

LEON Income Fund

RAIF V.C.I.C. PLC

December 2023

USD share class | NAV per share: 999,76



LEON
MFO Investments

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.

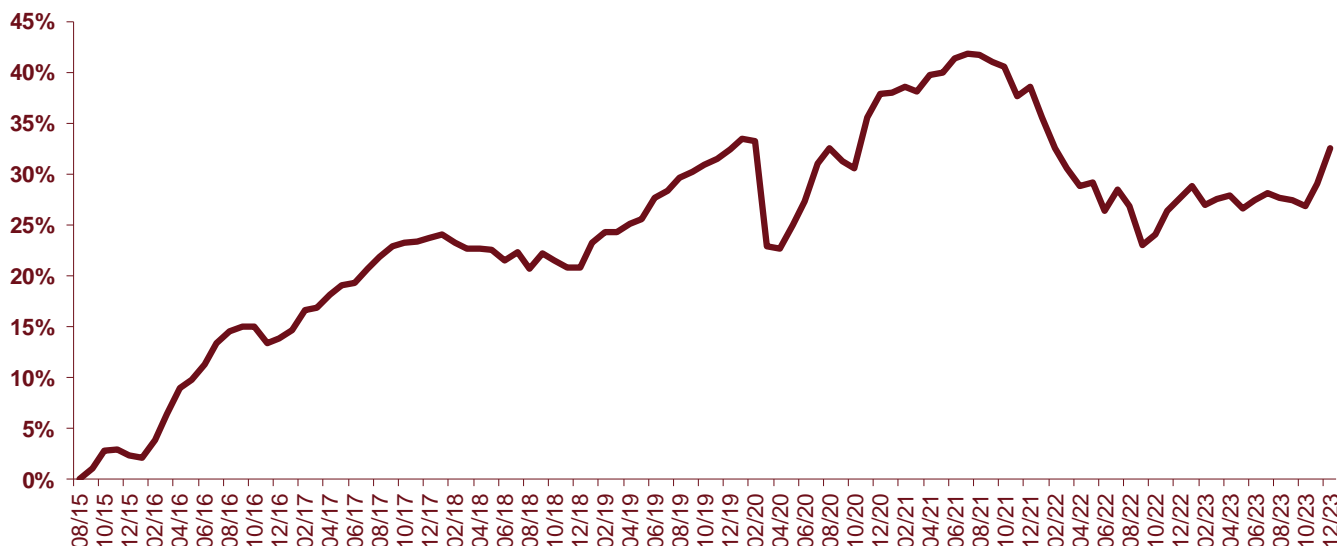
Target Portfolio Attributes

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	-0,5	1,8	2,6	3,8	32,5
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. Escalating tensions in the Middle East seem to have little impact on financial markets. Curiously, limited shipping through the Red Sea has not yet shown any impact on inflation expectations. U.S. Treasury yield curve has given up some year-end move, but we think yields will still feel downside pressure due to rate cut expectations and weakening economic perspectives in the US and globally. Despite a strong non-farm payroll report, which highlights the resilience of the U.S. economy, other data points were generally weak. The ISM manufacturing index recorded its fourteenth month in contraction, while JOLTS (job openings) were down to the lowest level since March 2021. FOMC minutes highlighted the divide between officials and the market when it comes to interest rate cuts in 2024 as futures are pricing in 125bps of cuts relative to Fed officials expecting just 75bps. Intriguingly the minutes also revealed a debate around slowing the pace of quantitative tightening. Consumer prices surprised with a slightly larger-than-anticipated uptick of the headline rate in December, with the core rate slowing less than expected. Although inflation is bound to resume its downtrend during the year, volatility argues against expectations that the US Federal Reserve will cut rates too early. As a result, the 10-year US Treasury yield is back below 4%. IG and HY spreads are also near last year lows. We think that there is further downside potential for US Treasury yields, but risky assets (such as HY) are already pricing in this positive factor.

Portfolio. We believe that the risk-on mood on the markets will continue with the support of the still strong US economy and rate cut expectations for 2024. But since usual corporate bonds have already grown up and trade with narrow spreads, we will focus the search of alpha opportunities in the following areas: selected corporate picks with newly issued higher-coupon stories, bonds in the financial sector, sovereign EM local currency bonds. We also prefer to increase portfolio duration via longer-term US Treasury bonds during market pullbacks.

Key Characteristics

# of positions	15
Duration	3,7
Average Rating	A
YTM %	5,2
Current Yield %	4,5
Net return since incept., % p.a.*	3,4
Sharpe Ratio since inception *	0,70

* 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	90,7
Australia	2,6
India	2,5
Turkey	1,3
South Africa	1,3
Brazil	1,3
Cash	0,3
Europe	0,0
Mexico	0,0
Colombia	0,0
Total	100,0

Sector (%)

Sovereign	69,7
Fund	11,0
Consumer	6,6
Materials	6,5
Oil & Gas	3,9
Telecom	1,3
Transport	0,7
Cash	0,3
Auto	0,2
Tech	0,0
Food	0,0
Industrials	0,0
Utilities	0,0
Health Care	0,0
Total	100,0

Top 10 Holdings (%)

UNITED STATES TREASURY	69,7
Convertible Bond ETF	11,0
Abercrombie & Fitch Co	2,7
CNX Resources Corp	2,6
Dave & Buster's Entertainment In	2,6
Mineral Resources Ltd	2,6
JSW Steel Ltd	2,5
Turk Telekomunikasyon AS	1,3
Sasol Ltd	1,3
PRIO SA	1,3
Total	97,6

Duration (%)

0 to 3 years	60,3
3 to 5 years	0,0
5 to 10 years	39,5
Cash	0,3
Less than 0	0,0
10+ years	0,0
Total	100,0

Credit Quality (%)

AAA	0,0
AA	69,7
A	0,0
BBB	0,0
BB	27,3
B	2,8
Cash	0,3
Lower than B	0,0
Not rated	0,0
Total	100,0

Contacts

Contacts Fund manager: LEON MFO Investments Limited.

E-mail: marketing@leonmfo.com **Website:** www.leoninvestments.com.cy

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.