



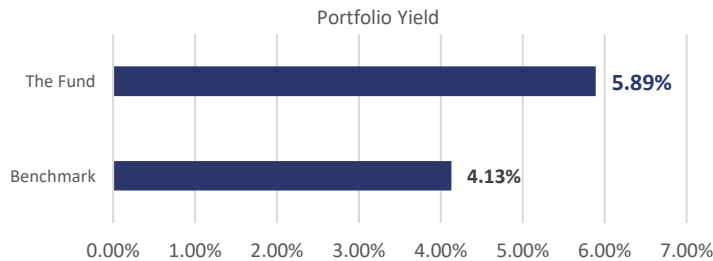
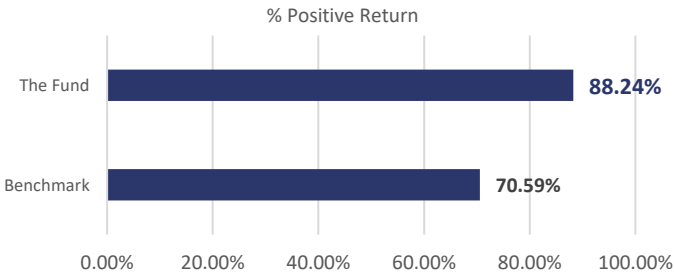
Fund Objective and Strategy

This Fund invests primarily in high-quality bonds with credit ratings of “BBB” or higher and intends to achieve a competitive overall investment return with relative security of capital compared to equities in the medium to long term.

The portfolio has a duration of no more than three years and aims to achieve absolute returns that outperform the benchmark.

	Lotus Global Balance Strategy SP	Benchmark*
Monthly Return	0.49%	-0.01%
Total Return	15.63%	13.42%
% Positive Return	88.24%	70.59%
Sharpe Ratio	1.948	1.35
Information Ratio	1.43%	n.a.
Portfolio Yield	5.89%	4.13%
Average Credit Rating	A+	AA-
Average coupon	5.57%	3.24%
NAV Per Share	115.63	113.42

Source: Lotus Asset Management、Bloomberg



Fund Structure

Investment Manager	Lotus Asset Management Limited	
Fund Inception	October 1, 2022	
Domicile	Cayman Islands	
Share Class Currency	USD	
Class Type	Class C1	Class C2
ISIN	KYG4304B1032	/
Management Fee	1.5%	2%
Performance Fee	15%	
Administrator	Apex Fund Services	
Auditor	KPMG	
Legal Counsel	Zhonglun / BGA	

Fund Portfolio Summary

Top Five Holdings

T 3 ⅞ 08/15/25	3.78%
STANLN 6.097 01/11/35	1.58%
BBLTB 5 PERP	1.53%
UBS Float 06/23/35	1.13%
CICCHK float 01/18/27	1.05%

Portfolio Summary

Portfolio Average Duration	2.90Y
YTM	5.89%

• Past Performance is not a reliable indicator or guarantee of current and future results.

• Benchmark: Bloomberg U.S. 1-3 Year Aggregate Bond Index(USD).

• Source: Lotus Asset Management、Bloomberg.

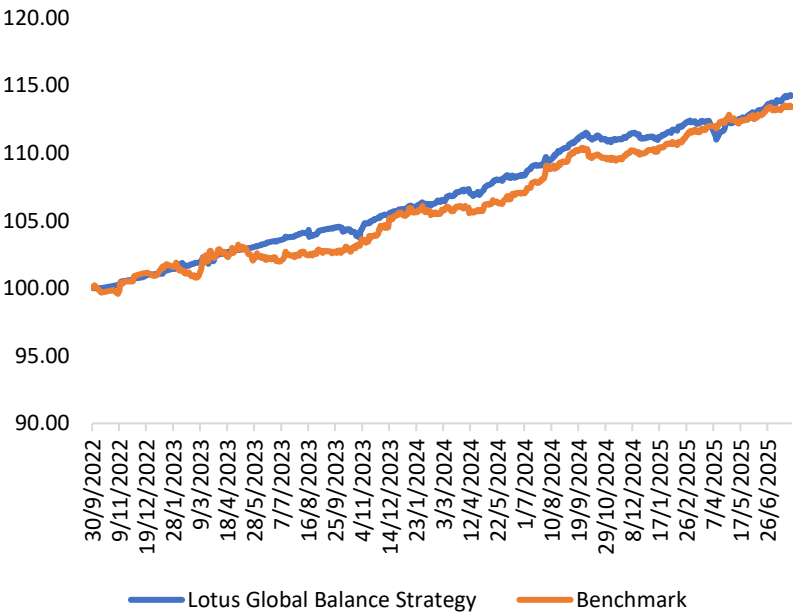
• All figures of this month are not verified by the Fund Administrator and the actual data is subject to the Fund Administrator.



# Lotus Global Balance Strategy SP

## Jul.2025 Report

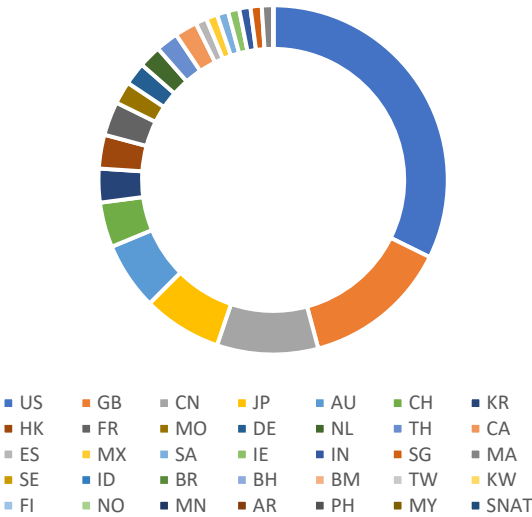
### Fund Performance



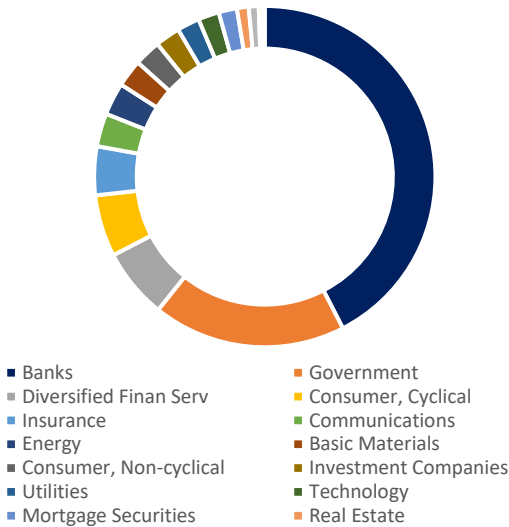
	1 M	3 M	YTD	SI	NAV
The fund C1	0.49%	1.94%	3.19%	15.63%	115.63
Benchmark	-0.01%	0.51%	2.91%	13.42%	113.42

Source: Lotus Asset Management、Bloomberg

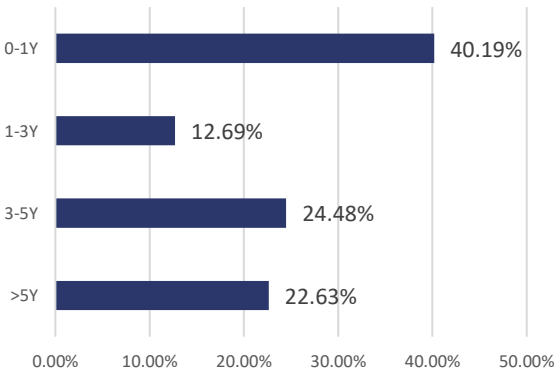
### Country Allocation



### Industry Allocation



### Duration Allocation



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## Market Commentary

In July 2025, global capital markets continued to be shaped by a “policy-driven, data-disrupted” environment, with the focus shifting from June’s judicial rulings to the dual impact of tariff policies and fiscal expansion. On July 31, the Trump administration signed an executive order imposing 10%-41% tariffs on countries such as Canada and Brazil without trade agreements, effective August 7. This move sparked concerns over a secondary surge in imported inflation, compounded by the “Build Big Act,” effective July 4, which is projected to increase the U.S. fiscal deficit by \$3.3 trillion over the next decade. These developments disrupted global trade chains and financial markets, intensifying volatility.

The July FOMC meeting maintained the federal funds rate at 4.25%-4.5%, but saw a rare dissent from two governors (Waller and Bowman), who advocated for a 25-basis-point cut—the first such split since 1993. Fed Chair Powell emphasized that no decision had been made for September, acknowledging that tariffs could limit rate cuts due to inflationary pressures. However, he signaled openness to easing if labor market weakness emerges before September. Powell stressed that the Fed “does not consider the impact of rate changes on government debt costs,” defending monetary policy independence while indirectly addressing pressure from the Trump administration for rate cuts. Post-meeting, market expectations for a September rate cut dropped from 68% to 45%, with November’s probability rising to 55%.

Economic indicators presented a mixed picture. U.S. non-farm payrolls for June added 147,000 jobs, exceeding expectations of 106,000, with April and May data revised upward by 16,000. The unemployment rate improved to 4.1%, better than the expected 4.3%. Average hourly earnings rose 0.2% month-on-month, below the anticipated 0.3%, easing inflationary pressures. On inflation, June’s CPI rose 2.7% year-on-year, a five-month high, slightly above the expected 2.6%, driven by rising energy prices. Core CPI held at 2.9% year-on-year, in line with expectations, with a month-on-month increase of 0.2%, up from 0.1% but below the expected 0.3%. In manufacturing, the June ISM PMI rose to 49, slightly above the expected 48.8, with the import index surging 7.5 points, marking the largest monthly gain in five years. The services PMI climbed to 50.8, marginally above the expected 50.6, though the employment index saw significant contraction.

The U.S. Treasury yield curve shifted upward in July, driven by policy shocks and data reversals that intensified market tug-of-war. The tariff policy implementation, heightened fiscal deficit expectations from the “Build Big Act,” stronger-than-expected non-farm payrolls, and hawkish FOMC rhetoric collectively pushed yields higher. Over the month, the 2-year Treasury yield rose 22 basis points, the 5-year and 10-year yields each increased 13 basis points, and the 30-year yield climbed 11 basis points. The 10Y-2Y spread widened slightly to 53.2 basis points, while the 30Y-10Y spread narrowed to 53.9 basis points, maintaining a “bear steepening” profile.

Amid July’s market volatility, our fund adhered to a dynamic allocation strategy, successfully capturing structural opportunities within yield fluctuations while gradually extending portfolio duration. Asian market bonds performed strongly, with credit spreads tightening notably for Chinese, Japanese, and Korean financial and manufacturing firms. European bank bonds also remained resilient, reinforcing the effectiveness of our globally diversified strategy. At yield troughs, we increased Treasury futures for hedging; during yield spikes, we boosted allocations to high-grade financial bonds and top-tier corporate USD bonds. When yields retreated, we selectively added high-quality corporate bonds and floating-rate notes. Amid tariff disputes, we increased exposure to select high-quality automakers, yielding solid returns. These adjustments drove steady net asset value growth in July, with volatility lower than in June, demonstrating robust risk management.

Looking to the second half of 2025, structural risks are emerging after sustained market gains. Post the August 7 tariff implementation, global supply chain restructuring pressures may intensify, potentially driving U.S. inflation higher in Q3. The Fed faces a delicate balance between persistent inflation and economic softening, with the September FOMC meeting a critical juncture for policy shifts. Monthly employment and inflation data will heavily influence expectations. Expanding fiscal deficits and tariff impacts may constrain the Fed’s policy space, with long-end Treasury yields at risk of further upside. Nonetheless, passive inflows and cautious corporate capital expenditure should support bond valuations. We will maintain a “prudent yet opportunistic” approach, flexibly adjusting duration and credit exposures to capture structural opportunities while prioritizing risk control, aiming to deliver long-term stable returns for investors.

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The fund may primarily invest in fixed-income instruments.

- Investments in fixed-income securities are subject to interest rate, credit, and downgrade risks. The fund also faces risks associated with investing in high-yield, sub-investment grade, and unrated securities.
- The fund is exposed to risks related to investments in emerging markets, mortgage-related and other asset-backed securities, sovereign debt, currency liquidity, and repurchase and reverse repurchase transactions.
- The fund may invest more than 10% of its assets in non-investment grade securities issued or guaranteed by a single sovereign issuer, increasing credit and default risks related to the issuer.
- The fund may widely invest in or involve additional risks (e.g., market, counterparty, liquidity, volatility, and leverage risks) of financial derivatives.
- The fund may, at its discretion, distribute dividends directly from its capital, equivalent to returning or withdrawing a portion of the investor's original investment or any capital gains attributed to that initial investment. Any distribution involving the payment of dividends from the fund's capital may immediately reduce the fund's net asset value per share.
- Investments involve risks, and your investment may incur significant losses. • Investors should not rely solely on this document and should read the fund's offering document for further details, including risk factors.

"For investors who have been cautious about the bond market, there are compelling reasons to invest in fixed income now. Yields across various fixed-income categories are higher than in recent years. Although the market environment for 2023 remains uncertain and volatile, the higher initial yields offer the potential for higher returns. Historically, after yields peak, bonds tend to perform strongly. In the five most recent major market downturns, after each yield peak, both core bonds and investment-grade corporate bonds have seen substantial growth in the year following, providing attractive returns for resilient investors."



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