

# LEON Income Fund

RAIF V.C.I.C. PLC

February 2025

USD share class | NAV per share: 1051,03



**LEON**  
MFO Investments

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.

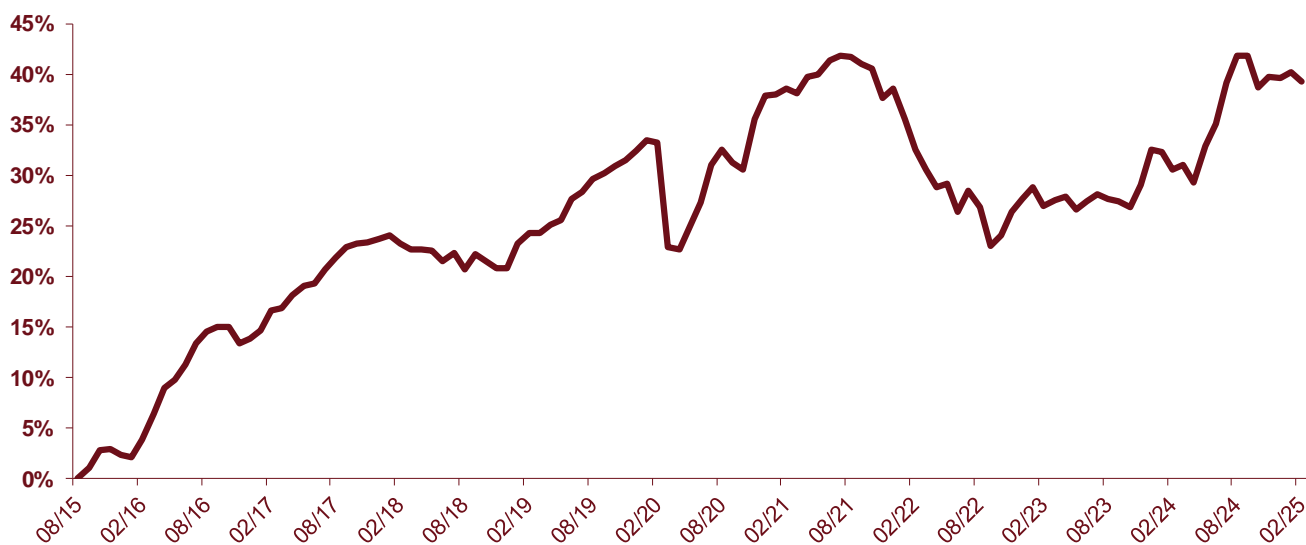
## Target Portfolio Attributes

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 (CYF00002198), FX-hedged USD (CYF00002347)
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)
Depositary	EFG Luxembourg
Fund Admin	PricewaterhouseCoopers
Fees	Management fee: 1,0% of AUM p.a. Perf. fee: 10% (3% hurdle, HWM)

## Net Performance (USD Share Class)\*



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%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since incept.
2025	0,4	-0,6											-0,2	39,3
2024	-0,2	-1,3	0,4	-1,3	2,7	1,7	3,0	1,9	0,0	-2,2	0,7	-0,1	5,3	39,6
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.** In February, the bond market situation became highly ambiguous. On the one hand, President Trump's trade war is far from over (April 2 will be a key date with the announcement of new global tariff policies) and could accelerate inflation, which should push bond yields higher. On the other hand, the defensive reaction of US businesses to new tariffs could trigger a recession in the US. Such concerns, in particular, have already led to a decline in US Treasury yields in February. A new key factor for the bond market has been Europe's (primarily Germany's) de facto abandonment of strict fiscal austerity measures in an attempt to kickstart regional reindustrialization and strengthen defense capabilities. Against this backdrop, we believe it is likely that the dynamics of US and European government bonds will become less synchronized. Previously, Europe maintained tighter control over budget spending, which - combined with persistently low GDP growth - resulted in structurally lower sovereign bond yields compared to the US. Now, the opposite is true: US economic growth will slow due to trade policies, while authorities (at least rhetorically) attempt to control the budget deficit. This divergence makes US bonds a much more compelling investment compared to European ones.

**Portfolio.** We consider the arguments for both rising and falling US Treasury yields to be balanced, therefore we maintain a neutral portfolio duration close to the benchmark (~6-7 years). European sovereign bonds still do not appear attractive, even after the sharp decline in February. In our view, the market first needs to digest the abrupt shift in the region's fiscal policy. Corporate bonds remain unappealing, as extremely tight credit spreads do not account for the increased likelihood of a US recession.

### Key Characteristics

# of positions	16
Duration	7,2
Average Rating	A
YTM %	5,2
Current Yield %	3,5
Net return since incept., % p.a.*	3,6
Sharpe Ratio since inception *	0,72

\* 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.

### Country (%)

US	81,7
Europe	12,0
Australia	2,5
Israel	2,4
South Africa	1,3
Cash	0,2
Mexico	0,0
India	0,0
Turkey	0,0
Brazil	0,0
<b>Total</b>	<b>100,0</b>

### Sector (%)

Sovereign	71,9
Financials	10,8
Health Care	4,4
Materials	3,8
Industrials	2,9
Auto	2,6
Tech	2,2
Telecom	1,1
<b>Total</b>	<b>100,0</b>

### Top 10 Holdings (%)

UNITED STATES TREASURY	69,6
Deutsche Bank AG	5,2
The Boeing Company	2,9
General Motors Company	2,6
UBS Group AG	2,6
Raiffeisen Bank International AG	2,6
CVS Health Corporation	2,5
Mineral Resources Ltd	2,5
Israel Sovereign	2,4
Intel Corporation	2,2
<b>Total</b>	<b>95,0</b>

### Duration (%)

0 to 3 years	47,5
3 to 5 years	3,8
5 to 10 years	1,8
Cash	0,2
Less than 0	0,0
10+ years	46,7
<b>Total</b>	<b>100,0</b>

### Credit Quality (%)

AAA	0,0
AA	69,6
A	2,4
BBB	10,9
BB	17,0
B	0,0
Cash	0,2
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.