

LEON Income Fund

RAIF V.C.I.C. PLC



LEON
MFO Investments

September 2023

USD share class | NAV per share: 961,81

The Fund's objective is to generate long-term capital gains and income from investments in corporate and sovereign bonds. The Fund follows a strategy with a focus on efficient allocation among different bond types through the economic cycle. The Fund is not benchmark-constrained and it is flexible in terms of duration, sector or country allocation. The portfolio is mainly invested in high-quality bonds with average portfolio rating above BB, based on a proven in-house research process.

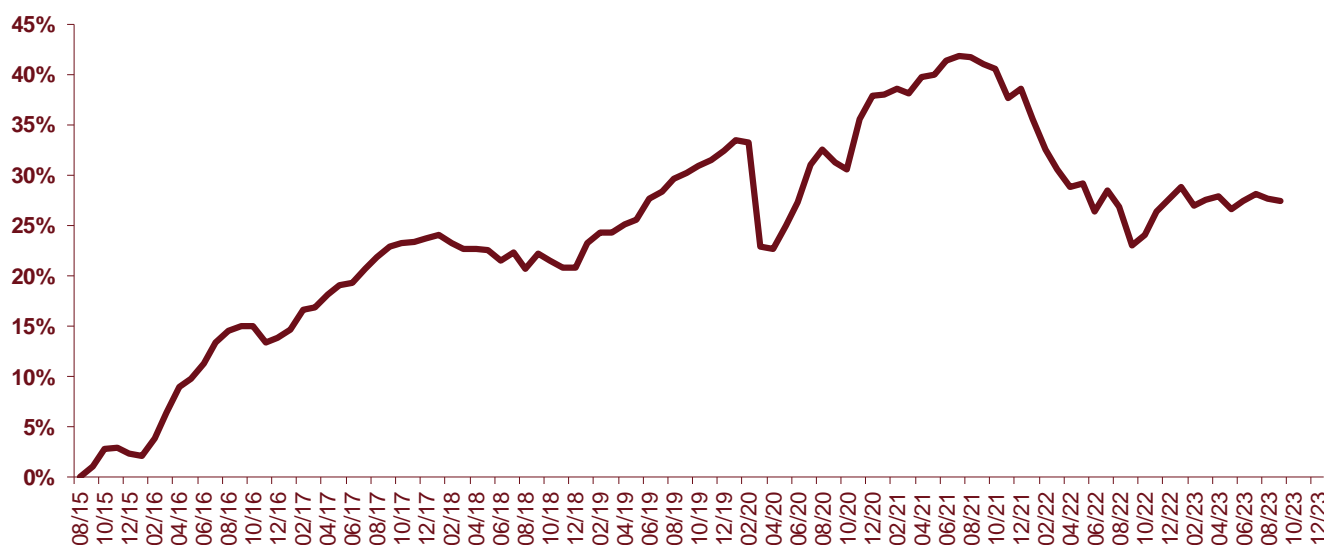
Target Portfolio Attributes

Number of positions	30-40
Average credit rating	BB or higher
Position limit	<5% per issuer
Sector limit	<30% per industry
Country limit	>50% US <10% per other countries
Leverage	None

Fund Terms

Legal form	Cyprus-domiciled RAIF, V.C.I.C.
Share classes	EUR (CYF000002198), FX-hedged USD (CYF000002347)
Bloomberg codes	EUR-hedged class: LENIFRA CY USD class: LENIFRB CY
Min Investment	USD 150.000 / EUR 125.000
Launch Date	March 2022
Liquidity	Monthly redemptions, no penalties
Fund manager	LEON MFO Investments Limited (regulated by CySEC, License No. AIFM 37/56/2013)
Depository	EFG Luxembourg
Fund Admin	PricewaterhouseCoopers
Fees	Management fee: 1,0% of AUM p.a. Perf. fee: 10% (3% hurdle, HWM)
Other expenses	0,3% of AUM p.a. (depository and fund administration)

Net Performance (USD Share Class)*



Net Performance (USD Share Class)*

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since incept.
2023	0,9	-1,5	0,5	0,3	-1,0	0,6	0,6	-0,4	-0,2				-0,2	27,5
2022	-2,2	-2,2	-1,5	-1,3	0,3	-2,2	1,6	-1,3	-3,0	0,8	1,9	1,1	-7,8	27,7
2021	0,1	0,4	-0,4	1,2	0,2	0,9	0,3	-0,1	-0,5	-0,3	-2,0	0,7	0,5	38,5
2020	0,8	-0,2	-7,7	-0,3	2,0	1,8	2,9	1,2	-1,0	-0,5	3,9	1,6	4,1	37,8
2019	2,0	0,8	0,0	0,7	0,3	1,7	0,6	0,9	0,4	0,6	0,4	0,7	9,5	32,4
2018	0,3	-0,6	-0,5	0,0	-0,1	-0,9	0,7	-1,3	1,2	-0,6	-0,5	0,0	-2,3	20,9
2017	0,8	1,7	0,2	1,1	0,8	0,2	1,2	0,9	0,9	0,3	0,1	0,2	8,6	23,7
2016	-0,2	1,6	2,5	2,4	0,7	1,4	2,0	0,9	0,5	-0,0	-1,4	0,3	11,2	13,8
2015									1,1	1,7	0,1	-0,6	2,4	2,4

* Until March 2022 it is net performance of similar strategy managed by the Fund's team on individual accounts, afterward - LEON Income Fund official track record.

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Monthly Commentary

Bond markets. U.S. Treasury market had an exceptionally bad month (-2,6% for AGG). Main reason was a strong set of macro data. First, US inflation in September comes at 3,7% y/y vs 3.6% forecast, mainly due to the growth of the energy component. Second, the service inflation was up 0,6% m/m vs 0,4% in previous month. That is especially negative for the markets, because FED main target is a service part of inflation and as we see it started to pick up momentum for last two months. Strong NFP (336k actual vs 170k forecast) and JOLTS (9,61M) data is equally important. Macro data supports "higher-for-longer" theme, which is negative for all risky assets. The 30-year U.S. Treasury rose above 5.0% for the first time since 2007. Currently 10-year U.S. Treasury yields about 4,6%. Recent risk-off event (the war between Israel and Palestine) were able to push yields a bit down, but just for a few days. We see some spreads widening in U.S. High Yield that we have been waiting for and also making HY more attractive asset-class at current levels.

Portfolio. We still prefer to keep a low portfolio duration (in the range of 1,0-2,0). As we can see this whole year it was the right decision. However, we believe that now is a good moment to slightly increase the risky part of the portfolio, considering spread widening, which we've been waiting for quite a while. The main reason is that we still do not expect problems with the liquidity, credibility and solvency of companies.

Key Characteristics

# of positions	18
Duration	1,5
Average Rating	A
YTM %	6,0
Current Yield %	2,2
Net return since incept., % p.a.*	3,0
Sharpe Ratio since inception *	0,62

* Until March 2022 it is net performance of similar strategy managed by the Fund's team on individual accounts, afterward - LEON Income Fund official track record.

Country (%)

US	88,2
Australia	2,4
Brazil	2,3
India	2,3
Mexico	1,6
Europe	1,2
South Africa	1,2
Turkey	1,2
Colombia	0,0
Cash	-0,3
Total	100,0

Sector (%)

Sovereign	77,0
Consumer	5,9
Materials	5,9
Oil & Gas	5,0
Transport	4,0
Food	1,2
Telecom	1,2
Auto	0,2
Tech	0,0
Utilities	0,0
REIT	0,0
Health Care	0,0
Industrials	0,0
Cash	-0,3
Total	100,0

Duration (%)

0 to 3 years	82,1
3 to 5 years	7,5
5 to 10 years	10,8
Cash	-0,3
Less than 0	0,0
10+ years	0,0
Total	100,0

Credit Quality (%)

AAA	0,0
AA	77,0
A	0,0
BBB	0,0
BB	18,6
B	4,8
Cash	-0,3
Lower than B	0,0
Not rated	0,0
Total	100,0

Contacts

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Fund administrator: PwC Fund Services. **Website:** www.pwc.com.cy

Risk Disclosure Statement

Every type of financial instruments has its own characteristics and entails different risks, depending on the nature of each investments. A general description of the nature and the risks of financial instruments are summarized in the risk disclosure statement of the Company which could be accessed through the following link:

<https://leoninvestments.com.cy/wp-content/uploads/2020/04/leon-mfo-risk-disclosure-final-10.04.2020-v1.0.pdf>. It should be noted the Company's risk disclosure statement does not disclose all the associated risks or other important aspects of the financial instruments and it should not be considered as investment advice or recommendation for the provision of any service or investment in any financial instrument. There are no guarantees of profit nor of avoiding losses, when trading in financial instruments. The clients of the Company or its prospective clients/investors should not carry out any transaction in any financial instruments, unless he/she is fully aware of their nature, the risks involved and the extent of his/her exposure to these risks. In case of uncertainty as to the meaning of any of the warnings described in the aforementioned risk disclosure statement, the client or the prospective client/investor must seek an independent financial, legal and/or tax advice before taking any investment decision. This presentation is addressed to professional and well-informed investors only.

Sustainability Risks. The RAIF is not expected to qualify as sustainable. The External Manager is committed to integrating sustainability risks into its investment decision-making process and in its investment advice to the minimum extent, as required by Regulation (EU) 2019/2088 ("SFDR") and Commission Delegated Regulation (EU) 2022/1288. However, the External Manager does not consider the principal adverse impacts of its investment decisions or of its investment advice on sustainability factors. The External Manager may reassess its consideration in the future in regards to adverse impacts and sustainability objectives.