



**AIMING TO PROVIDE CUSTOMISED INVESTMENT SOLUTIONS TO ULTRA HIGH NET WORTH INDIVIDUALS (UHNWIS) AND THEIR FAMILIES, LEON MFO INVESTMENTS OFFERS INVESTMENT MANAGEMENT SERVICES LINKED TO THE CLIENT'S LONG-TERM FINANCIAL PLAN, RISK PROFILE, INVESTMENT GOALS AND RESTRICTIONS. HERE, THE FIRM'S CEO & FOUNDING PARTNER, ANDREY NARUTSKIY, TALKS ABOUT CYPRUS EVOLVING INTO A REGIONAL FINANCIAL AND FUNDS CENTRE AND REVEALS THE COMPANY'S GEOGRAPHICAL EXPANSION PLANS AND ITS INNOVATIVE TECHNOLOGICAL OFFERINGS.**

Photo by Giorgos Charal

# DRIVING HEALTHY GROWTH IN THE FUNDS INDUSTRY

**When was Leon MFO Investments established in Cyprus? What services does it offer and to whom?**

Leon MFO Investments was established in 2013 to provide Multi-Family-Office (MFO) services to Ultra High Net Worth Individuals (UHNWIs), with a focus on individual discretionary portfolio management and investment advice to professional clients. Over the years, we have developed significant portfolio management expertise, investing in global capital markets and different investment products. In the past couple of years, we have expanded our team by adding fund management services. Today, our assets under management (AUM) amount to approximately €1 billion.

**Leon MFO Investments operates the Leon Global Hedge Fund and the Leon Income Fund. What is the strategy of each of these funds?**

Both funds follow the same investment strategies that we have implemented for many years in our discretionary portfolios, with a good track record. Through these funds, a broader range of investors now have the opportunity to participate in these strategies.

**Leon Global Hedge Fund RAIF**

The fund's objective is to generate consistent returns by investing in a diversified portfolio of hedge funds. Here are the key points:

- Invests in Hedge Funds that focus on short-term credit (trade finance, bridge loans) and arbitrage opportunities (interest rate arbitrage, currency arbitrage, etc.).
- The strategy has been implemented since 2018 with historical returns of 6.0-8.0%.
- Minimum investment €250,000.
- Monthly NAV, monthly subscriptions, quarterly redemptions.
- Low correlation with stock and bond markets.

**Leon Income Fund RAIF**

The fund's objective is to generate long-term capital gains and income from investments in corporate and sovereign bonds. The characteristics of this fund are:

- Invests in government and corporate bonds.
- The strategy has been implemented since 2015.

- Minimum investment €125,000.
- Monthly NAV and monthly subscriptions/redemptions.
- Invests in higher yield bonds with returns of 5.0-6.0%.

**What are the advantages and disadvantages of operating a Fund Manager out of Cyprus? What action could the authorities or elements of the industry itself take to make it an even more attractive destination for your business, as well as for the Cypriot wealth management sector overall?**

Cyprus is evolving into a regional financial and funds centre. This is aided by the modern legal and regulatory system, the tax regime and the availability of qualified talent. Still, there is intense competition from well-established funds jurisdictions like Luxembourg and Ireland and also from other EU jurisdictions that aspire to become funds centres. Historically, Cyprus had a comparative advantage as a low-cost jurisdiction with a favourable tax and regulatory regime. However, in the current highly competitive environment for international business, Cyprus needs to offer more than that.

The Government should make every effort to attract global international players to Cyprus, who will then be the country's best promoters and ambassadors.

The Government should not only focus on bringing international fund players to Cyprus but should also give stimulus to local investors to invest in Cypriot funds.

Currently, there are several issues (tax, global depositary restrictions, etc.) that don't create proper incentives for Cypriot-domiciled investors to invest in local funds. Local investors, both institutional and individual, should be among the drivers of the fund industry's healthy growth.

Leon actively markets its funds in Cyprus by raising awareness among local investors of this type of investment product, which at present has very low penetration among local Cypriot investors compared to other EU countries.

**What are the most recent trends you have observed regarding asset allocation for UHNWIs, and how do you see things mov-**

**ing forward in the near term? How has Leon MFO Investments responded to developments affecting the market, such as high interest rates?**

The current economic and geopolitical situation is, of course, causing concern. We provide active management and constantly assess macroeconomic, political and valuation metrics. We aim to provide capital preservation with consistent long-term returns. We have positioned our bond portfolios to benefit from the high interest rate environment, by switching to longer-term bonds, which will also benefit once interest rates drop.

**What is Leon MFO Investments' strategy for the future? Are there any plans to expand the company's activities?**

We are expanding both our product range and our geographical reach. Concerning products & services, we are coming up with innovative offerings. We continue to develop new investment solutions and products – a new equity strategy with a focus on IT and durable long-term trends such as the shift to alternative energy sources, the strength of luxury goods, cybersecurity and more.

We are now launching a new active long/short strategy operating on a unique and time-proven market sentiment data (behavioural) analysis and state-of-the-art machine learning (AI) models for forecasting short-term trends in the market.

Geographically, we are establishing partnerships in different European markets including Greece, Switzerland, Serbia, Bulgaria, Romania, Hungary, Poland and other EU countries.

To support this expansion, we have invested in a new client consolidated reporting system that allows our clients to have direct online access to their portfolios. This system provides a range of features and reports, including real-time performance, portfolio composition, investor reports, valuations and more. This has differentiated our firm from our competitors and proved valuable for clients who are increasingly utilizing this tool. We are constantly adapting to the changing environment, always wishing to offer our clients new and innovative solutions.