

# LEON Income Fund

RAIF V.C.I.C. PLC



LEON

MFO Investments

September 2024

EUR-hedged share class | NAV per share: 936,94

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.

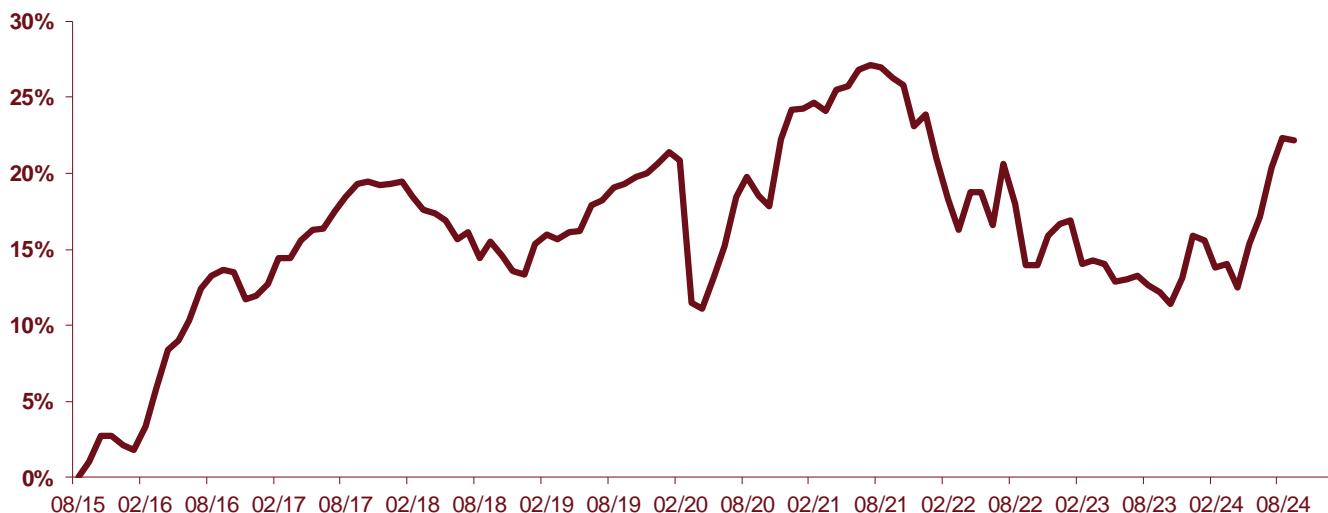
## Target Portfolio Attributes

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	2,7	1,6	-0,1				5,4	22,1
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.** The situation in the bond markets changed significantly in September and October. Investors interpreted the FED's decision to lower interest rates as an opportunity to take profits. The 0.5% rate cut, largely driven by political pressure on the Fed, did not provide a reliable signal regarding the pace of future rate reductions. Additionally, key U.S. economic data was negative for bonds. Job creation numbers came in higher than expected, reinforcing confidence in the economy's strength. It's worth noting that most of these new jobs were created by seasonal demand, meaning this temporary factor will soon fade. Inflation in September also presented a negative surprise: the core CPI, which excludes volatile components, unexpectedly rose. The political backdrop was also unfavorable. Expectations surrounding the U.S. election outcomes shifted towards a victory for Donald Trump, which is negative for bonds, as it is anticipated that under Trump the U.S. budget deficit will increase more rapidly than under Harris. That said, it should be noted that neither candidate plans to fundamentally address the budget deficit problem. The conflict between Israel and Iran introduces the risk of a sharp increase in oil prices, which could lead to higher inflation, also a negative factor for bonds. We believe that most of the factors mentioned above are temporary and will create a new favorable entry point into bonds.

**Portfolio.** In light of the noticeably deteriorating environment for bonds, in the beginning of October we have reduced the share of long-term bonds. We plan to keep the duration below the benchmark over the next 1-2 months. We still believe that the 3.8% level for UST10Y will be a strong support.

### Key Characteristics

# of positions	13
Duration	12,0
Average Rating	A
YTM %	5,0
Current Yield %	4,5
Net return since incept., % p.a.*	2,2
Sharpe Ratio since inception *	0,43

\* 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	87,8
Europe	8,0
Australia	2,5
South Africa	1,3
Cash	0,4
Mexico	0,0
India	0,0
Turkey	0,0
Brazil	0,0
Colombia	0,0
<b>Total</b>	<b>100,0</b>

### Sector (%)

Sovereign	79,7
Financials	9,6
Consumer	5,4
Materials	3,8
Telecom	1,2
Cash	0,4
<b>Total</b>	<b>100,0</b>

### Top 10 Holdings (%)

UNITED STATES TREASURY	79,7
Brandywine Operating Partnershi	2,8
Manitowoc Co	2,5
Mineral Resources Ltd	2,5
Dave & Buster's Entertainment In	2,5
HSBC Holdings PLC	2,5
Nordea Bank ABP	1,8
Deutsche Bank AG	1,7
Stanley Black & Decker, Inc.	1,3
Sasol Ltd	1,2
<b>Total</b>	<b>98,5</b>

### Duration (%)

0 to 3 years	19,4
3 to 5 years	5,3
5 to 10 years	1,8
Cash	0,4
Less than 0	0,0
10+ years	73,0
<b>Total</b>	<b>100,0</b>

### Credit Quality (%)

AAA	0,0
AA	79,7
A	0,0
BBB	4,2
BB	13,2
B	2,5
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.