SIERRA
mini

SHARD FUND

A JOURNEY ACROSS OUR PORTFOLIO

August 23rd - August 29th, 2014 | Issue 24

Sierra mini aims to focus primarily on our portfolio. Here we will be openly showing the reasoning behind our positions and analyse their development with time. This will be a temporary substitute of Sierra, which will merge with Sierra mini in a few weeks time to cover both the markets and our portfolio.

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SECTORS

USA

Sectors	5D	1M	3M	YTD
Energy	1.78%	-0.61%	3.52%	15.19%
Healthcare	1.38%	3.10%	7.09%	13.98%
Utilities	1.96%	1.52%	1.93%	12.70%
Technology	0.42%	1.44%	6.62%	11.56%
Materials	0.72%	1.30%	2.93%	9.32%
Financials	1.04%	2.55%	5.04%	6.86%
Consumer Staples	0.65%	1.74%	0.98%	5.00%
Industrials	-0.24%	2.21%	-0.13%	3.37%
Consumer Discretionary	0.26%	3.09%	4.88%	2.98%
Indices				
S&P 500	0.75%	1.70%	4.34%	9.67%
Nasdaq	0.91%	3.10%	7.82%	8.39%
Russell 2000	1.18%	2.87%	3.01%	3.15%
Dow Jones Ind. Avg.	0.57%	1.10%	2.39%	0.92%

Source: Sectorspdr.com

EUROPE

Indices	5D	1M	3M	YTD
STOXX Europe 600 Real Estate Cap	1.31%	1.84%	2.64%	16.46%
STOXX Europe 600 Health Care	2.48%	2.94%	5.24%	15.15%
STOXX Europe 600 Food & Beverage	1.84%	2.32%	1.22%	7.58%
STOXX Europe 600 Basic Resources	-0.11%	-4.94%	5.74%	6.61%
STOXX Europe 600 Oil & Gas	2.18%	0.30%	-1.66%	6.21%
STOXX Europe 600 Construction & Materials	1.51%	-1.11%	-6.26%	4.41%
STOXX Europe 600	1.56%	0.46%	-0.65%	4.19%
STOXX Europe 600 Financial Services	1.34%	0.12%	-0.88%	4.11%
STOXX Europe 600 Travel & Leisure	1.43%	0.20%	-4.58%	3.24%
STOXX Europe 600 Personal & Household Goods	1.05%	-0.62%	-2.84%	2.92%
STOXX Europe 600 Insurance	1.59%	1.80%	1.44%	2.68%
STOXX Europe 600 Banks	2.06%	-0.19%	-2.64%	1.55%
STOXX Europe 600 Technology	1.38%	1.35%	2.93%	1.50%
STOXX Europe 600 Chemicals	1.76%	-0.29%	-3.45%	0.21%
STOXX Europe 600 Telecommunications	1.63%	-1.11%	-2.02%	0.12%
STOXX Europe 600 Media	1.45%	1.82%	0.07%	-0.51%
STOXX Europe 600 Automobiles & Parts	0.00%	1.71%	-9.97%	-1.00%
STOXX Europe 600 Industrial Goods & Services	1.14%	0.74%	-2.90%	-2.05%
STOXX Europe 600 Retail	-0.22%	-0.67%	-4.46%	-6.51%

Source: Stoxx; quoted in EUR

SECTORS / FX

ASIA & PACIFIC

Indices	5D	1M	3M	YTD
STOXX Asia/Pacific 600 Construction & Materials	2.31%	2.39%	9.35%	14.07%
STOXX Asia/Pacific 600 Technology	0.58%	0.37%	8.56%	13.31%
STOXX Asia/Pacific 600 Health Care	1.31%	4.80%	10.99%	12.82%
STOXX Asia/Pacific 600 Oil & Gas	0.12%	1.08%	5.43%	11.72%
STOXX Asia/Pacific 600 Food & Beverage	-0.60%	1.95%	8.90%	10.81%
STOXX Asia/Pacific 600 Personal & Household Goods	-0.06%	-0.37%	8.45%	7.26%
STOXX Asia/Pacific 600 Chemicals	1.07%	1.47%	10.46%	6.65%
STOXX Asia/Pacific 600 Real Estate	-0.54%	0.80%	5.90%	6.19%
STOXX Asia/Pacific 600 Industrial Goods & Services	0.39%	-0.49%	8.27%	5.63%
STOXX Asia/Pacific 600 Index	-0.03%	0.01%	6.65%	3.93%
STOXX Asia/Pacific 600 Insurance	-0.39%	2.43%	6.11%	3.64%
STOXX Asia/Pacific 600 Utilities	-1.31%	1.66%	4.61%	3.25%
STOXX Asia/Pacific 600 Telecommunications	0.47%	0.66%	6.56%	2.84%
STOXX Asia/Pacific 600 Media	-1.63%	-0.13%	6.40%	2.35%
STOXX Asia/Pacific 600 Banks	0.36%	0.37%	5.70%	2.14%
STOXX Asia/Pacific 600 Basic Resources	-1.95%	-4.37%	5.24%	-0.90%
STOXX Asia/Pacific 600 Financial Services	-0.09%	1.69%	6.81%	-1.83%
STOXX Asia/Pacific 600 Retail	-1.55%	-1.83%	0.99%	-2.12%
STOXX Asia/Pacific 600 Automobile & Parts	-0.39%	-2.72%	4.93%	-4.45%

Source: Stoxx; quoted in EUR

FX

Pair	Open	Close	Weekly %	Trend w/w	Monthly %	YTD
AUD/USD	0.9316	0.9338	0.24%	2	0.34%	4.77%
EUR/JPY	137.66	138.68	0.74%	2	-0.01%	3.77%
AUD/NZD	1.1090	1.1170	0.72%	2	1.92%	2.90%
USD/CHF	0.9138	0.9184	0.50%	1	2.61%	2.87%
USD/CAD	1.0945	1.0877	-0.62%	3	0.33%	2.42%
NZD/USD	0.8402	0.8360	-0.50%	1	-1.43%	1.88%
USD/CNY	6.1515	6.1434	-0.13%	1	-1.36%	1.48%
GBP/USD	1.6571	1.6597	0.16%	3	-0.90%	0.25%
GBP/JPY	172.18	172.77	0.34%	2	1.39%	-0.84%
USD/JPY	103.95	104.08	0.13%	1	2.33%	-1.16%
EUR/CHF	1.2104	1.2061	-0.36%	3	-0.78%	-2.04%
GBP/AUD	1.7788	1.7774	-0.08%	1	-1.17%	-3.94%
EUR/USD	1.3240	1.3132	-0.82%	2	-3.65%	-4.46%
EUR/GBP	0.7992	0.7912	-1.00%	2	-2.73%	-4.63%
EUR/AUD	1.4214	1.4064	-1.06%	3	-3.74%	-9.16%
BTC/USD	512.50	500.00	-2.44%	1	-13.45%	-31.55%

Source: Investing.com

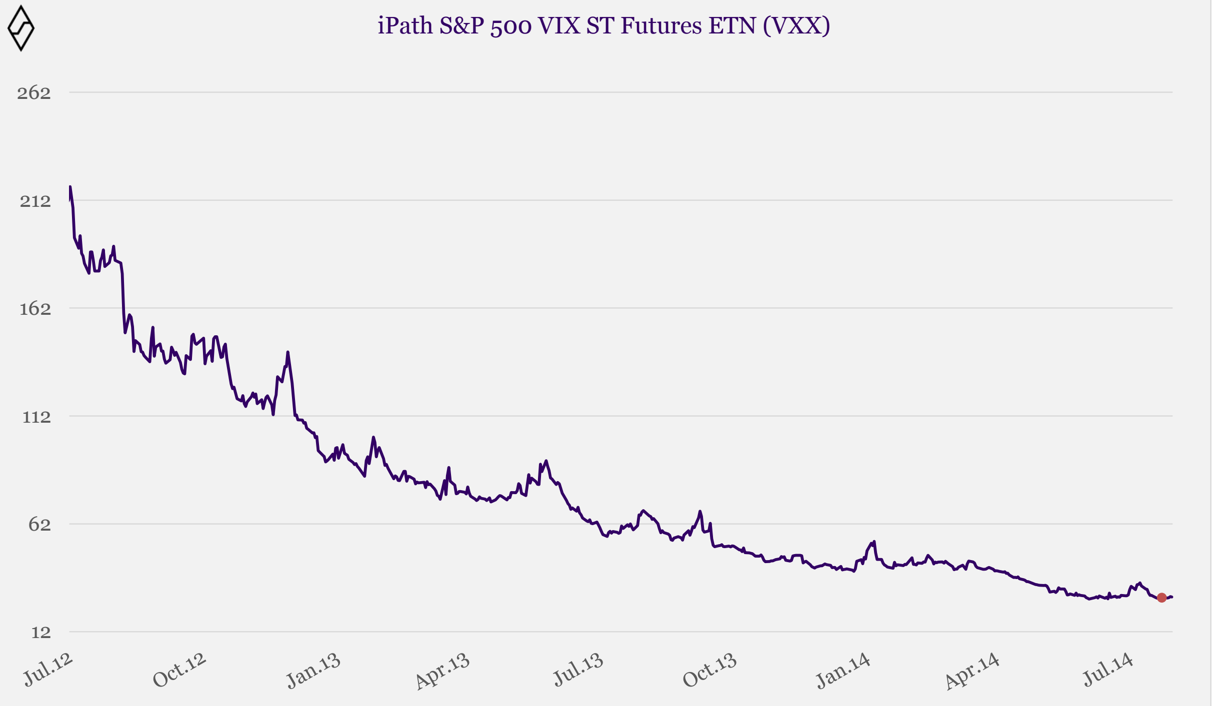
CALENDAR

Day	Country	Indicator	Actual	Forecast	Previous
USA					
Day	Country	Indicator	Actual	Forecast	Previous
Monday	United States	New Home Sales (MoM)	-2.4%	5.7%	-8.1%
Tuesday	United States	Core Durable Goods Orders (MoM)	-0.8%	0.5%	3.0%
Tuesday	United States	Durable Goods Orders (MoM)	22.6%	7.5%	2.7%
Tuesday	United States	CB Consumer Confidence	92.4	89.0	90.3
Thursday	United States	GDP (QoQ)	4.2%	3.9%	4.0%
Thursday	United States	Pending Home Sales (MoM)	3.3%	0.5%	-1.3%
Friday	United States	Chicago PMI	64.3	56.0	52.6
		Upcoming events		Forecast	Previous
Monday	United States	New Home Sales (MoM)			-8.1%
Tuesday	United States	Core Durable Goods Orders (MoM)		0.6%	1.9%
Tuesday	United States	Durable Goods Orders (MoM)		6.9%	1.7%
Tuesday	United States	CB Consumer Confidence		89.0	90.9
Thursday	United States	GDP (QoQ)		4.0%	4.0%
Thursday	United States	Pending Home Sales (MoM)		0.6%	-1.1%
Friday	United States	Chicago PMI		56.0	52.6
EU					
Day	Country	Indicator	Actual	Forecast	Previous
Monday	Germany	German Ifo Business Climate Index	106.3	107.0	108.0
Wednesday	Germany	GfK German Consumer Climate	8.6	9.0	9.0
Thursday	Germany	Unemployment Rate	6.7%	6.7%	6.7%
Thursday	Germany	CPI (MoM)	0.0%	0.2%	0.3%
Friday	EU	CPI (YoY)	0.3%	0.3%	0.4%
Friday	EU	Unemployment Rate	11.5%	11.5%	11.5%
Friday	United Kingdom	Business Investment (QoQ)	upcoming	2.0%	5.0%
Friday	Germany	Retail Sales (MoM)	-1.4%	0.1%	1.0%
		Upcoming events		Forecast	Previous
Monday	Germany	German Ifo Business Climate Index		107.0	108.0
Tuesday	Germany	GfK German Consumer Climate		9.0	9.0
Thursday	Germany	Unemployment Rate		6.7%	6.7%
Thursday	Germany	CPI (MoM)		0.2%	0.3%
Friday	EU	CPI (YoY)		0.3%	0.4%
Friday	EU	Unemployment Rate		11.5%	11.5%
Friday	United Kingdom	Business Investment (QoQ)		2.0%	5.0%
Friday	Germany	Retail Sales (MoM)		0.1%	1.3%
Asia and Oceania					
Day	Country	Indicator	Actual	Forecast	Previous
Monday	New Zealand	Trade Balance (MoM)	-692M	-475M	247M
Thursday	Japan	Household Spending (MoM)	-0.2%	1.6%	1.5%
Thursday	Japan	Household Spending (YoY)	-5.9%	-3.0%	-3.0%
Thursday	Japan	Industrial Production (MoM)	0.2%	1.0%	-3.4%
Sunday	China	Manufacturing PMI	upcoming		51.7
Sunday	China	HSBC Manufacturing PMI	upcoming		50.3
		Upcoming events		Forecast	Previous
Monday	Australia	Building Approvals (MoM)		1.5%	-5.0%
Tuesday	Australia	Interest Rate Decision		2.5%	2.5%
Tuesday	Australia	GDP (QoQ)		0.4%	1.1%
Tuesday	Australia	GDP (YoY)		3.0%	3.5%
Tuesday	China	Non-Manufacturing PMI			54.2
Tuesday	China	HSBC Services PMI			50.0
Wednesday	Australia	Retail Sales (MoM)		0.4%	0.6%
Sunday	China	Exports (YoY)		10.7%	14.5%
Sunday	China	Imports (YoY)		0.2%	-1.6%
Sunday	China	Trade Balance		48.70B	47.30B
Sunday	Japan	GDP (QoQ)			-1.7%

Source: Investing.com

Long VIX ($VXX)

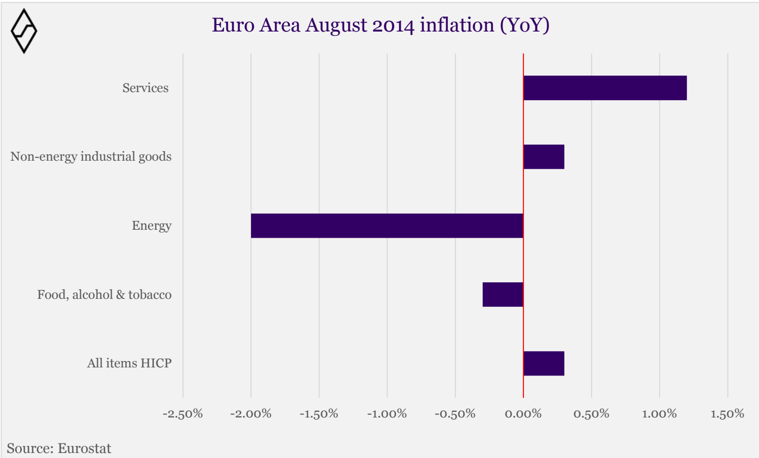
The week performance of this position in our portfolio is: +1.48%
The VIX has performed very well this week after tension in Ukraine rose once again and Consumer Spending in the US decreased (unexpectedly for some). Volatility is still well-below every possible average and has started slowly to creep up, similarly to that seen at the beginning of July, when it suddenly erupted after an initially slow build up. With September approaching and everyone coming back from vacation to the trading desks, we expect increased action on the markets, which could be very beneficial for those of us who are long volatility.

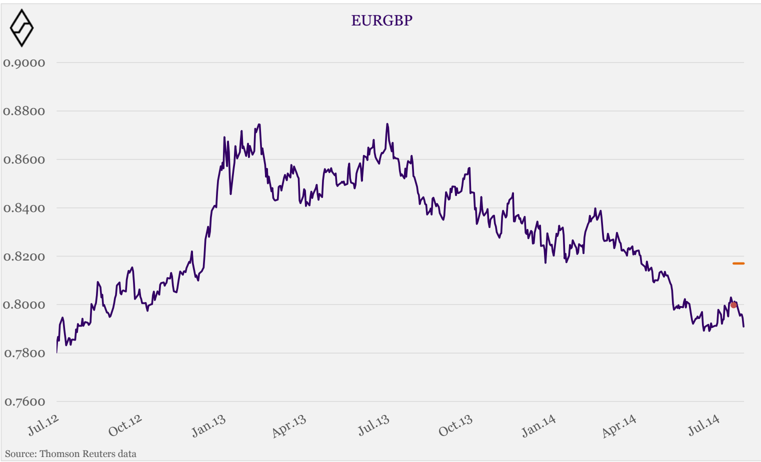


Source: Thomson Reuters data

Short EUR/GBP ($EURGBP)

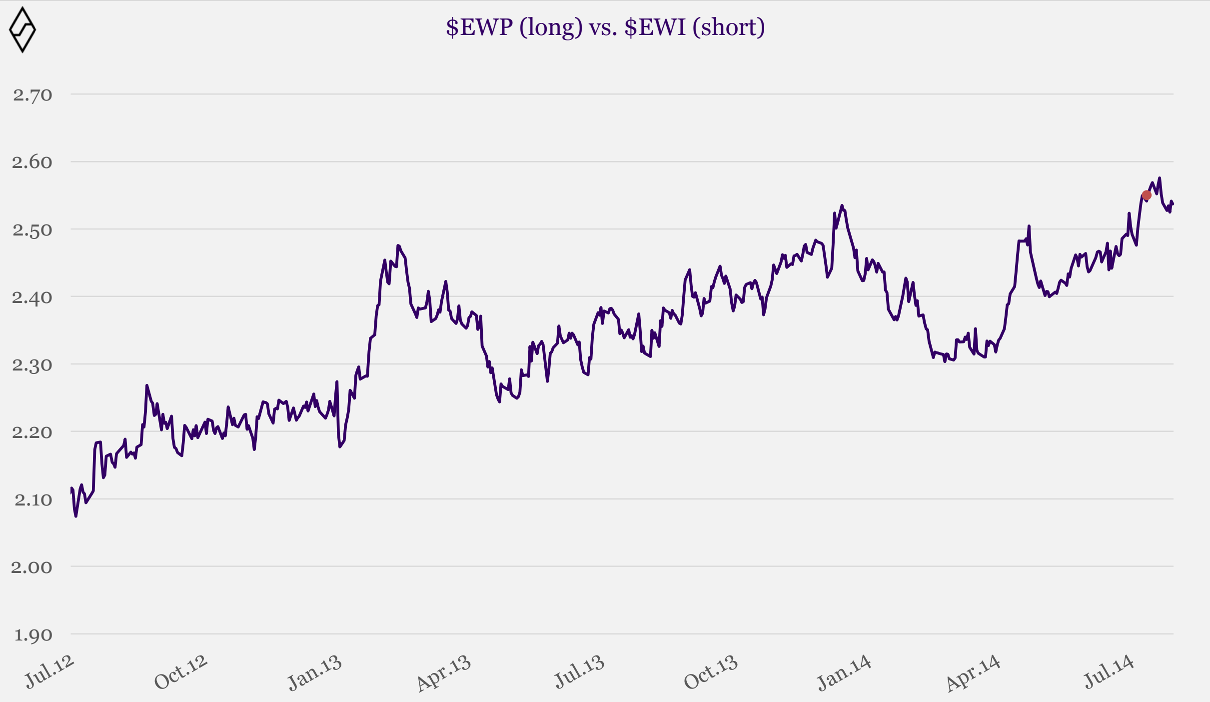
The week performance of this position in our portfolio is: +1.06%
The pound continues to deliver the goods, or dare we say, Draghi keeps pounding the EUR with a baseball bat. On Friday, Eurostat reported that EU inflation fell yet again so expectations for the almighty QE remained elevated and the EUR/GBP pair corrected significantly. Looking at the inflation report we see Energy and Food as the only drags for the official number and actually the Core inflation (subtracting Energy and Food) rose to 0.9% from 0.8%. We believe that it is unacceptable for Europeans to benefit from lower food and energy costs, thus one of the partners has officially demanded for this tax cut to end. So far, no response has been received.





Long Spain ($EWP) vs. Short Italy ($EWI)

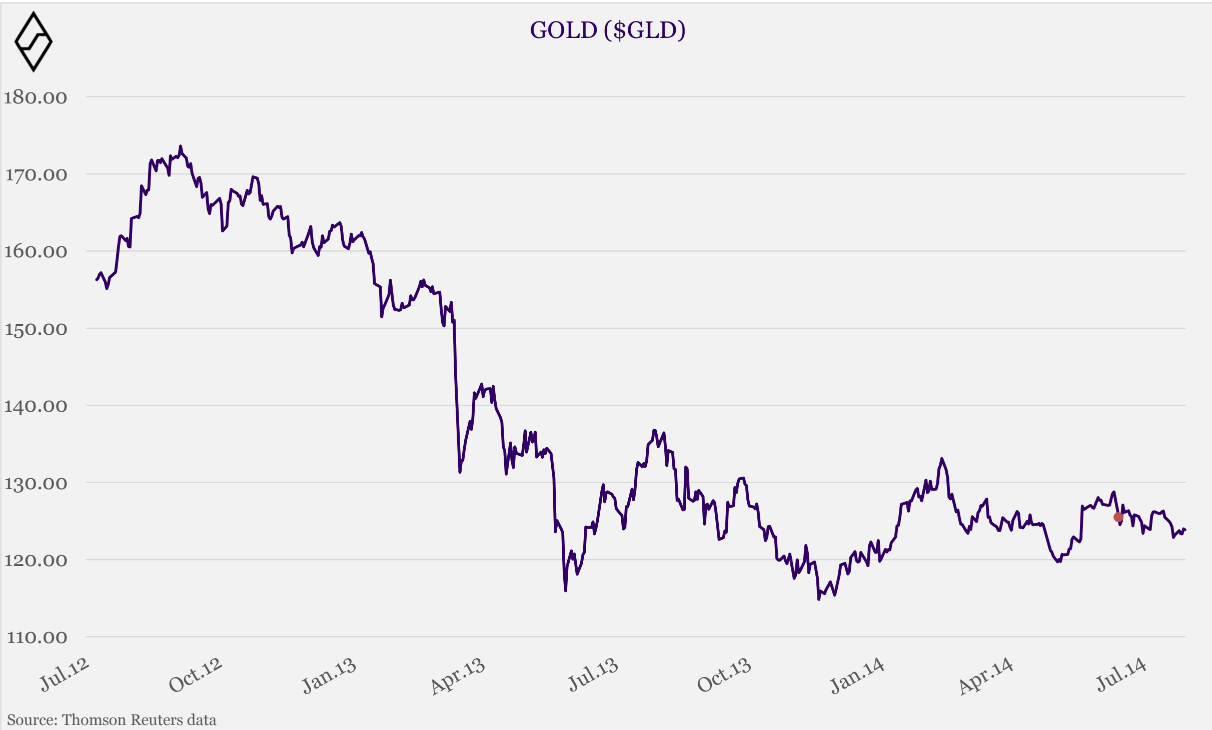
The week performance of this position in our portfolio is: -0.06%
There is one overriding driving force in the capital markets this week: Europe. The data, preliminary inflation, M3 and sentiment surveys are all read with an eye toward the possibility of entering into QE program. In addition, Russian troops, tanks and weapons appear to be entering Ukraine under the guise of the insurgence.
Looking at our spread it was pretty stable during the week, but fundamentally our view was strongly backed up by the recent economic data from Spain. Gross domestic product rose 0.6 % from the first quarter as household spending and investment advanced. Exports' contribution to economic activity improved as foreign sales gained 1.3 % after a 1 % drop in the first quarter. Government spending increased 0.1 % after rising 4.4 % in the previous three months. Spain's turnaround has boosted investor confidence in its stocks and bonds, while rating companies have revised their call on its ability to repay debt.



Source: Thomson Reuters data

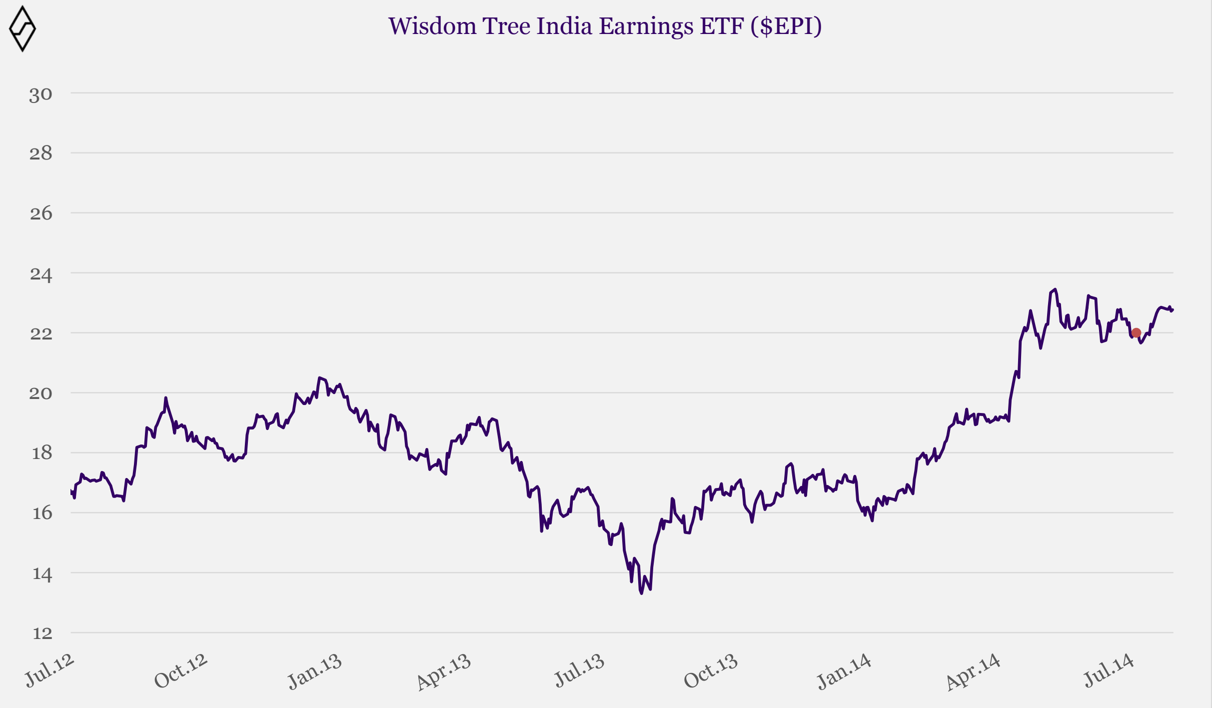
Long Gold ($GLD)

The week performance of this position in our portfolio is: +0.54%
In the face of rising volatility and potential QE in EU, as well as slowing consumer demand in the US, Gold has had a positive week. The metal is still one of the few (if not the only) commodity that has not experienced a significant drop in price, given the rise of the USD. We believe this is a strong enough signal for market expectations and also believe the US economy will grow below consensus, which will push the USD down and be beneficial for Gold. On the growth front, Goldman Sachs cut its Q3 GDP forecast to 3.1% from 3.3% on Friday, which is a clear signal of uncertainty on the consensus side of the table.
For now, our view on Gold has not changed. However, our view is flexible and we are more than ready to close the position given any substantial catalyst.



Long India ($EPI)

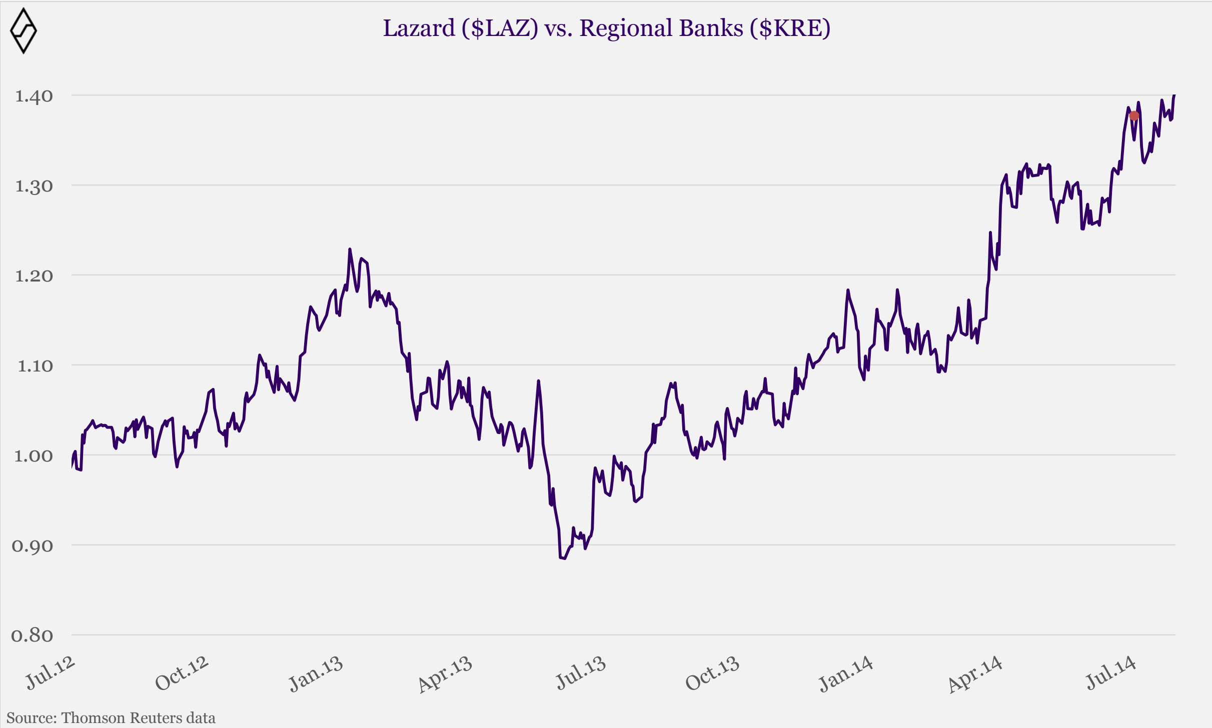
The week performance of this position in our portfolio is: -0.31%
The BSE Sensex (Bombay Stock Exchange) Index is still close to its all-time high made in recent months, however it took a well-deserved breather this week after another good rally.



Source: Thomson Reuters data

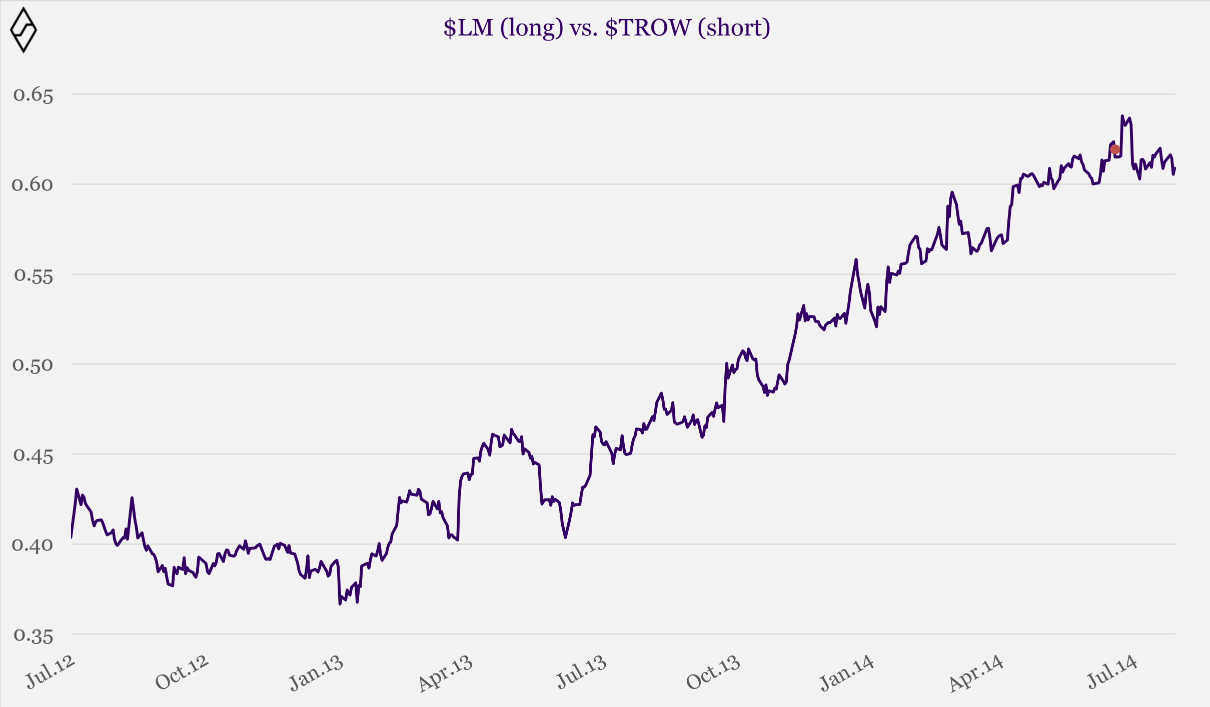
Long Lazard ($LAZ) vs. Short Regional Banks ($KRE)

The week performance of this position in our portfolio is: +0.32%



Long Legg Mason ($LM) vs. Short T. Rowe Price Group Inc. ($TROW)

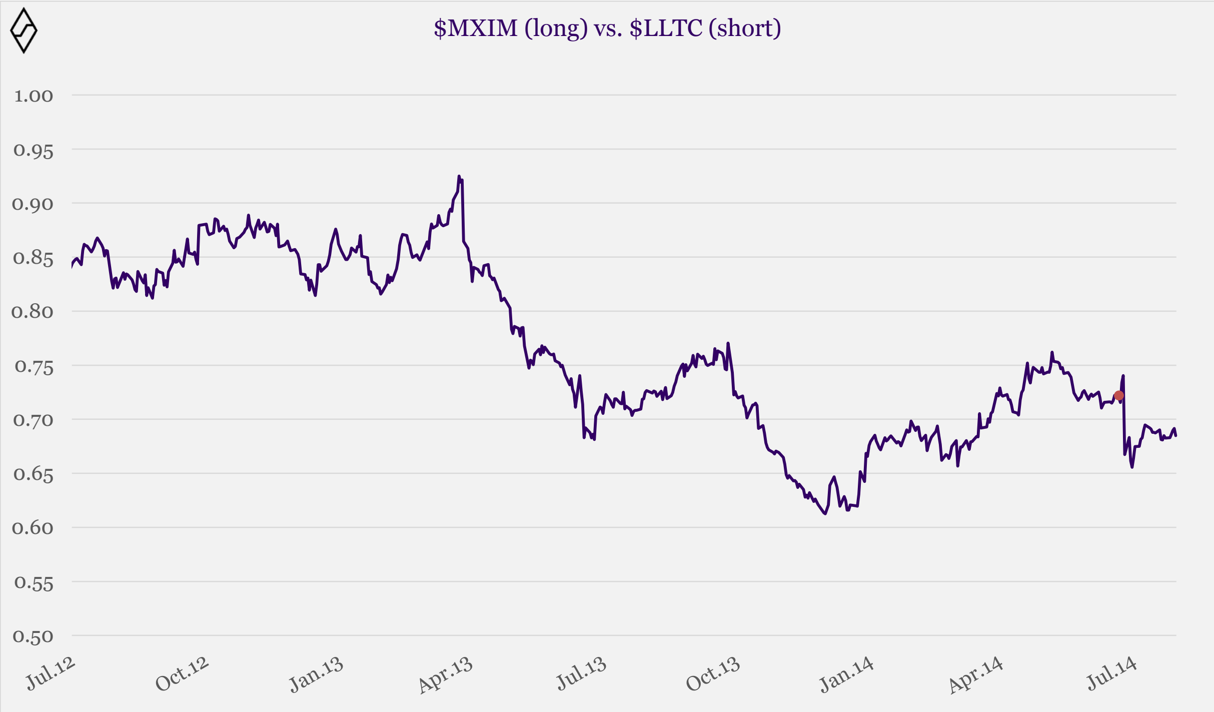
The week performance of this position in our portfolio is: -0.52%



Source: Thomson Reuters data

Long Maxim Integrated Products Inc. ($MXIM) vs. Short Linear Technology Corp. ($LLTC)

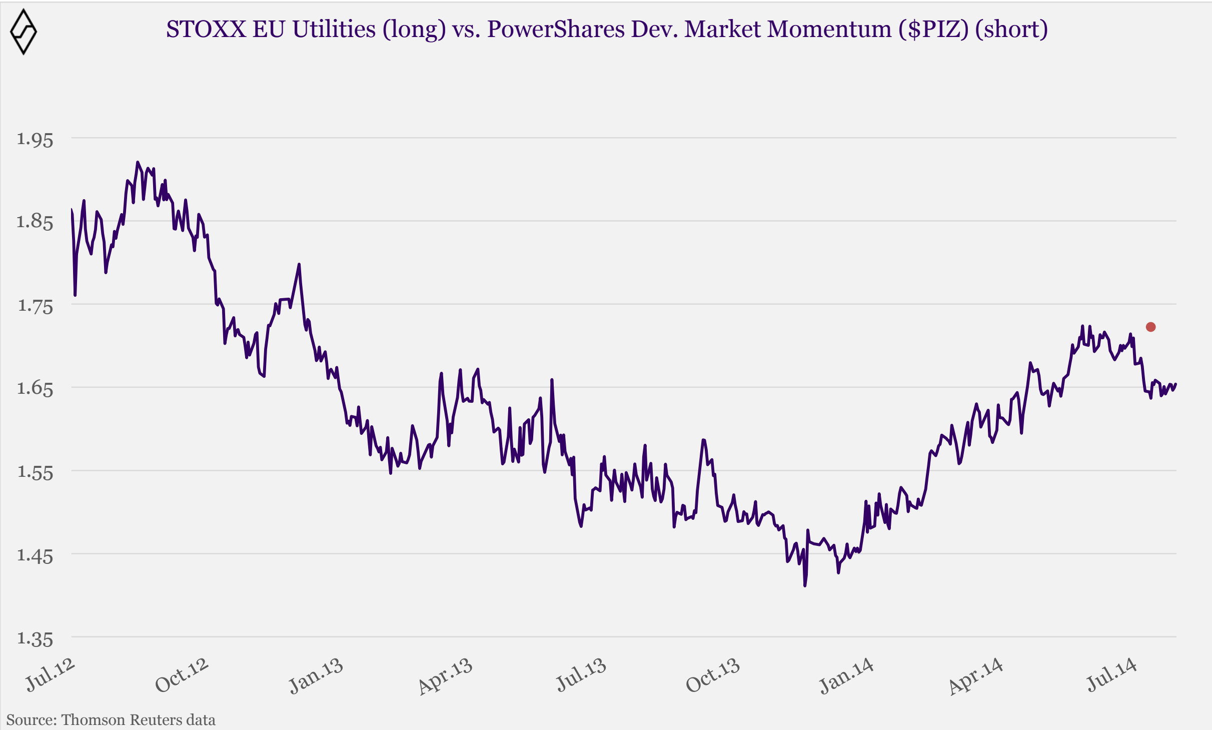
The week performance of this position in our portfolio is: +1.99%



Source: Thomson Reuters data

Long STOXX Europe 600 Utilities UCITS ETF (EXH9)
vs.
Short PowerShares DWA Developed Markets Momentum Portfolio ($PIZ)

The week performance of this position in our portfolio is: +0.72%



REFERENCES

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