

# LEON Income Fund

## RAIF V.C.I.C. PLC



**LEON**  
MFO Investments

January 2024

EUR-hedged share class | NAV per share: 886,36

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.

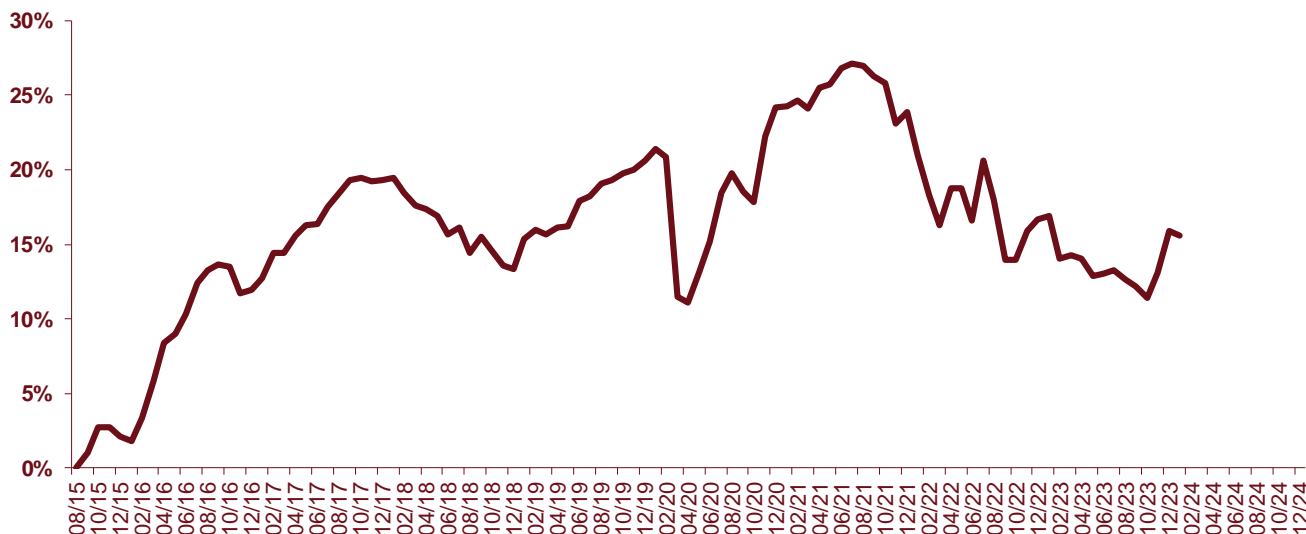
### Target Portfolio Attributes

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
limit	<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	April 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 (EUR-hedged Share Class)\*



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%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since incept.
2024	-0,3												-0,3	15,5
2023	0,2	-2,5	0,2	-0,2	-1,0	0,1	0,3	-0,6	-0,4	-0,7	1,5	2,5	-0,6	15,9
2022	-2,3	-2,3	-1,7	2,1	0,0	-1,9	3,5	-2,2	-3,4	-0,0	1,7	0,7	-5,8	16,6
2021	0,1	0,3	-0,4	1,1	0,2	0,9	0,3	-0,1	-0,6	-0,4	-2,1	0,6	-0,3	23,8
2020	0,7	-0,4	-7,8	-0,3	1,9	1,7	2,8	1,1	-1,1	-0,6	3,8	1,6	3,0	24,2
2019	1,8	0,6	-0,2	0,4	0,1	1,4	0,3	0,7	0,2	0,4	0,2	0,5	6,4	20,6
2018	0,1	-0,9	-0,7	-0,2	-0,4	-1,1	0,4	-1,5	1,0	-0,8	-0,8	-0,3	-5,0	13,3
2017	0,7	1,5	0,0	1,0	0,6	0,1	1,0	0,8	0,7	0,1	-0,2	0,1	6,6	19,3
2016	-0,3	1,6	2,4	2,4	0,6	1,3	1,8	0,8	0,3	-0,2	-1,6	0,2	9,6	11,9
2015									1,0	1,7	0,0	-0,6	2,1	2,1

\* Until April 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.** The year began with an increase in yields throughout the whole yield curve. This happened due to strong economic statistics. It seems that Federal Reserve officials resisted the idea of reducing interest rates until June. The Vice Chair of the Fed highlighted concerns about the risks of easing too aggressively in light of persistent inflation and warned that the path toward lower inflation could be challenging. Even Waller, a Fed official who had previously made dovish comments, stated that additional inflation data over the next few months would be necessary to assess trends. The implication was that delaying rate cuts for a few months would not significantly impact the economy. A similar tone was struck by ECB officials. After all, retail sales were weak across the board and contracted by -0.8% with the December reading revised lower. As we mentioned last time, '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.' For now, we continue to think that inflation will trend down, while the recent sell-off in core rates has now gone too far. All in all, the 10 and 30-year US Treasury yields are 4.22% and 4.35%, respectively. IG and HY spreads remain near last year's lows.

**Portfolio.** As we believe that inflation decline is not over and GDP growth will gradually decline, long-dated US Treasury yields should moderate back below 4%. Due to this, we prefer to keep a high duration portfolio (close to 9) via longer-term US Treasury bonds. Another part of our portfolio is allocated to short-duration high yield bonds with high coupons.

### Key Characteristics

# of positions	22
Duration	9,2
Average Rating	A
YTM %	5,5
Current Yield %	4,3
Net return since incept., % p.a.*	1,7
Sharpe Ratio since inception *	0,34

\* Until April 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	76,7
Europe	14,3
Australia	2,6
India	2,5
South Africa	1,3
Turkey	1,3
Brazil	1,2
Cash	0,2
Mexico	0,0
Colombia	0,0
<b>Total</b>	<b>100,0</b>

### Sector (%)

Sovereign	67,0
Financials	11,5
Materials	6,4
Consumer	6,3
Oil & Gas	3,8
Industrials	2,7
Telecom	1,3
Transport	0,6
Cash	0,2
Auto	0,2
Fund	0,0
Tech	0,0
Utilities	0,0
Health Care	0,0
<b>Total</b>	<b>100,0</b>

### Top 10 Holdings (%)

UNITED STATES TREASURY	67,0
Intesa Sanpaolo SPA	2,7
AMS-osram AG	2,7
CNX Resources Corp	2,6
Dave & Buster's Entertainment In	2,6
Mineral Resources Ltd	2,6
Abercrombie & Fitch Co	2,5
JSW Steel Ltd	2,5
Barclays Plc	2,5
BBVA SA	1,4
<b>Total</b>	<b>89,1</b>

### Duration (%)

0 to 3 years	26,0
3 to 5 years	4,0
5 to 10 years	25,0
Cash	0,2
Less than 0	0,0
10+ years	44,8
<b>Total</b>	<b>100,0</b>

### Credit Quality (%)

AAA	0,0
AA	67,0
A	0,0
BBB	0,0
BB	30,0
B	2,8
Cash	0,2
Lower than B	0,0
Not rated	0,0
<b>Total</b>	<b>100,0</b>

## Contacts

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