

LEON Income Fund

RAIF V.C.I.C. PLC



LEON
MFO Investments

May 2024

EUR-hedged share class | NAV per share: 884,77

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.

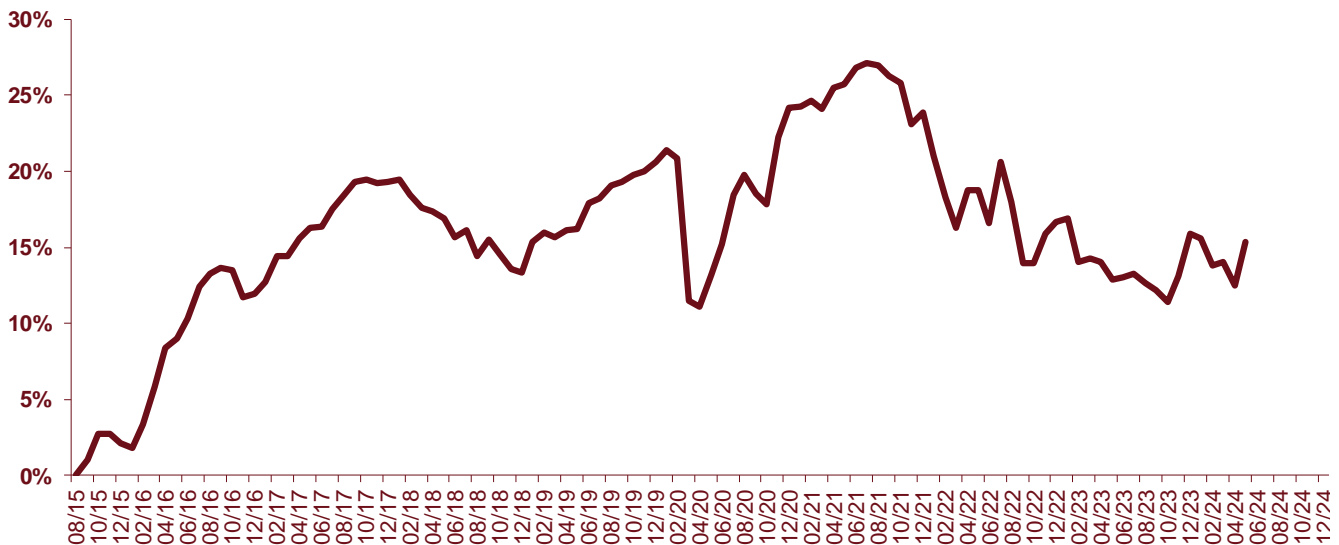
Target Portfolio Attributes

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)*



Net Performance (EUR-hedged Share Class)*

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since incept.
2024	-0,3	-1,5	0,2	-1,4	2,5								-0,5	15,3
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. In May, there was a turning point in the dynamics of government bonds of most developed countries — yields began to decline. We believe that this trend may continue. The inflation data for May in the United States turned out to be good: the sharp slowdown in core services looks particularly positive, despite the fact that Services PMI rose sharply in May. The expected wave of inflation from rising commodity prices has not yet materialized. Investors have become less responsive to strong U.S. economic data (for example, excellent nonfarm payrolls), which also indicates a decrease in fears of possible economic acceleration and overheating. Following the June meeting, the Fed effectively refrained from any decision making and handed over all analytical work to investors. The central bank confirmed that it has no action plan and will simply observe the publication of economic statistics. For the market, this was a relief as it eliminated the risks of rate hikes, which had recently worried investors.

Portfolio. The simultaneous combination of three factors (good inflation data, unclear Fed messaging, and a mild investor reaction to strong macroeconomic data) significantly reduces the risks of yield growth and makes long-term bonds attractive for the coming month. We plan to maintain a high portfolio duration (~10) until the U.S. inflation data for June is released. We keep in mind the risk of a new acceleration of inflation following the rise in commodity prices in April-May, but we currently consider this risk to be limited. Tactically, we have added French bonds to the portfolio (we do not believe in the risk of a repeat of the 2011 Euro crisis scenario), which have lagged behind other developed country bonds, and UK bonds, as a more volatile bet on yield declines compared to U.S. bonds.

Key Characteristics

# of positions	22
Duration	10,1
Average Rating	A
YTM %	6,3
Current Yield %	3,0
Net return since incept., % p.a.*	1,6
Sharpe Ratio since inception *	0,32

* 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	72,0
Europe	16,1
Australia	2,5
India	2,5
South Africa	1,2
Turkey	0,0
Brazil	1,3
Cash	0,9
Mexico	3,6
Colombia	0,0
Total	100,0

Sector (%)

Sovereign	59,0
Financials	20,0
Materials	6,2
Consumer	3,7
Telecom	2,7
Industrials	2,5
Oil & Gas	4,9
Transport	0,0
Cash	0,9
Auto	0,2
Fund	0,0
Tech	0,0
Utilities	0,0
Health Care	0,0
Total	100,0

Top 10 Holdings (%)

UNITED STATES TREASURY	59,0
Intesa Sanpaolo SPA	2,6
Dave & Buster's Entertainment In	2,5
Mineral Resources Ltd	2,5
Abercrombie & Fitch Co	2,5
Manitowoc Co	2,5
Barclays Plc	2,5
Lloyds Banking Group PLC	2,5
HSBC Holdings PLC	2,5
Nordea Bank ABP	2,5
Total	81,6

Duration (%)

0 to 3 years	27,5
3 to 5 years	9,4
5 to 10 years	3,2
Cash	0,9
Less than 0	0,0
10+ years	59,0
Total	100,0

Credit Quality (%)

AAA	0,0
AA	59,0
A	0,0
BBB	8,6
BB	26,3
B	5,2
Cash	0,9
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.