

LEON Income Fund

RAIF V.C.I.C. PLC



LEON

MFO Investments

December 2024

EUR-hedged share class | NAV per share: 918,74

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.

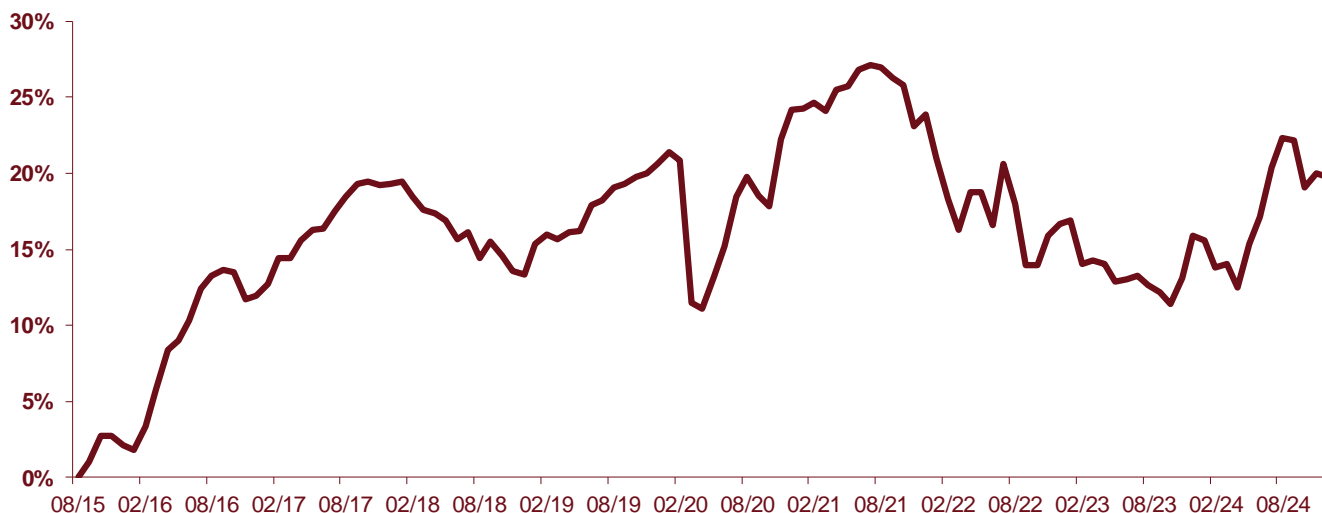
Target Portfolio Attributes

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	-0,2	3,3	19,8
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. In 2024, our fund delivered a return of +5.3% in USD, significantly outperforming the benchmark US Aggregate (ETF: AGG), which returned +1.3%. The key to achieving this performance was our active approach, focusing on leveraging tactical opportunities. We are confident that such an active strategy will remain relevant in 2025. Bond market volatility is likely to stay elevated, making it challenging to generate returns with a passive buy-and-hold approach. From a macroeconomic perspective, the US economy remains in excellent shape, as evidenced by labor market strength (growth in non-farm payrolls and job openings). Inflation in the US, EU, and UK has stopped declining, and there are risks of its acceleration due to stable wage growth and strong oil prices. An additional source of uncertainty is the actions of Donald Trump as president (e.g., introducing tariffs or annexing territories). We believe the first 1-2 months following the inauguration will be critical for markets as political factors come into play. Another negative for bonds is the stance of major central banks (the Fed and the ECB), which have increased discussions about the possibility of slower rate cuts. All these factors are expected to contribute to high volatility in the bond market.

Portfolio. Since the beginning of January, we have been tactically maintaining short positions in long-term US Treasuries, with a portfolio weight of 10-20%. The portfolio's current duration stands at -3. The remaining funds are allocated to T-bills. Tactically, we see no reasons to purchase bonds before Trump's inauguration and believe that a further move toward the yield highs reached in October 2023 is the most likely scenario. Additionally, we anticipate risks to other asset classes stemming from rising US Treasury yields.

Key Characteristics

# of positions	12
Duration	8,7
Average Rating	A
YTM %	5,3
Current Yield %	4,0
Net return since incept., % p.a.*	2,0
Sharpe Ratio since inception *	0,37

* 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	86,8
Europe	8,2
Australia	2,6
South Africa	1,3
Cash	1,1
Israel	0,0
Mexico	0,0
India	0,0
Turkey	0,0
Brazil	0,0
Total	100,0

Sector (%)

Sovereign	80,3
Financials	9,9
Materials	3,9
Health Care	2,6
Consumer	1,2
Telecom	1,1
Cash	1,1
Tech	0,0
Total	100,0

Top 10 Holdings (%)

UNITED STATES TREASURY	80,3
Brandywine Operating Partnershi	2,8
Deutsche Bank AG	2,7
UBS Group AG	2,6
Mineral Resources Ltd	2,6
CVS Health Corporation	2,6
Lloyds Banking Group plc	1,8
Sasol Ltd	1,3
Bath & Body Works, Inc.	1,2
VEON Ltd.	1,1
Total	98,9

Duration (%)

0 to 3 years	35,3
3 to 5 years	7,9
5 to 10 years	1,8
Cash	1,1
Less than 0	0,0
10+ years	53,9
Total	100,0

Credit Quality (%)

AAA	0,0
AA	80,3
A	0,0
BBB	2,6
BB	16,0
B	0,0
Cash	1,1
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.