

## Nanotechnology

### Nanotechnology Index 2Q15 and 1H15 Review

CNID and CNIP Gained 2.94% and 1.71% in 1H15, Exceeding the 0.20% and 1.52% Return Registered by S&P 500 and MSCI World Respectively

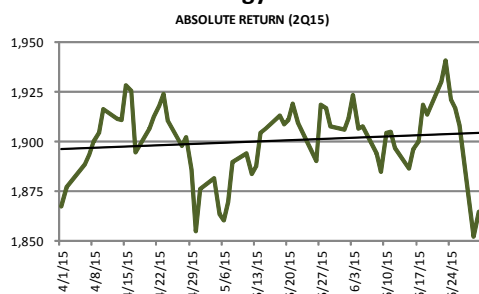
#### KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES:** In 2Q15, both Cedrus Nanotechnology Index – Diversified (CNID) and Cedrus Nanotechnology Index – Pure (CNIP) continued to deliver relatively stable return of 0.16% and -0.27% respectively on a sequential basis amidst uninspiring performance recorded by some major indices worldwide, including the S&P 500, MSCI World and German DAX, which underperformed CNID in the quarter, declining 0.23%, 0.30% and 8.53% corresponding. Similarly, the respective 2.94% and 1.71% gain attained by CNID and CNIP in 1H15 surpassed the 0.20% and 1.52% achieved by the S&P 500 and MSCI World. For peer comparisons, CNID and CNIP fared better in both periods than the Credit Suisse Global Nanotechnology Index (CSGNI), which produced a return of -3.95% and 0.66% in 2Q and 1H respectively, but trailed the 6.43% and 11.39% performance generated by the SGI Global Nanotechnology Index (SGIXGNT).

Dragged by uncertainty about the timing of the first rate hike by the Fed, fears of Europe entering a period of deflation that would choke its feeble economic recovery, and the lingering of the debt crisis in Greece, a handful of major indices either eked out small gains or simply declined in 2Q. Looking forward, we believe the global equity markets will continue to be very volatile, as investors in general will be more cautious because of the growing concerns over economic growth worldwide, in particular China. Most likely, overall shares of companies involved in nanotechnology will have roller-coaster rides too as a result of depressed investor sentiment. However, these short-term jitters will not change our positive view on the long-term prospects of nanotechnology due to the economic and societal benefits it brings. We believe global investment in nanotechnology will continue to flourish, as innovations are the only means to gain competitive advantages. In the U.S., the National Science Foundation last week announced funding of \$81 million over a five-year period to provide researchers from the public and private sectors access to nanotechnology research rendered by 16 university-user facilities with leading-edge tools and expertise within all disciplines of nanotechnology. It is believed that this move will expedite commercialization.

- **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID):** This index's track record of achieving positive quarterly gains in 11 of the past 14 quarters since 1Q12 is truly impressive. In 2Q15, the remarkable 8.28% return produced by the Nano-Life Sciences sub-group more than offset the relatively subdued performance by other sub-groups.
- **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP):** Its underperformance versus CNID and negative return in 2Q was caused by the disappointment from the Nano-Energy sub-group, which slid 9.57%, as the two wind energy plays, Gamesa Corp. Tecnologica SA (GAM SM) and Vestas Wind Systems (VWS DC), which advanced 20.1% and 16% respectively in the quarter are not constituents of CNIP but CNID.

**Cedrus Nanotechnology Index – Diversified (CNID)**



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