Lotus Macro Fund
Jan 2025 Report

Fund Objective and Strategy

The fund employs a multi-strategy quantitative CTA model, mainly investing in global future markets in fixed income, equity, commodity, and currencies.

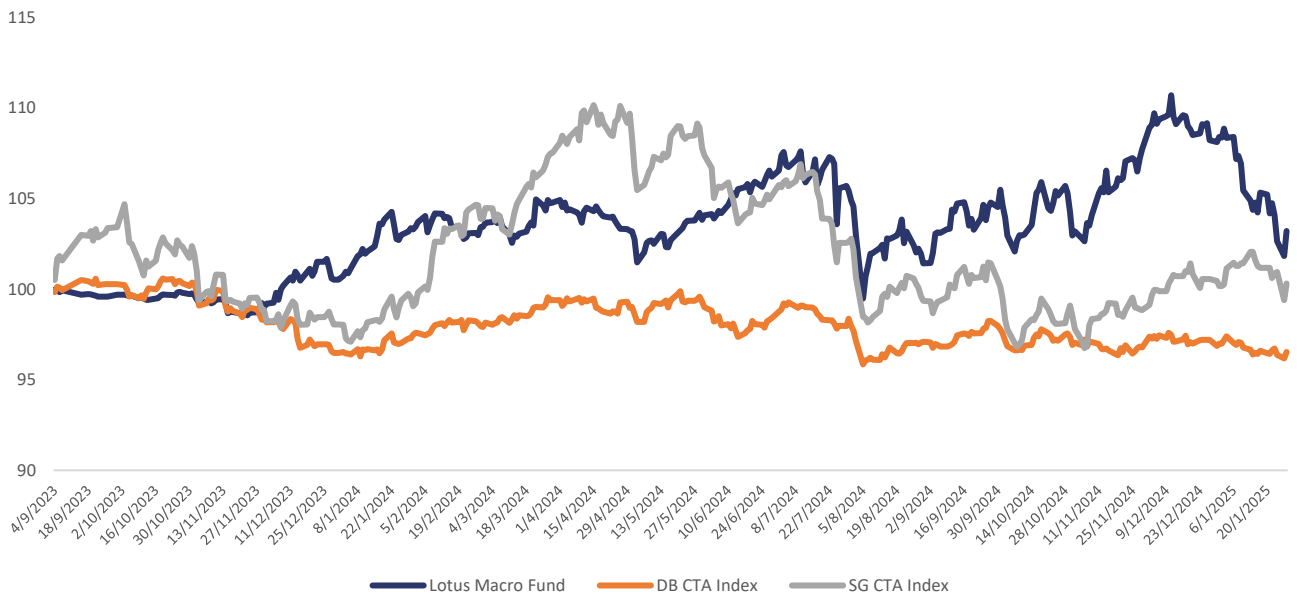
Multiple strategies, using both fundamental and sentimental factors, are developed across asset classes, modeling approaches, and trading horizons. The risk capital allocation across multiple strategies is dynamically adjusted over time based on proprietary risk estimation methodology with an embedded risk management system.

The fund trades in medium to low frequency with position holding period ranging from one day to a few weeks and aims to generate absolute returns over the medium to long term with low correlation to equity market and other alternative strategies.

Fund Performance – Class B | NAV per share 103.18

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD (Fund)**	YTD (SG CTA Index)
2023									-0.32%	0.07%	-0.75%	1.53%	**0.52%**	-1.96%
2024	2.76%	0.12%	1.27%	-1.43%	0.76%	2.09%	-1.61%	-2.93%	3.03%	-1.48%	4.62%	0.63%	**7.81%**	2.16%
2025	-4.79%												**-4.79%**	0.15%

The monthly returns are the net performance for the Class B of the fund after all the fees and costs.



Benchmark: DB CTA Index and SG CTA Index.

- Past Performance is not a reliable indicator or guarantee of current and future results.
- Source: Lotus Asset Management Limited and Bloomberg.

LOTUS
Asset Management

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Net Return	Lotus Macro Fund	DB CTA Index	SG CTA Index
1M	-4.79%	-0.47%	0.15%
3M	0.23%	-0.41%	3.05%
YTD	-4.79%	-0.47%	0.15%
Since Inception	3.18%	-3.48%	0.31%
Annualized Return	2.23%	-2.47%	0.22%
Annualized Volatility	8.02%	3.29%	9.30%
Return-to-Risk Ratio	0.28	-0.75	0.02
% Positive Return	58.82%	47.06%	52.94%
Worst Month	-4.79%	-2.00%	-3.43%

Fund Structure

Investment Manager	Lotus Asset Management Limited	
Fund Inception	September 1, 2023	
Domicile	Cayman Islands	
Investment Strategy	Systematic CTA	
Share Class Currency	USD	
Class Type	Class A	Class B
ISIN	/	KYG5657A1058
Administrator	Apex Fund Services	
Auditor	KPMG	
Legal Counsel	Zhonglun / Appleby	
Clearing Broker	Interactive Brokers	

Investment Terms

	Class A	Class B
Minimum Investment	US$100K	US$5M
Management Fee	2.00%	1.50%
Performance Fee	20%	
High Water Mark	Yes	
Subscription Redemption	Monthly	
Notice Period	10 Business Days	
Lock-up	None	6 months

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Market Commentary

The rise in 10-year Treasury yields has been attributed to concerns about debt sustainability, lack of demand, and other factors. However, we believe the primary driver is expected shifts in Federal Reserve interest-rate policy. Despite speculation regarding the reasons for the increase in longer-term Treasury yields from the September lows, we assert that it hinges on changes in Fed terminal rate pricing. The 1 percentage point rise in 10-year Treasury yields coincided with the market pricing 1.25% less in Fed interest-rate reductions. If debt sustainability, lack of demand, or heavy Treasury supply were the causes of the long-end selloff, we would expect the terminal rate to 10-year spread to widen. Instead, during this period, the spread tightened by over 20 basis points. We believe that analyzing factors affecting Fed expectations will remain crucial in determining Treasury yields, rather than fears surrounding other concerns.

Recent data trends suggest that long-end Treasury yields may remain range-bound for the next few years, with a potential sell-off occurring in 2026. There are significant risks to our 2026 forecasts, particularly if fiscal contraction arises as the incoming administration seeks to rein in deficits. However, all else being equal, we anticipate the Fed will cut interest rates by another 50 to 75 basis points this year, before raising rates in 2026. With consumer spending remaining relatively robust and many other jurisdictions easing monetary policy, the U.S. economy could benefit without requiring many additional rate cuts.

Our fund employs a dynamic risk allocation mechanism across the major asset classes, with a relatively higher weighting on fixed income and currency at the moment. Our target volatility implicates a one-day Value at Risk (VaR) of approximately -1.7% now. The margin required by the broker represents about 13% of the fund's total equity with most of the capital invested in money market instruments. We employ a proprietary portfolio optimization and risk management models and monitor the overall risk of the fund portfolio on a daily basis, and this process is unique and has proved to work well.

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Disclaimer

The Lotus Macro Fund (the "Fund") is an exempted company incorporated in the Cayman Islands. The Fund is registered as a regulated mutual fund with the Cayman Islands Monetary Authority under section 4(3) of the Mutual Funds Law (as amended) of the Cayman Islands. This document has not been reviewed by any Cayman Islands authority or the Securities and Futures Commission of Hong Kong. Different Classes of Shares of the Fund have different management fee and performance fee structure that would affect their respective net return. Potential investors should read carefully the offering document(s) for the information specific to each Class of Shares before deciding whether to subscribe for or purchase units in the Fund. Investment involves risks. Past performance is not indicative of future performance and is provided for information only.

This document is not intended as an offer or solicitation for the purchase or sale of units of the Fund or any security. Information in this document has been prepared without taking account of the investment objectives, financial situation or needs of any particular investor. Potential investors should read the offering document(s) before deciding whether to subscribe for or purchase units in the Fund. Accordingly, investors should, before acting on the information, consider its appropriateness, having regard to their investment objectives, financial situation and needs. This document is not to be construed as a solicitation or recommendation of investment advice. Certain high-volatility investments can be subject to sudden and large falls in value. Certain investments contained in the document may have tax implications for investors whereby levels and basis of taxation may be subject to change. Investors should seek professional advices from a tax adviser.

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