

LEON Income Fund

RAIF V.C.I.C. PLC



LEON

MFO Investments

November 2024

EUR-hedged share class | NAV per share: 920,55

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.

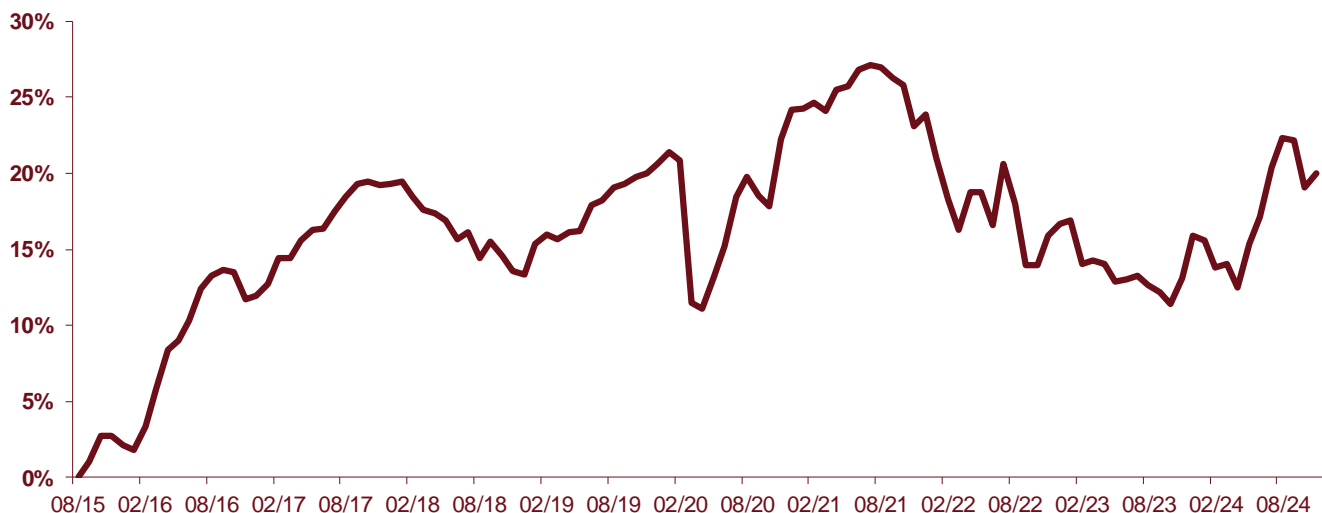
Target Portfolio Attributes

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)

Net Performance (EUR-hedged Share Class)*



Net Performance (EUR-hedged Share Class)*

%	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	-2,5	0,8		3,5	20,0
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. Since mid-November, the bond market has taken a wait-and-see approach ahead of President Trump's inauguration (scheduled for late January 2025). The possible actions of the new head of state are well-known, and now investors are left waiting for the concrete implementation of Trump's promises. In our view, the main downside risk remains tied to inflation. Consumer price inflation (CPI) has not slowed down for six months. At the same time, producer price inflation (PPI) has risen from 1.8% in January 2024 to 3.4% in November. Notably, this acceleration is occurring even against the backdrop of stable or declining oil and metal prices. Combined with a still-strong labor market and high GDP growth rates, this suggests that, without significant macroeconomic shocks, reducing inflation may be nearly impossible, which in turn raises questions about further interest rate cuts. We believe that central banks in major countries share a similar view: for example, the Bank of Canada cut rates but gave no signal for further reductions, the Reserve Bank of Australia continues to refrain from cutting rates, and the Central Bank of Brazil raised rates by 1%—exceeding analysts' expectations.

Portfolio. In November and December, we tactically adjusted the portfolio composition to align with market movements. As we expected, the 10-year U.S. Treasury yield at 4.4% proved to be a local peak. At this level, we purchased long-term U.S. government bonds. However, in early December, we decided to reduce the portfolio duration to zero, as U.S. macroeconomic data once again became less favorable for the bond market. In November, we opened a new position in CVS Health bonds (a rare class of subordinated bonds issued by insurance companies, offering a 7% coupon and potential for price appreciation).

Key Characteristics

# of positions	14
Duration	2,9
Average Rating	A
YTM %	5,0
Current Yield %	2,1
Net return since incept., % p.a.*	2,0
Sharpe Ratio since inception *	0,38

* 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 (%)

US	84,4
Europe	8,4
Australia	2,6
Israel	2,5
South Africa	1,3
Cash	0,7
Mexico	0,0
India	0,0
Turkey	0,0
Brazil	0,0
Total	100,0

Sector (%)

Sovereign	78,3
Financials	10,1
Materials	4,0
Consumer	3,1
Tech	2,6
Telecom	1,1
Cash	0,7
Fund	0,0
Total	100,0

Top 10 Holdings (%)

UNITED STATES TREASURY	75,8
Brandywine Operating Partnershi	2,9
Deutsche Bank AG	2,7
UBS Group AG	2,6
Mineral Resources Ltd	2,6
Intel Inc	2,6
Israel Sovereign	2,5
Stanley Black & Decker, Inc	1,9
Lloyds Banking Group plc	1,9
Sasol Ltd	1,3
Total	96,9

Duration (%)

0 to 3 years	75,8
3 to 5 years	5,5
5 to 10 years	1,9
Cash	0,7
Less than 0	0,0
10+ years	16,1
Total	100,0

Credit Quality (%)

AAA	0,0
AA	75,8
A	2,5
BBB	7,2
BB	13,8
B	0,0
Cash	0,7
Lower than B	0,0
Not rated	0,0
Total	100,0

Contacts

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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.