



## NANOTECHNOLOGY

# Nanotechnology Index 1Q15 Review

CNID and CNIP Continued to Achieve Positive Returns in 1Q15 with 2.78% and 1.98% respectively, Outperforming S&P 500 and MSCI World

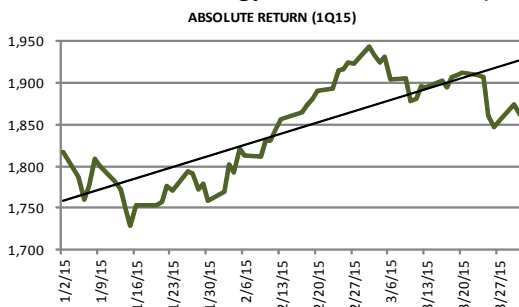
### KEY POINTS:

- **CEDRUS NANOTECHNOLOGY INDICES:** Following the roughly high-single-digit return for 2014, the Cedrus Nanotechnology Index – Diversified (CNID) and Cedrus Nanotechnology Index – Pure (CNIP) delivered sequential gains of 2.78% and 1.98% respectively in 1Q 2015. Their performance exceeded those rendered by some of the major equity indices such as the S&P 500 and MSCI World, which registered a respective increase of 0.44% and 1.82% in the same period. More importantly, CNID and CNIP’s performance was roughly in line with their peers, namely SGI Global Nanotechnology Index (SGIXGNT) and the Credit Suisse Global Nanotechnology Index (CSGNI), which grew 4.65% and 4.80% correspondingly in 1Q 2015.

In the broader market, several major equity indices gained low- to mid-single-digit percentage sequentially in 1Q 2015, at a slower pace than the mid- to high-single-digit percentage increases in 4Q 2014, as investors sentiment tempered slightly given the signs that the Federal Reserve would start raising interest rate later this year. However, the European Central Bank, the People’s Bank of China and Bank of Japan have made no indications of following suit soon. On the contrary, China is seen to be more aggressive on its monetary policy by cutting interest rates and lowering the reserve requirement ratio (RRR) further in an effort to turnaround the decelerating economic growth, which hit 7% in 1Q 2015, the lowest in six years. Given this divergence in monetary policy and the uncertainty about the exact timing of the Fed’s first rate hike, we expect the global equity market to be more volatile until the Fed finally takes the action. Although turbulence is expected in the broader market, in our view, investment by the public and private sectors on nanotechnology would virtually stay the course, as technology advancements help enhance competitive advantage. In the U.S., almost half of the President’s Budget for the National Nanotechnology Initiative for fiscal year 2016 of \$1.5 billion will be dedicated to applications-focused R&D, indicating the increased emphasis on accelerating the process of bringing discoveries made in labs to commercialization.

- **CEDRUS NANOTECHNOLOGY INDEX – DIVERSIFIED (CNID):** Gained 2.78% in 1Q 2015, continuing the track record of achieving positive returns with the exception of 3Q 2014. Nano-Energy was the top-performing sub-group, reversing the 15.75% loss in 4Q 2014, with a 9.88% increase, as seven of its 15 constituents had double-digit gains. Nano-environment was the laggard, posting a negative return as in the last two quarters by 9.86% in the quarter.
- **CEDRUS NANOTECHNOLOGY INDEX – PURE (CNIP):** Advanced another 1.98% in 1Q 2015 after gaining 1.79% in 4Q 2014. Like CNID, Nano-Energy was the best-performing sub-group with a positive return of 6.05%, while Nano-environment was the worst-performer, posting a negative return of 11.32%.

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



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