

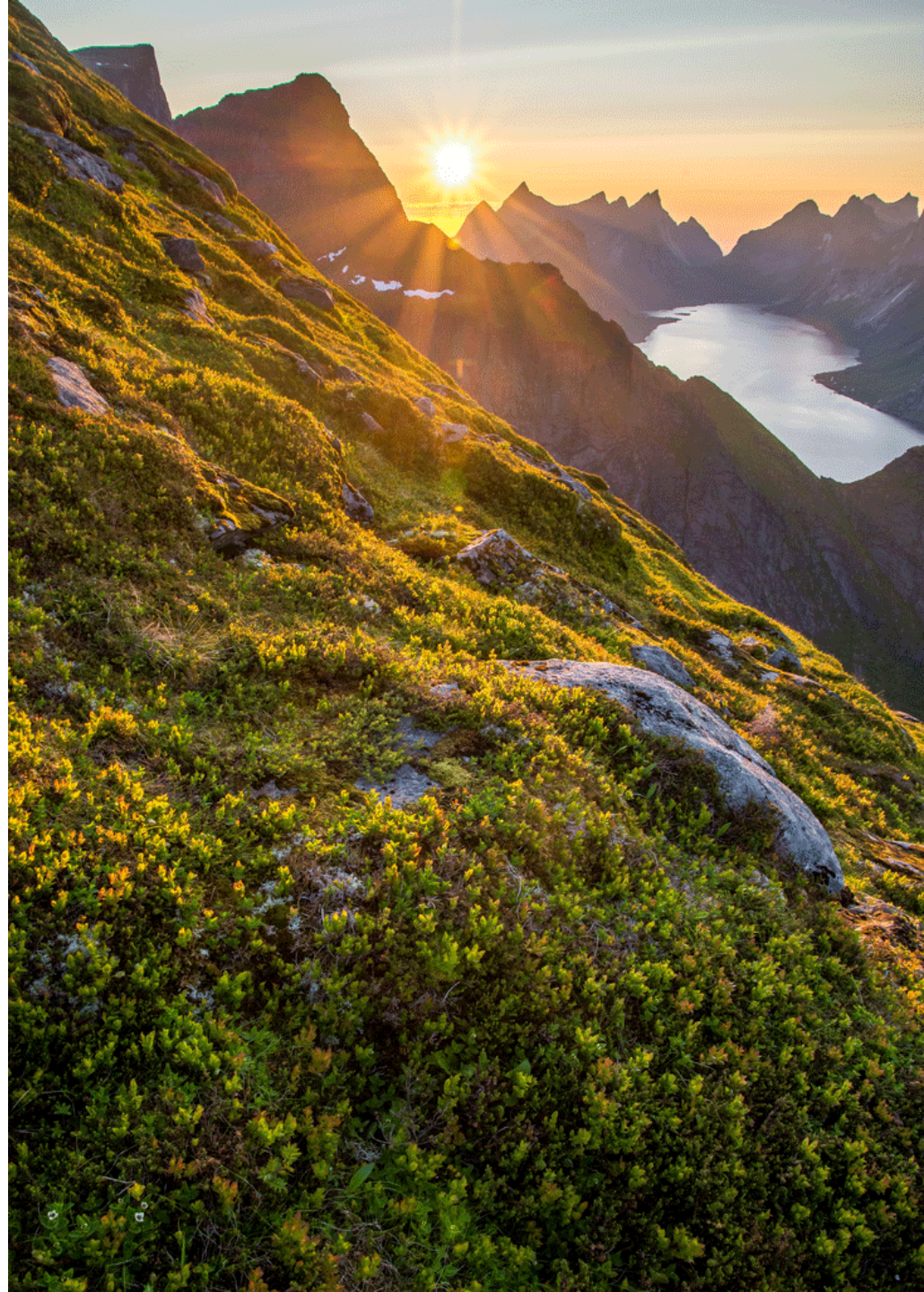


**LEON**  
MFO Investments

# LEON Global Hedge Fund RAIF

May 2024

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Cyprus Securities and Exchange Commission. License No. AIFM 37/56/2013



# Information on the External Manager

LEON MFO Investments Limited (the “**External Manager**” or the “**Company**”) is a private company limited by shares, registered and incorporated under the Laws of Cyprus with registration number HE 326316 and authorized as an Alternative Investment Fund Manager (the “**AIFM**”) by the Cyprus Securities and Exchange Commission (the “**CySEC**”) in accordance with the provisions of the Alternative Investment Fund Managers Law of 2013, as amended, with authorization number AIFM 37/56/2013.

The content of this presentation has been prepared by the Company and every effort has been made to ensure that the information contained in the presentation is clear and free from any material misstatement.

The purpose of this presentation is to provide you with information and to test the interest the Registered Alternative Investment Fund (the “**RAIF**”) which will be managed by the External Manager with the investment objective of generating income from investments in various hedge funds.

The document does not constitute an offer or an invitation to subscribe to units or shares in the RAIF and the information presented herein should not be relied upon because it is incomplete and may be subject to change.

# 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.

# Strategy At A Glance

## Purpose

- Target net return 5% p.a. in EUR / 7% in USD with limited volatility and drawdowns
- Designed as an alternative to a fixed income portfolio with no interest rate risk
- An accessible Fund of Hedge Funds with a low minimum entry ticket of \$300'000

## Focus

- Short-term private credit, such as trade finance: 50%+ of assets
- Arbitrage, market-neutral and other uncorrelated strategies: up to 50% of assets
- Builds upon LEON's existing managed accounts with \$150m in AUM and 5y track

## Structure

- Cyprus-domiciled RAIF, administrated by PWC
- Quarterly liquidity (with 95 calendar days notice)
- No leverage & no derivatives
- Top-tier depositary bank: EFG Luxembourg
- Managed by a Cyprus-based AIFM with \$1bn under management

**7% USD**  
target return

**5% EUR**  
target return

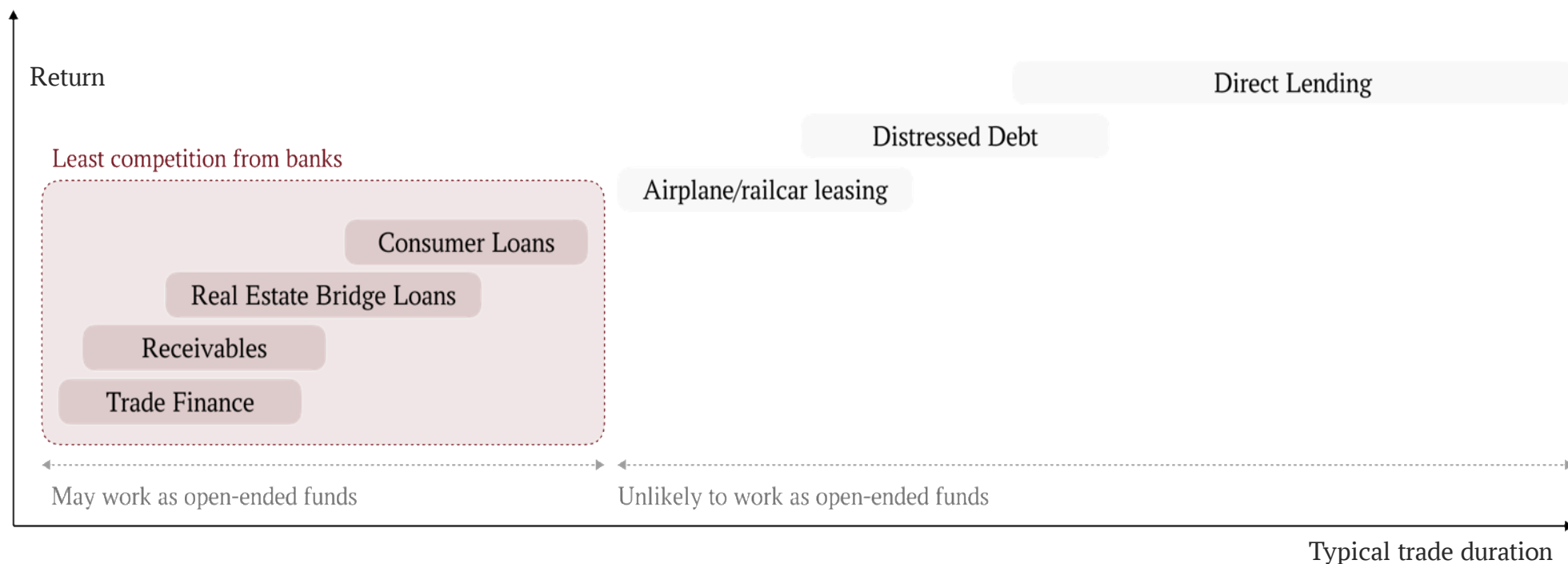
## Correlations:

Quality bonds	0.2
High-yield bonds	0.1
Equity (MSCI World)	0.2

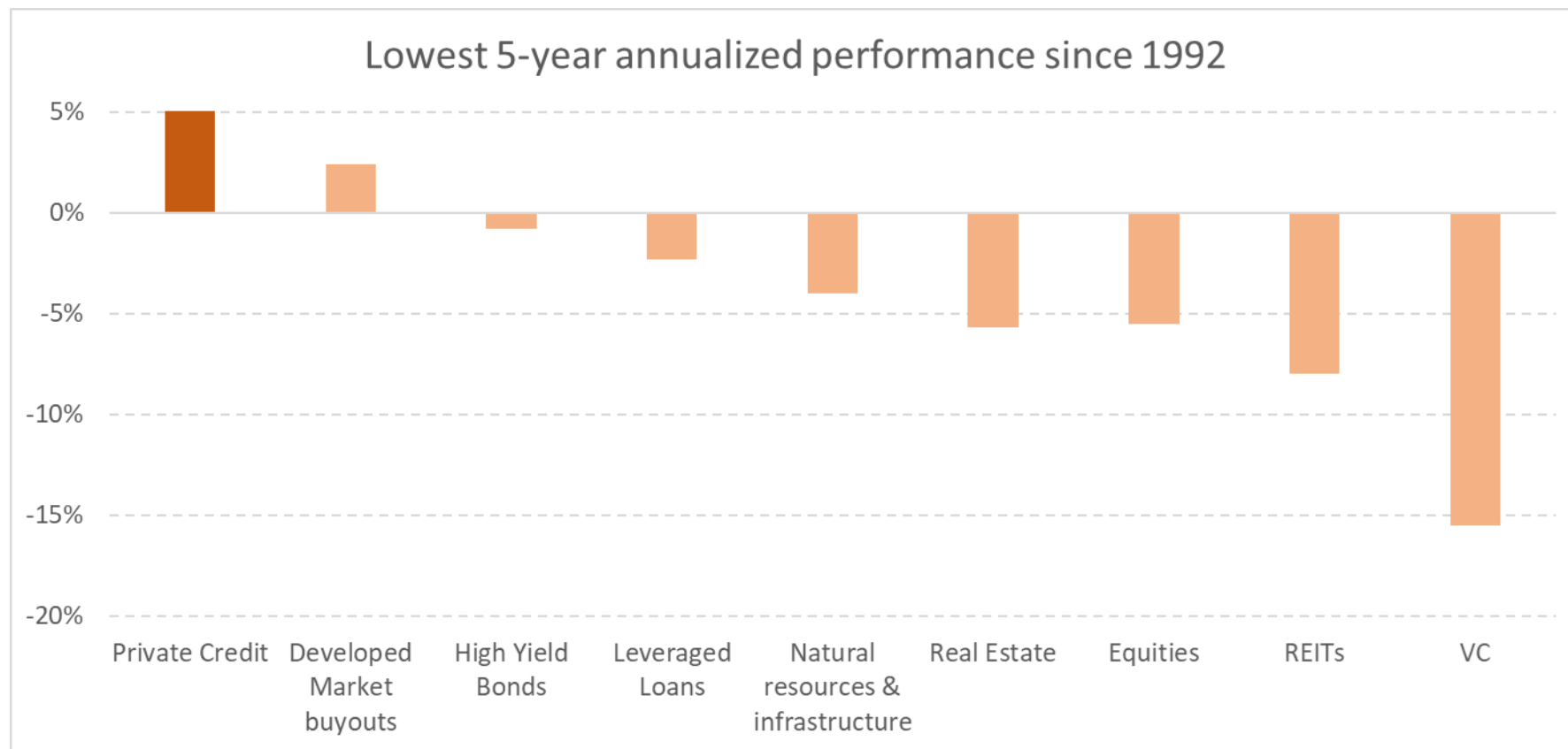
Source: LEON calculations

# Why Private Credit: A structural trend

- **Banks retreating:** Post 2008, commercial banks scaled back their lending activities due to high capital reserve requirements (Basel III) and high compliance costs (Dodd-Frank), concentrating on large transactions only
- **Funds stepping in:** Alternative private credit features strong collaterals and relatively liquid assets
- **Inflation hedge:** Private loans are often issued at variable rates and reset frequently



# Private Debt has never had a negative 5y return



Source: Hamilton Lane Data via Cobalt; FT; Horizon Capital

# Why Arbitrage: Volatility returns

## Arbitrage means profit opportunities without market risk

- Deviating prices of the same asset on different exchanges: copper in London, vs. copper in Shanghai
- Deviating prices of substitutes: volatility of an equity index, vs. volatility of a basket of largest stocks in the index
- Yield of a 6-year US Treasury bond, vs an average of 5-year and 7-year yields

## Arbitrage thrives on volatility

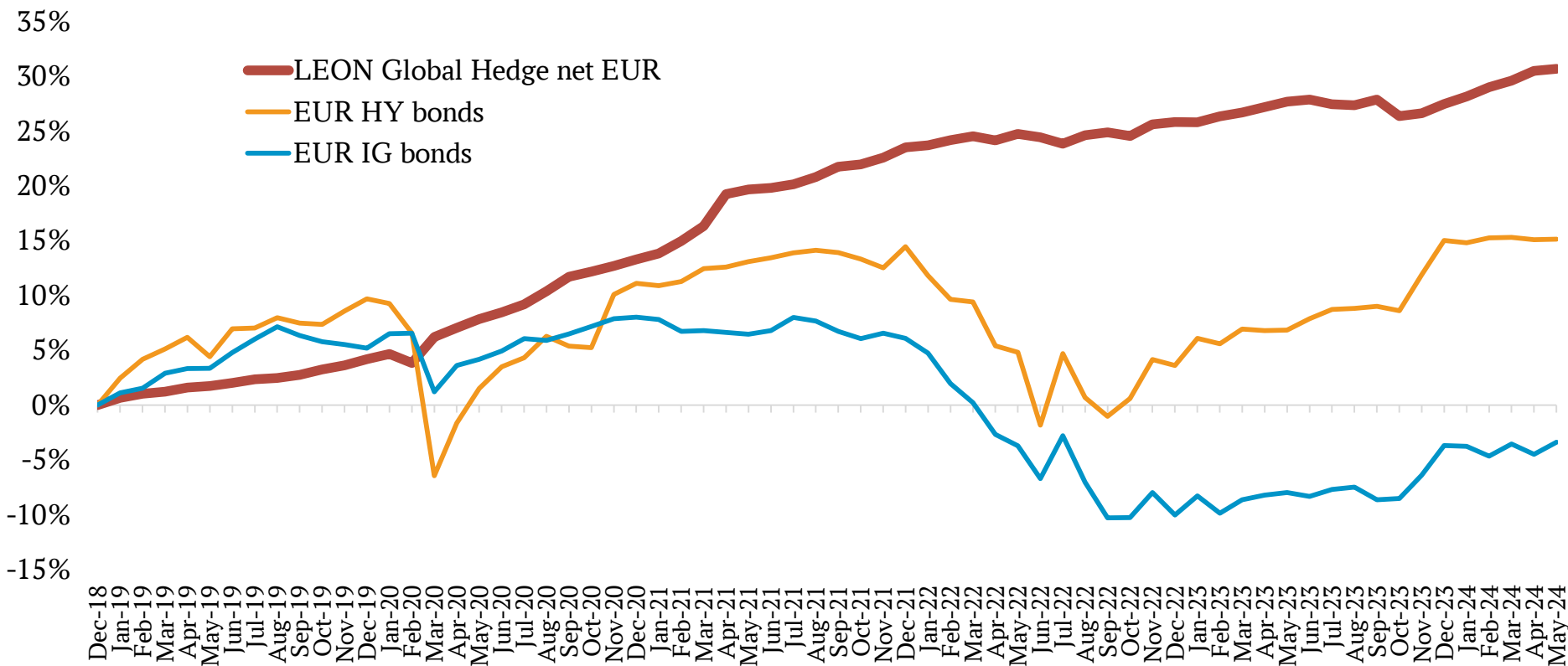
- Trade wars and geopolitics
- Uneven policy response & sensitivity to generational challenges such as Covid and inflation

## Arbitrage perfectly complements equity portfolios



- *Example from our portfolio:* 2019 and 2021 – unexciting years for this strategy (still firmly positive)
- But in 2018, 2020 and 2022 equities were weak and volatile – while this low-risk strategy returns 8% on average

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.14%	0.72%	0.36%	-0.09%	1.40%	1.17%	0.63%	0.19%	1.55%	0.71%	0.40%	0.76%	8.22%
2019	0.50%	-0.09%	-0.29%	0.72%	0.02%	0.86%	0.00%	0.78%	0.00%	0.25%	1.26%	0.62%	4.72%
2020	0.94%	-0.07%	0.98%	1.46%	0.53%	0.01%	0.26%	0.84%	1.31%	0.38%	2.01%	0.09%	9.11%
2021	0.97%	0.13%	-0.06%	-0.22%	0.11%	-0.02%	-0.15%	0.42%	0.37%	0.48%	0.08%	0.65%	2.79%
2022	0.75%	-0.14%	1.23%	0.41%	0.42%	0.31%	1.11%	0.01%	0.85%	0.77%	0.32%	1.28%	7.54%
2023	1.25%	0.16%	1.42%	0.58%	0.40%	0.12%	1.15%	0.65%	0.17%	0.59%	0.93%	1.06%	8.81%

# LEON Global Hedge Strategy - Historic Performance vs EUR bonds



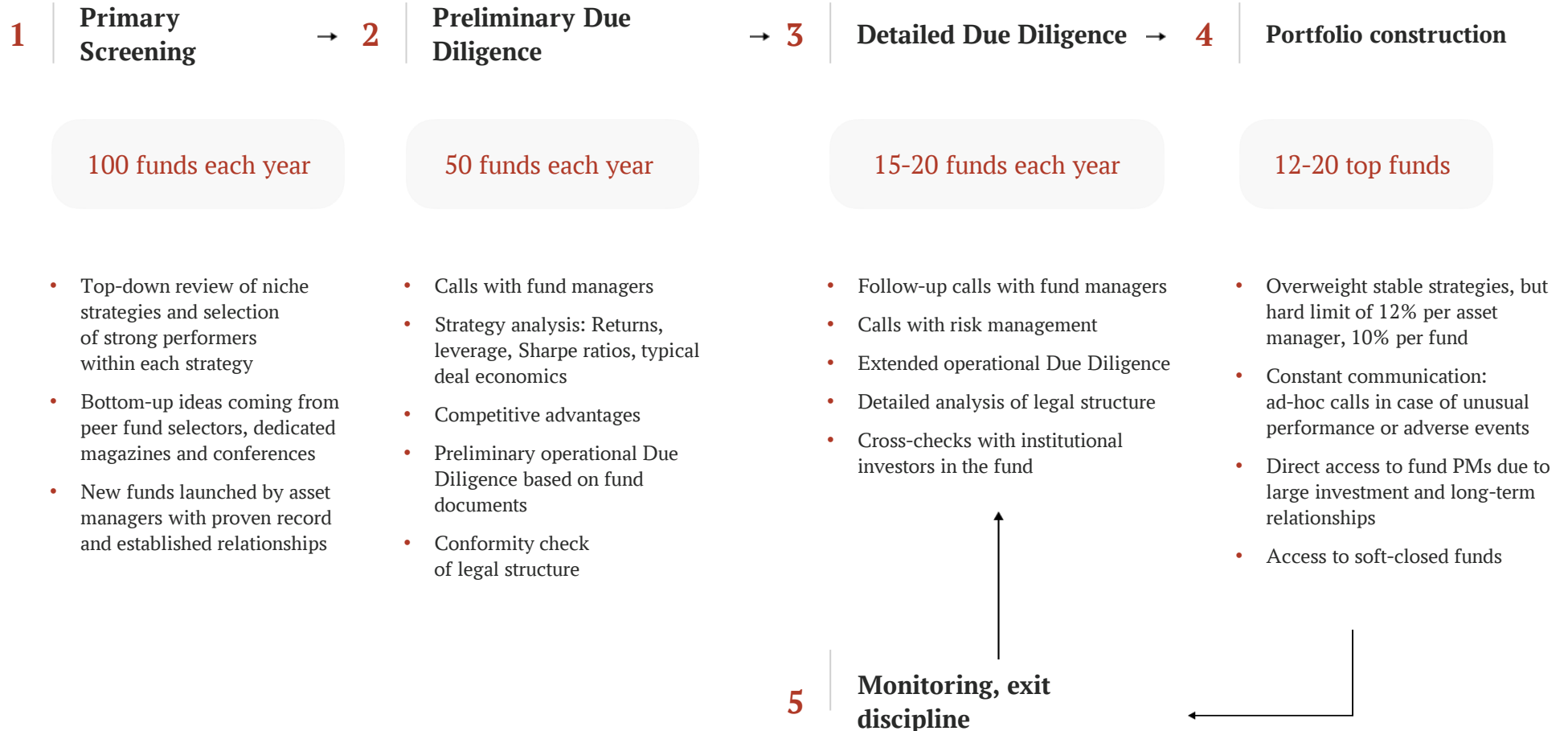
Source: Bloomberg, LEON calculations

	Ann. EUR net return	Volatility	Sharpe	Max drawdown	Expected return
 LEON Global Hedge EUR net	5.1%	2.2%	2.3	-1.2%	5 - 6%
 EUR IG bonds (Vanguard Euro IG Inst)	-0.6%	5.8%	-0.1	-17.0%	1 - 2%
 EUR HY bonds (iShares EUR HY ETF)	2.6%	9.2%	0.3	-14.7%	2 - 3%





# Our Investment Process



# Indicative Portfolio Composition

Alternative Credit	% of portfolio	Arbitrage	% of portfolio
US Diversified Receivables	9%	Interest Rate Arbitrage	5%
Short-term US Consumer Finance	9%	Equity Index Arbitrage	5%
Short-term Canadian Senior Debt	7%	FX / Commodity Arbitrage	5%
Australian Bridge Credit	7%	CDS Arbitrage	5%
Asian Trade Finance	7%	Muni Bonds Arbitrage	5%
UK Bridge Credit	6%	Volatility Arbitrage	4%
US Healthcare Receivables European	6%	Credit Arbitrage	4%
Trade Finance	5%		
Australian Agri Inventory Finance	4%		
German Bridge Credit	4%		
<b>Total Alternative Credit</b>	<b>64%</b>	<b>Total Arbitrage</b>	<b>33%</b>
		<b>Cash</b>	<b>3%</b>

The Alternative Credit portfolio benefits from increase in short term interest rates and provides good hedge against inflation

The Arbitrage portfolio benefits from market volatility and provides good hedge against market corrections

# Risk Management: Low correlation on portfolio level

Strict position limits — max. 12% per asset manager, max.10% per fund, max. 20% per strategy type

Low correlations between funds (< 0.1 on average), which allows to increase performance without increasing risk

	European Trade Finance	Asian Trade Finance	Short-term US Consumer Finance	US Healthcare Receivables	US Receivables	UK Bridge Credit	Australian Bridge Credit	Short-term Canadian Senior Debt	Interest Rate Arbitrage	Equity Index Arbitrage	FX / Commodity Arbitrage	CDS Arbitrage	Muni Bonds Arbitrage	Credit Arbitrage	Volatility Arbitrage
European Trade Finance	1														
Asian Trade Finance	0.73	1													
Short-term US Consumer Finance	-0.15	-0.23	1												
US Healthcare Receivables	0.05	-0.15	-0.10	1											
US Receivables	0.03	-0.16	0.27	-0.12	1										
UK Bridge Credit	0.35	0.35	-0.24	-0.07	0.05	1									
Australian Bridge Credit	0.22	0.20	-0.27	0.07	-0.18	0.20	1								
Short-term Canadian Senior Debt	-0.13	0.04	0.59	-0.26	0.18	-0.18	0.00	1							
Interest Rate Arbitrage	0.19	0.29	-0.11	-0.05	0.00	0.12	0.24	-0.30	1						
Equity Index Arbitrage	-0.27	-0.16	0.01	0.15	-0.05	0.25	-0.18	-0.05	-0.11	1					
FX / Commodity Arbitrage	-0.06	0.05	0.01	-0.07	-0.18	-0.13	0.02	0.12	-0.13	-0.05	1				
CDS Arbitrage	0.04	0.21	0.05	-0.39	-0.03	-0.16	-0.09	0.52	-0.41	-0.14	0.17	1			
Muni Bonds Arbitrage	-0.38	-0.05	0.25	-0.24	0.01	-0.39	-0.10	0.49	-0.27	-0.03	0.27	0.73	1		
Credit Arbitrage	-0.03	-0.10	0.45	-0.30	0.46	-0.21	-0.29	0.19	-0.07	-0.19	0.43	-0.01	0.21	1	
Volatility Arbitrage	0.05	0.00	-0.03	0.31	0.04	0.28	-0.09	-0.39	0.34	0.07	-0.29	-0.74	-0.59	0.12	1
<b>Avg. correlation to other funds</b>	<b>0.05</b>	<b>0.07</b>	<b>0.03</b>	<b>-0.08</b>	<b>0.02</b>	<b>0.01</b>	<b>-0.02</b>	<b>0.06</b>	<b>-0.02</b>	<b>-0.05</b>	<b>0.01</b>	<b>-0.02</b>	<b>-0.01</b>	<b>-0.01</b>	<b>-0.05</b>

Source: LEON calculations

# Risk Management: Strict checks on position level

## Liquidity gap risks

*Could the manager ever be forced to sell at fire prices?*

- Niche-specific: pre-committed financing, crisis patterns in supply/demand
- Fund-specific: leverage, redemption rules
- Look for «hard to badly mismanage» opportunities

## Market risks

*How vulnerable is the fund to major global dislocations?*

- Funds should explicitly manage drawdown risks
- The strategy should not have hidden beta to markets via derivatives

## Performance risk

*What risk premium(s) is the strategy collecting?*

- Which structural or regulatory arbitrage drives outsized returns?
- Is asset valuation transparent? Has the manager incentives or ability to misrepresent valuation?
- Obligatory cross-checks with peer fund managers and large institutional investors

# Our Funds Investment Team



**Michael  
Borisov**

CIO, Director of  
Leon Global Hedge  
Fund RAIF

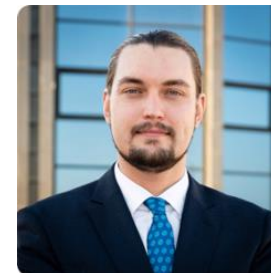
Michael has over 18 years of experience in asset management. Before joining LEON in 2015, Michael headed investment teams for global markets serving high net-worth clients in HSBC Private Bank and Raiffeisen Bank in Russia. In Raiffeisen, Michael ran a Cayman fund of hedge funds in 2011-2013. Earlier, Michael was an Equity hedge fund manager in Renaissance Investment Management in 2006-2009. Michael is a CFA Charterholder and holds CySEC Advanced certificate. He graduated from Lomonosov Moscow State University (dept. of Computer Science) and holds a Master degree in Economics from New Economic School, Russia.



**Dmitry  
Zatravkin**

Senior Analyst

Dmitry has substantial experience in buy-side research. He has worked at a New York-based hedge fund and a large single-family office with over \$1bn in AUM. He has also worked as an equity strategist at leading Russian investment banks and as an M&A analyst at EY. Dmitry graduated from Columbia University School of Professional Studies with Advanced certificate in Business. He also holds a Bachelor's degree in Finance from Moscow University for Industry and Finance.



**Viktor  
Anokhin**

Senior Analyst,  
Portfolio Manager

Viktor has over 10 years of experience in buy-side research. Before joining LEON, Viktor worked as a Head of Research in Cyprus-based asset manager Vita Markets. Viktor obtained extensive experience in researching equities and hedge fund strategies during his time with a single-family office with over \$300mn in AUM. Viktor is a CFA Charterholder and holds CySEC Advanced certificate. Viktor holds a Master's degree from the Higher School of Economics, Russia.

## An experienced team with proven track record

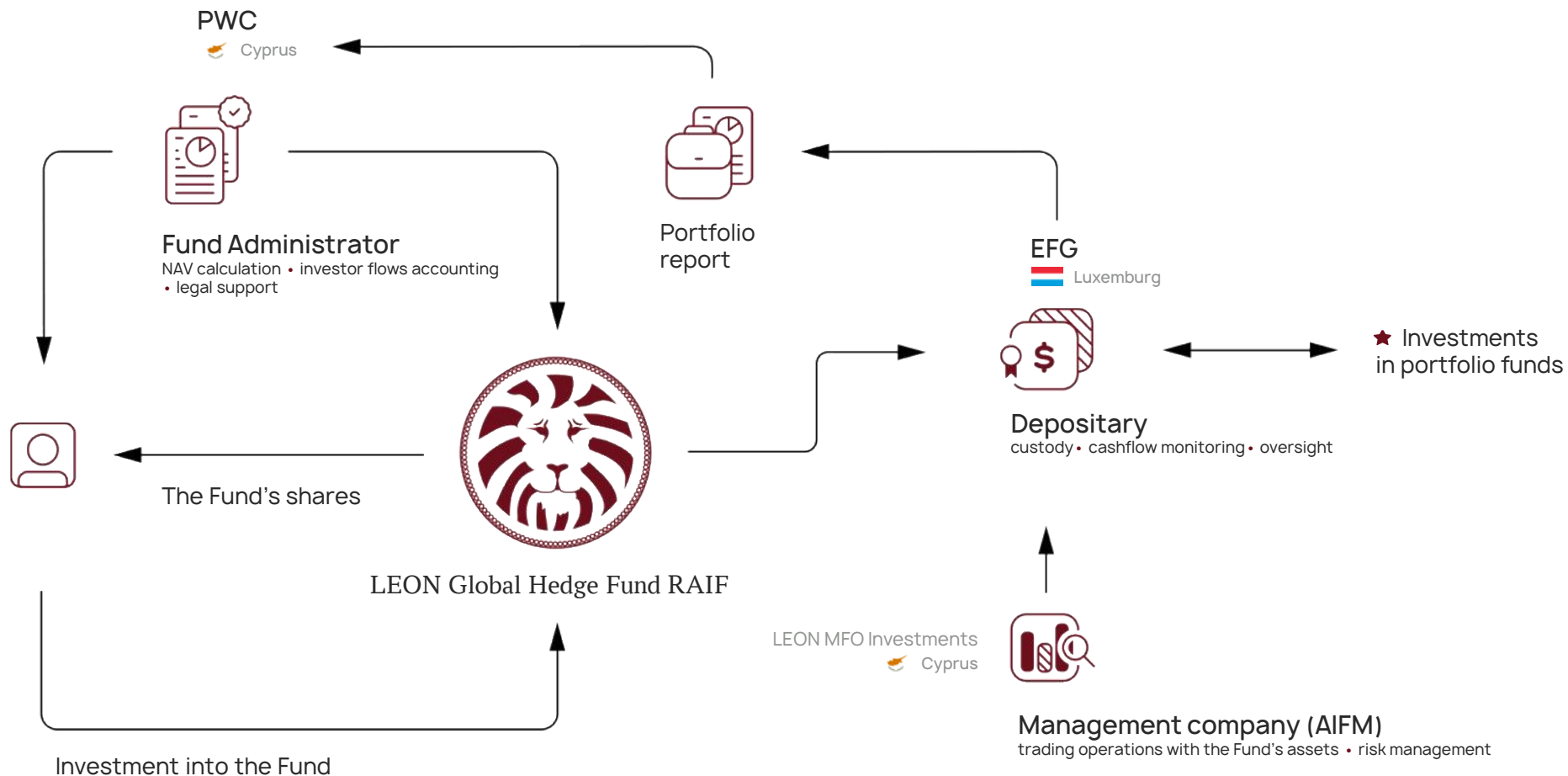
- Over 10 years of experience selecting hedge funds, 8 years of experience running own hedge funds
- A successful 5-year track record of the strategy on about \$150m in managed accounts:
  - 5% annualized return in EUR, < 1.5% max drawdown, 2.5 Sharpe ratio



# Term Sheet

Fund name	LEON Global Hedge Fund RAIF V.C.I.C. PLC
Launch date	May 2022
Investment objectives	Long-term capital appreciation through investing in alternative investment funds with low volatility of return
Target return	Stable long-term performance of 5% p.a. in EUR / 6% p.a. in USD (without leverage) through selection of niche alternative credit funds and arbitrage hedge funds
Legal form	Variable Capital Investment Company (V.C.I.C.), Cyprus-domiciled
Currency	A: EUR (CYF000002354), FX-hedged; B: USD (CYF000002362)
Minimum investment	EUR 250'000 / USD 300'000 initial investment, EUR 100'000 / USD 120'000 subsequent investment
Subscriptions and redemptions	Monthly subscriptions; Quarterly redemptions subject to 95 days notice, 25% per quarter
Fund Manager	LEON MFO Investments Limited (regulated by CySEC)
Fund Administrator	PricewaterhouseCoopers Fund Services Limited (Cyprus)
Depository Bank	EFG Bank (Luxembourg) S.A. – Cyprus Branch
External Manager's fees	Management fee: 1,0% of AUM p.a.   Performance fee: 10% from returns above 3%, with High Water Mark
Other expenses	0,3% of AUM p.a. (depository and fund administration)

# The Fund's Inner Working





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# Contacts

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Reference number: **LGHFRAIFP1021**