

# LEON Income Fund

RAIF V.C.I.C. PLC



LEON

MFO Investments

June 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.

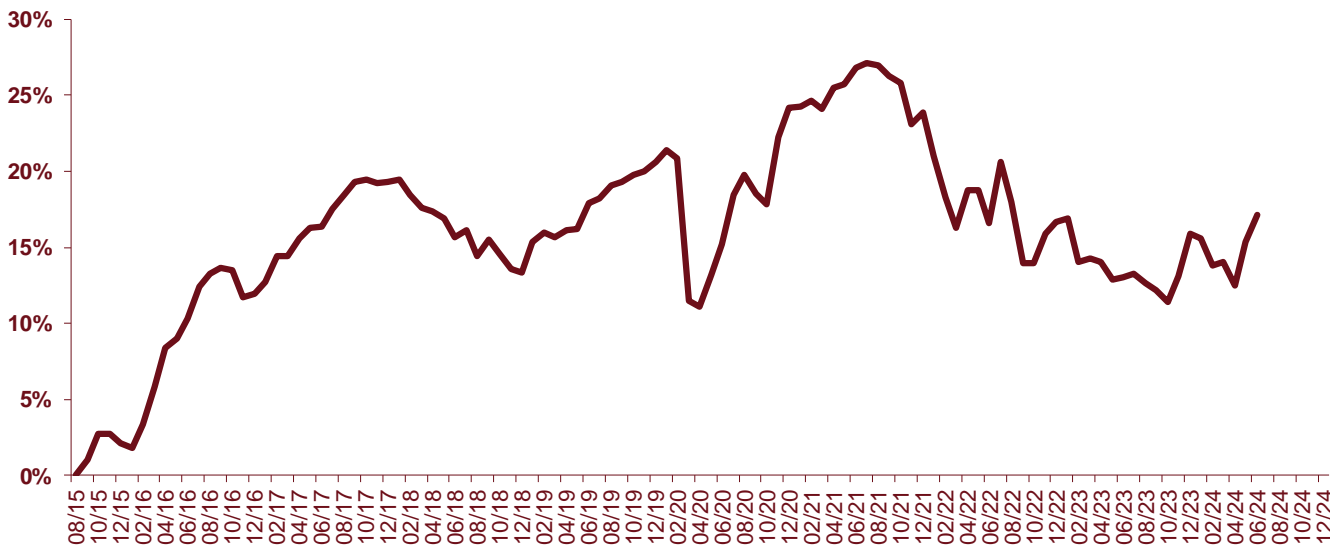
## Target Portfolio Attributes

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)\*



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%	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	1,6							1,1	17,2
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.** June turned out to be a volatile but generally positive month for bond markets. We still believe that the trend towards lower yields has a good chance of continuing, however, the market situation is still more suitable for a tactical duration management than to an outright long positions. The reason is the still existing risks. We believe that the chances of a new wave of inflation have decreased: a possible acceleration in price growth due to raw materials is likely to be offset by a slowdown in the services sector. A new risk factor is the possible election of Donald Trump. The risk in the event of Trump's election lies in tax cuts in the United States, which will further worsen the situation with the country's budget deficit. We consider this factor to be moderately important. If Trump wins, he will certainly try to reduce taxes, but 1) this trick is already known to the market after his first election in 2016 (the market usually reacts weaker to each repetition of an already known risk), 2) the scale of tax cuts will be moderate. We believe that the continued deterioration of the US macro data (consumer sector, labor market) will be a most important factor in favor of lower yields.

**Portfolio.** We intend to maintain a longer portfolio duration ( $\pm 10$ ) with a focus on tactical position management, despite the increasing case for lower yields due to the gradual deterioration of the US economy. In the current situation, we consider long-term US government bonds to be the most attractive investment option in the fixed income universe. Spreads on corporate bonds remain narrow — it generally eliminates chances for excess price appreciation, but still contains risks in case of recession in the US. We also see some tactical opportunities in European government bonds, whose yields, in our view, will inevitably decline following that of US Treasuries.

#### Key Characteristics

# of positions	19
Duration	0,9
Average Rating	A
YTM %	3,1
Current Yield %	2,8
Net return since incept., % p.a.*	1,8
Sharpe Ratio since inception *	0,35

\* 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 (%)

USA	73,8
Europe	17,6
Mexico	3,9
Australia	2,7
South Africa	1,4
Cash	0,4
India	0,0
Turkey	0,0
Brazil	0,0
Colombia	0,0
<b>Total</b>	<b>100,0</b>

#### Sector (%)

Sovereign	62,1
Financials	19,3
Consumer	5,9
Materials	4,1
Oil & Gas	3,9
Industrials	2,8
Telecom	1,2
Cash	0,4
Auto	0,2
Transport	0,0
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	62,1
Intesa Sanpaolo SPA	2,9
Dave & Buster's Entertainment In	2,8
Mineral Resources Ltd	2,8
Abercrombie & Fitch Co	2,7
Manitowoc Co	2,7
Barclays Plc	2,7
Lloyds Banking Group PLC	2,7
HSBC Holdings PLC	2,7
Nordea Bank ABP	2,7
<b>Total</b>	<b>86,8</b>

#### Duration (%)

0 to 3 years	85,5
3 to 5 years	14,1
5 to 10 years	0,0
Cash	0,4
Less than 0	0,0
10+ years	0,0
<b>Total</b>	<b>100,0</b>

#### Credit Quality (%)

AAA	0,0
AA	62,1
A	0,0
BBB	12,7
BB	19,0
B	5,7
Cash	0,4
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.