

# LEON Global Hedge Fund

RAIF V.C.I.C. PLC

December 2023

EUR-hedged share class | NAV per share: 944.34



**LEON**  
MFO Investments

The Fund's objective is to generate consistent uncorrelated returns from investments in a diversified portfolio of hedge funds. The Fund employs a flexible absolute return strategy, with about 65% of the portfolio invested in short-term liquid Private Credit strategies with strong collaterals, and the remainder in Arbitrage and other uncorrelated strategies. The Fund prioritizes niche opportunities with direct institutional-level access to managers, building on a vast network accumulated since 2009.

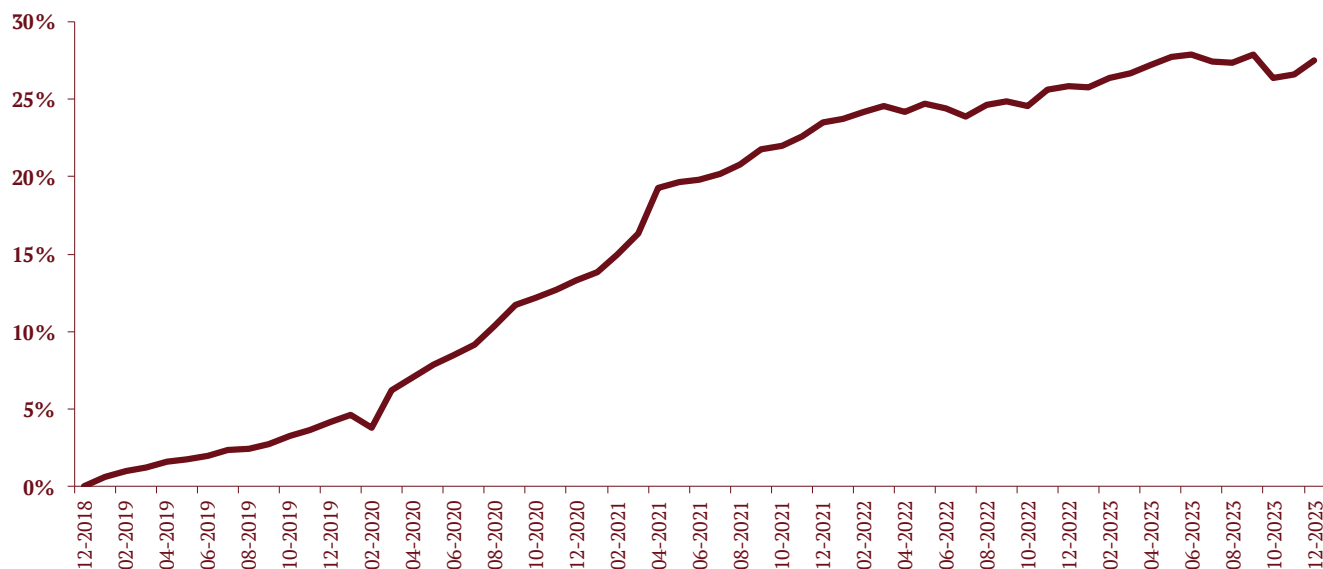
## Target Portfolio Attributes

Number of positions:	15-25
Position Limit:	<10% per position
Manager Limit:	<12% per manager
Strategy Class Limit:	<20% per strategy class >50% Liquid Private Credit strategies
Leverage:	None

## Fund Terms

Legal form	Cyprus-domiciled RAIF, V.C.I.C.
Share classes	B: USD (CYF000002362, LEGHRVB CY) A: EUR (CYF000002354, LEGHRVA CY)
Min Investment	EUR 250'000 / USD 300'000
Subscriptions/NAV	Monthly
Redemptions	Quarterly, with 95 calendar days notice Max. 25% of investor's position per quarter
Launch date	March 2023 (class A: EUR)
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, EUR FX-hedged\*



## Net Performance, EUR FX-Hedged\*

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since incept.
2023	-0.0	0.4	0.3	0.4	0.4	0.1	-0.3	-0.1	0.4	-1.2	0.2	0.7	1.3	27.5
2022	0.1	0.4	0.3	-0.3	0.5	-0.3	-0.5	0.6	0.2	-0.3	0.9	0.2	1.9	25.8
2021	0.5	1.0	1.2	2.5	0.3	0.1	0.3	0.5	0.8	0.2	0.5	0.8	9.0	23.5
2020	0.5	-0.8	2.3	0.8	0.8	0.6	0.7	1.1	1.2	0.4	0.5	0.5	8.7	13.3
2019	0.7	0.4	0.2	0.4	0.2	0.3	0.3	0.1	0.3	0.5	0.4	0.5	4.2	4.2

\* Before May 2022: Net of fees EUR performance of a discretionary strategy managed by the Fund's team on individual accounts since December 2018. Starting from June 2022: The audited net track record of LEON Global Hedge Fund RAIF, class B (USD), less modeled cost of hedge from USD to EUR, pending launch of Class A. Starting from March 2023: The audited net track record of LEON Global Hedge Fund RAIF, class A (EUR). Class A launch date: March 1st, 2023; launch price: 935.98.

\*\*Fund Administrator estimate based on position prices available as of last day of the month.

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## Monthly Commentary

December saw a significant rally in risk assets, backed by drastically looser financial conditions since the Fed's announcement of the end of the tightening cycle. Overall, being too negative proved to be the wrong strategy in 2023, and may well prove to be so again in 2024. The economy has continued to grow strongly (yet in large part due to record fiscal deficits), and inflation has fallen from its peak (yet apparently slightly reaccelerating again). We believe that it's important to implement caution, diligence, and diversification in approaching asset allocation in 2024. For instance, equities look priced for perfection, having gained just over 20% in 2023, an outcome few would have predicted at the start of the year. While profit growth was actually negative 1% for US equities, the gains were driven by multiple expansion. Great expectations, of over 10% profit growth, are embedded for 2024. We believe there is downside risk to this forecast, given the fiscal stimulus is likely to decelerate from here.

On the fixed income side, we believe 2024 could offer opportunities in corporate credit. We could be at the start of a true credit cycle for the first time since the end of the Financial Crisis. We seek to profit from this theme via increased exposure to credit long-short strategies of various types. We initiated one such position in December and planned another one in January, bringing the total weight of credit arbitrage to about 14%.

The Fund's NAV increased by 0.7% in December as both private credit and arbitrage contributed positively. We are pleased with the rapid recovery of the performance of the consumer finance strategy in the LATAM region which took a sizeable write-down in Q3. Pricing in US consumer credit has also re-set, and while delinquencies are still on the rise, the risk-reward looks massively better than 2 years ago. Our top picks in private credit remain trade finance, senior real estate bridge credit in English law countries, and litigation finance.

### Key Characteristics

# of positions	24
Liquid Private Credit	14
Arbitrage	10
Net return since incept., % p.a.*	5.0%
Sharpe Ratio since inception *	2.3

### Strategy Type, % of portfolio

Liquid Private Credit	60.6
Arbitrage	29.9
Cash	9.5
<b>Total</b>	<b>100.0</b>

### Regional Breakdown, % of portfolio

USA	48.4
UK	7.8
Australia	5.9
Europe	5.0
LatAM	4.6
Global	18.9
Cash	9.5
<b>Total</b>	<b>100.0</b>

### Strategy Class, % of portfolio

Trade Finance	17.1
Real Estate Bridge Credit	12.4
Litigation Finance	11.4
Credit Arbitrage	10.4
Short-term Consumer Finance	9.3
Receivables	8.9
Market-neutral Algo	6.2
Equity Arbitrage	6.2
Other	8.8
Cash	9.5
<b>Total</b>	<b>100.0</b>

### Top-5 Positions

US Trade Finance	6.7
UK Consumer Litigation Finance	6.7
US Healthcare Receivables	6.2
US Trade Finance	5.3
Global Trade Finance	5.1

\* Before May 2022: Net of fees EUR performance of a discretionary strategy managed by the Fund's team on individual accounts since December 2018. Starting from June 2022: The actual track record of LEON Global Hedge Fund RAIF, class B (USD), after cost of hedge from USD to EUR. Starting from March 2023: The actual track record of LEON Global Hedge Fund RAIF, class A (EUR).

## Contacts

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**Fund administrator:** PwC Fund Services. **Website:** [www.pwc.com.cy](http://www.pwc.com.cy)

## Risk Disclosure Statement

This document is addressed to professional and well-informed investors only. 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. **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.