

# LEON Global Hedge Fund

RAIF V.C.I.C. PLC

September 2024

USD share class | NAV per share: 1073.97



**LEON**  
MFO Investments

The Fund's objective is to generate consistent uncorrelated returns from investments in a diversified portfolio of hedge funds. The Fund employs a flexible absolute return strategy, with about 50-60% of the portfolio invested in short-term liquid Private Credit strategies with strong collaterals, and the remainder in Arbitrage and other uncorrelated strategies. The Fund prioritizes niche opportunities with direct institutional-level access to managers, building on a vast network accumulated since 2009.

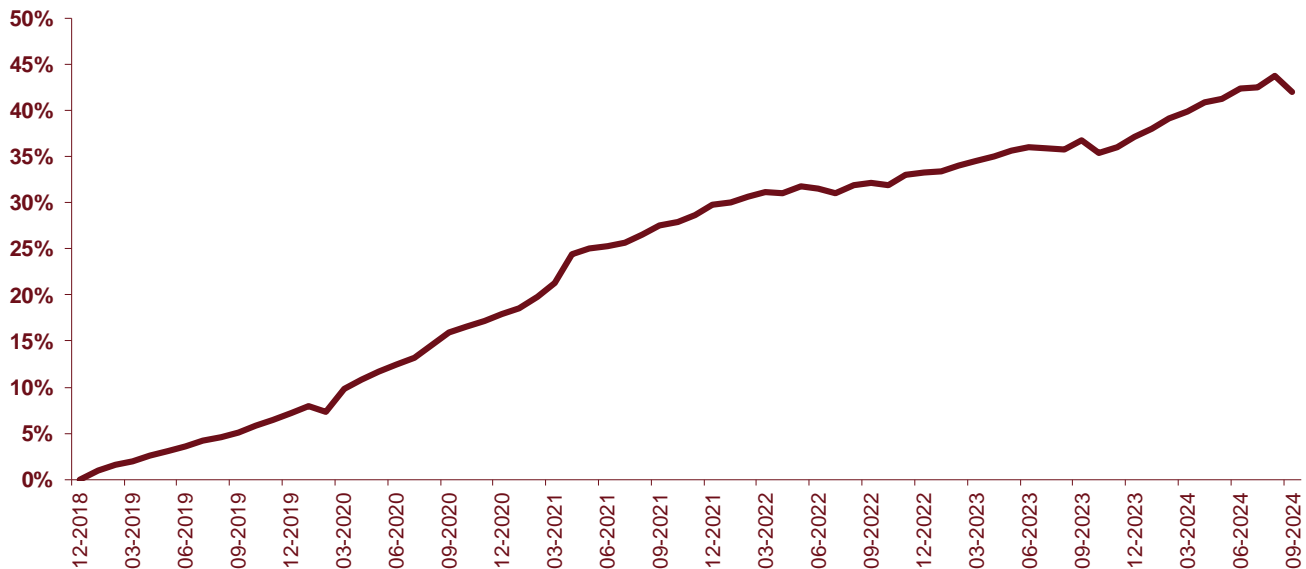
## Target Portfolio Attributes

Number of positions:	15-25
Position Limit:	<10% per position
Manager Limit:	<12% per manager
Strategy Class Limit:	<20% per strategy class >50% Liquid Private Credit strategies
Leverage:	None

## Fund Terms

Legal form	Cyprus-domiciled RAIF, V.C.I.C.
Share classes	B: USD (CYF000002362, LEGHRVB CY) A: EUR (CYF000002354, LEGHRVA CY)
Min Investment	USD 300'000 / EUR 250'000
Subscriptions/NAV	Monthly
Redemptions	Quarterly, with 95 calendar days notice Max. 25% of investor's position per quarter
Launch date	May 2022
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\*



## Net Performance, USD\*

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since incept.
2024	0.7	0.8	0.6	0.7	0.3	0.7	0.1	0.9	-1.2 **				3.6	42.0
2023	0.0	0.5	0.4	0.4	0.5	0.3	-0.1	-0.1	0.7	-1.0	0.4	0.8	2.8	37.1
2022	0.2	0.5	0.4	-0.2	0.6	-0.2	-0.4	0.7	0.2	-0.2	0.9	0.2	2.7	33.3
2021	0.5	1.1	1.2	2.6	0.4	0.2	0.4	0.6	0.9	0.3	0.6	0.9	10.1	29.8
2020	0.6	-0.6	2.4	0.8	0.8	0.6	0.7	1.2	1.2	0.5	0.6	0.6	9.9	17.9
2019	0.9	0.6	0.4	0.6	0.4	0.5	0.6	0.4	0.5	0.7	0.6	0.7	7.2	7.2

\* Before May 2022: Net of fees USD performance of a discretionary strategy managed by the Fund's team on individual accounts since December 2018. Starting from June 2022: The actual track record of LEON Global Hedge Fund RAIF, class B (USD). Class B launch date: May 23rd, 2022; launch price: 1000.

\*\*Fund Administrator estimate based on position prices available as of last day of the month.

# LEON Global Hedge Fund

RAIF V.C.I.C. PLC

September 2024



LEON  
MFO Investments

## Monthly Commentary

The global rally in risk assets extended in September, as major central banks continued to ease. For the first time in 4 years the US Federal Reserve reduced the key policy rate, starting big by cutting by 50bps and hinting at additional easing. Fed's current economic projections till the end of 2025 suggest additional 150bps of rate cuts, relying on slowing inflation and labor market. At the same time, strong US economic data with both industrial and retail data signals further expansion. Against this combination, US equity markets predictably made new highs. Even bigger news came from China, where authorities committed to a significant stimulus package. For the first time in 3 years, Chinese assets look investable. Active managers are underweight everything China-linked, and many were likely caught off-guard by the ensuing rally. Meanwhile, even though European Central Bank also continued with steady rate cutting in September, the economic data in EU is rather discouraging, with PMI in September contracting for the first time since the start of 2024. Fixed income played a "sell the news" trick, as 10y UST yields started rising right after the Fed cut. Trump is seen as pro-growth candidate and is increasingly likely to win the election; with this in mind, investors seem unsure if 10-year Treasuries are worth owning at yields below 4%.

The Fund in September recognized the loss on the volatility strategy incurred during the volatility explosion event on August 7. To remind, that day the VIX index, a measure of volatility, rose to 60 (a level surpassed only once in history, namely during the darkest days of Lehmann Borthers collapse in 2008), while stocks didn't have anything like a corresponding drawdown. This ruined many volatility arb strategies, including, unfortunately, one of ours. The loss was mitigated somewhat by other parts of the portfolio performing strongly. As a result, NAV decreased by 1.2%, bringing our year-to-date performance to 3.6%.

As we assessed the damage, we didn't do any trades in September, but accumulated some cash instead, looking to deploy it in some our successful arbitrage strategies. As we increase the arbitrage part, overall portfolio volatility is rising somewhat, but we expect it to be compensated by stronger returns going forward.

### Key Characteristics

# of positions	25
Liquid Private Credit	15
Arbitrage	10
Net return since incept., % p.a.*	6.5%
Sharpe Ratio since inception *	3.0

### Strategy Type, % of portfolio

Liquid Private Credit	58.3
Arbitrage	38.3
Cash	3.4
<b>Total</b>	<b>100.0</b>

### Regional Breakdown, % of portfolio

USA	50.4
Europe	8.5
UK	7.9
Australia	5.7
LatAM	4.9
Global	19.1
Cash	3.4
<b>Total</b>	<b>100.0</b>

### Strategy Class, % of portfolio

Credit Arbitrage	16.0
Trade Finance	14.9
Litigation Finance	12.7
Real Estate Bridge Credit	12.3
Short-term Consumer Finance	8.9
Receivables	8.1
Market-neutral Algo	7.4
Equity Arbitrage	4.9
Other	11.5
Cash	3.4
<b>Total</b>	<b>100.0</b>

### Top-5 Positions

US Trade Finance	6.8
UK Consumer Litigation Finance	6.5
US Receivables	5.7
US Trade Finance	5.3
Interest Rate Arbitrage	5.2

\* Before May 2022: Net of fees USD performance of a discretionary strategy managed by the Fund's team on individual accounts since December 2018. Starting from June 2022: The actual track record of LEON Global Hedge Fund RAIF, class B (USD).

## Contacts

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

**E-mail:** [marketing@leonmfo.com](mailto:marketing@leonmfo.com) **Website:** [www.leoninvestments.com.cy](http://www.leoninvestments.com.cy)

**Fund administrator:** PwC Fund Services. **Website:** [www.pwc.com.cy](http://www.pwc.com.cy)

## Risk Disclosure Statement

This document is addressed to professional and well-informed investors only. 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. **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.