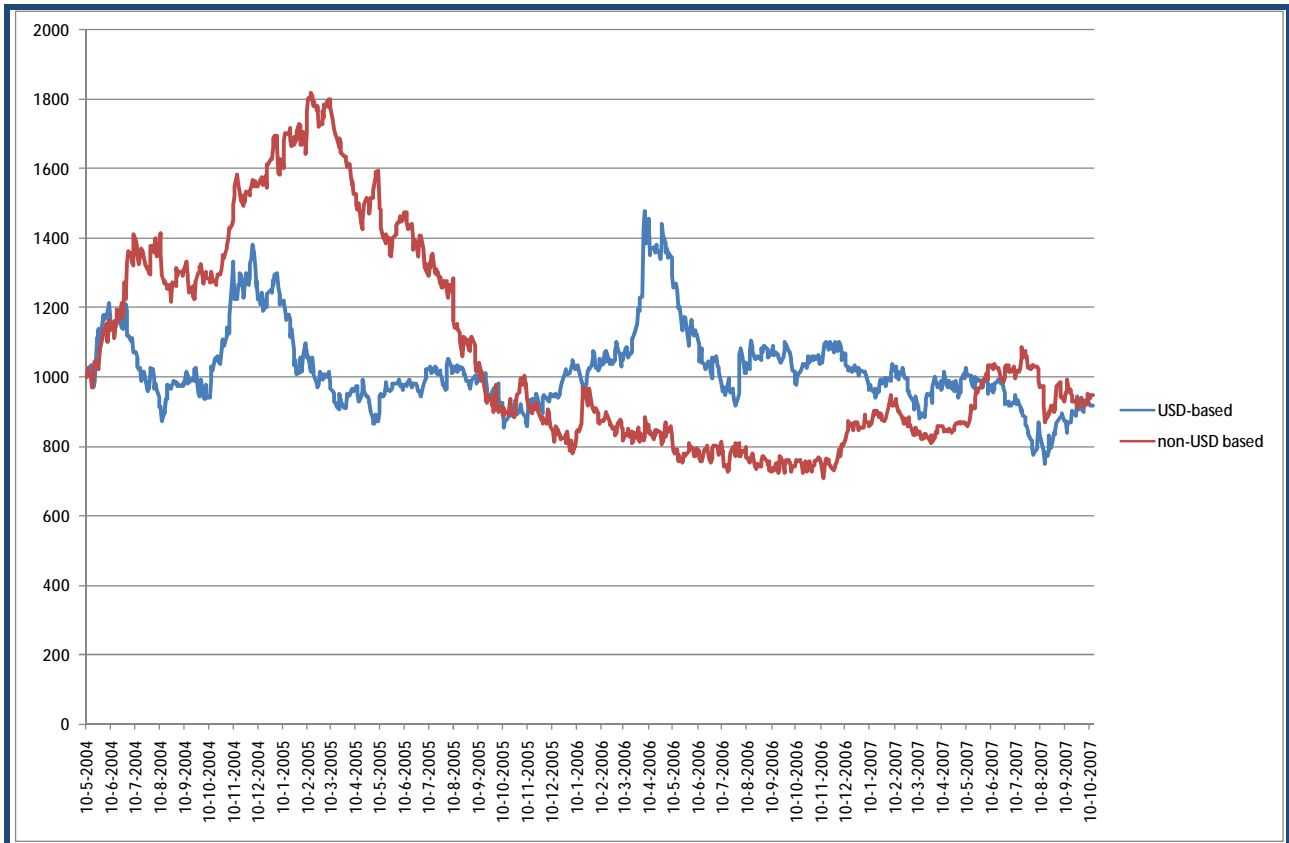
For some of the companies that are represented in the **RFiD Index™** it is also true that they are not 100% 'pure' RFID players. We have compensated for that by using a relative weight for such stocks assessing the proportion of RFID sales in their total turnover. Where annual reports/financial statements usually do not mention RFID sales separately, we applied a 'guesstimation' based on our understanding of the RFID market. We make no claim whatsoever as to the accuracy of the weight factors we have applied in calculating the **RFiD Index™**.

RFiD Index™ is a registered trade mark of RFID Society.

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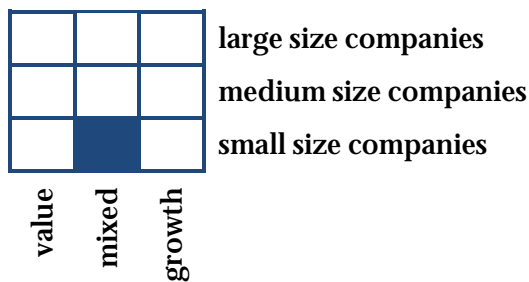
Historical performance



Data used for the time period May 10, 2004 through October 15, 2007.
 Stock values taken from the 'adjusted close' as published daily in relevant media.

Investment style

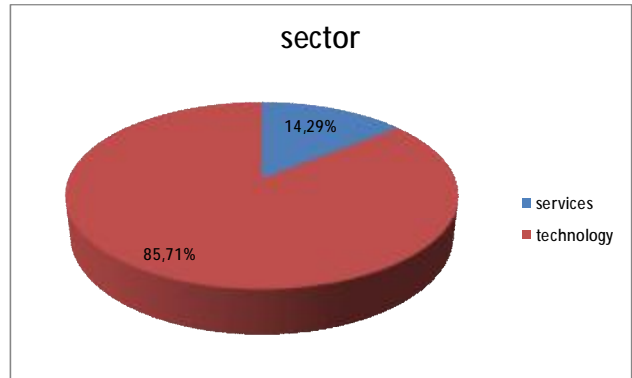
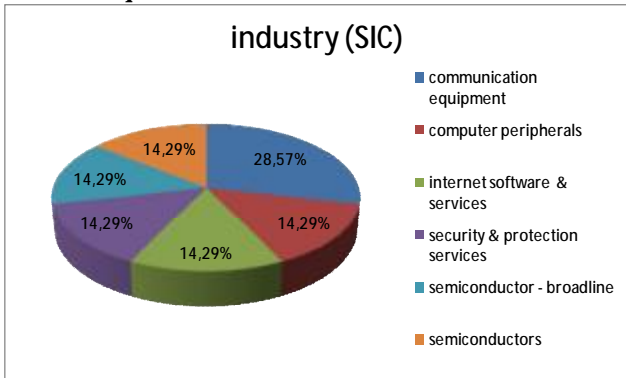
Morningstar® Style box:



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Key characteristics of index for USD based companies

Fund composition details:



Key characteristics of index for non-USD based companies

Fund composition details:

