

# LEON Income Fund

RAIF V.C.I.C. PLC



**LEON**  
MFO Investments

July 2024

USD share class | NAV per share: 1049,77

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.

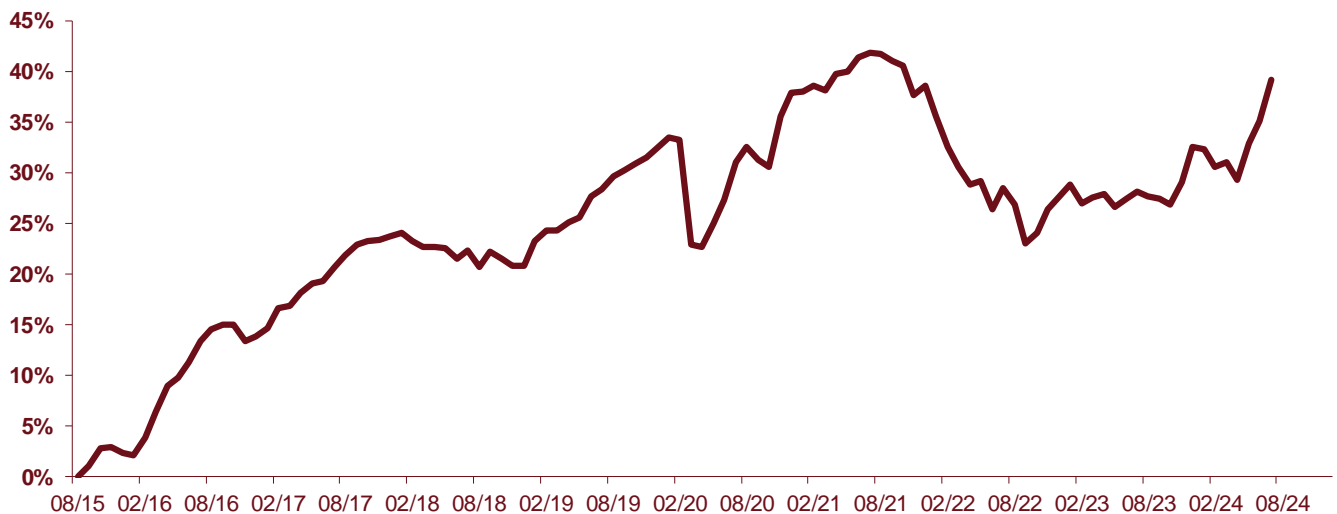
## Target Portfolio Attributes

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 <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	March 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 (USD Share Class)\*



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%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since incept.
2024	-0,2	-1,3	0,4	-1,3	2,7	1,7	3,0						5,0	39,1
2023	0,9	-1,5	0,5	0,3	-1,0	0,6	0,6	-0,4	-0,2	-0,5	1,8	2,6	3,8	32,5
2022	-2,2	-2,2	-1,5	-1,3	0,3	-2,2	1,6	-1,3	-3,0	0,8	1,9	1,1	-7,8	27,7
2021	0,1	0,4	-0,4	1,2	0,2	0,9	0,3	-0,1	-0,5	-0,3	-2,0	0,7	0,5	38,5
2020	0,8	-0,2	-7,7	-0,3	2,0	1,8	2,9	1,2	-1,0	-0,5	3,9	1,6	4,1	37,8
2019	2,0	0,8	0,0	0,7	0,3	1,7	0,6	0,9	0,4	0,6	0,4	0,7	9,5	32,4
2018	0,3	-0,6	-0,5	0,0	-0,1	-0,9	0,7	-1,3	1,2	-0,6	-0,5	0,0	-2,3	20,9
2017	0,8	1,7	0,2	1,1	0,8	0,2	1,2	0,9	0,9	0,3	0,1	0,2	8,6	23,7
2016	-0,2	1,6	2,5	2,4	0,7	1,4	2,0	0,9	0,5	-0,0	-1,4	0,3	11,2	13,8
2015									1,1	1,7	0,1	-0,6	2,4	2,4

\* Until March 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 key event of the month was the release of weak U.S. labor market data. This marks the second consecutive month of disappointing statistics, clearly indicating a slowdown in job creation and wage growth, as well as a noticeable rise in unemployment. We believe that such data, combined with stable inflation, provides the Federal Reserve with sufficient grounds to lower interest rates as early as fall 2024. However, we expect the process to be gradual: overall, the U.S. economy, along with other major economies, remains robust despite some weak spots (e.g., the consumer sector). Therefore, the main question is how much central banks can lower rates, rather than “when.” We still believe that there are no conditions for a substantial rate cut. Furthermore, the unwinding of carry trade deals involving the Japanese yen does not alter our forecasts for the Bank of Japan’s actions: the regulator is trapped and cannot raise interest rates quickly, regardless of the yen’s exchange rate or inflation dynamics. Therefore, we anticipate a resurgence of speculative carry trade deals in the near future.

**Portfolio.** We will maintain a tactical approach to managing portfolio duration, with a focus on long-term U.S. Treasuries. We consider this market segment to be the most attractive, as it offers a clear narrative for rate cuts amid a weakening U.S. economy and exhibits high asset volatility. It is worth noting that the correction in early August has finally led to a widening of credit spreads in corporate bonds, highlighting the lack of growth potential in this market segment and its vulnerability to recession risks. We continue to view corporate bonds as unappealing, as they do not offer adequate compensation for risks.

### Key Characteristics

# of positions	17
Duration	11,8
Average Rating	A
YTM %	5,3
Current Yield %	2,4
Net return since incept., % p.a.*	3,8
Sharpe Ratio since inception *	0,75

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### Country (%)

USA	79,1
Europe	11,9
Mexico	3,9
Australia	2,7
South Africa	1,4
Cash	1,1
India	0,0
Turkey	0,0
Brazil	0,0
Colombia	0,0
<b>Total</b>	<b>100,0</b>

### Sector (%)

Sovereign	67,6
Financials	13,5
Consumer	5,7
Materials	4,1
Oil & Gas	3,9
Industrials	2,7
Telecom	1,2
Cash	1,1
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	67,6
Petróleos Mexicanos	3,9
Brandywine Operating Partnershi	2,8
Mineral Resources Ltd	2,7
Manitowoc Co	2,7
Dave & Buster’s Entertainment In	2,7
HSBC Holdings PLC	2,7
Nordea Bank ABP	2,6
Deutsche Bank AG	2,6
Stanley Black & Decker, Inc.	1,8
<b>Total</b>	<b>92,2</b>

### Duration (%)

0 to 3 years	23,1
3 to 5 years	4,2
5 to 10 years	3,9
Cash	1,1
Less than 0	0,0
10+ years	67,6
<b>Total</b>	<b>100,0</b>

### Credit Quality (%)

AAA	0,0
AA	67,6
A	0,0
BBB	12,5
BB	13,3
B	5,6
Cash	1,1
Lower than B	0,0
Not rated	0,0
<b>Total</b>	<b>100,0</b>

### Contacts

**Contacts Fund manager:** LEON MFO Investments Limited.

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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.