Lotus Global Balance Strategy SP
Apr.2025 Report

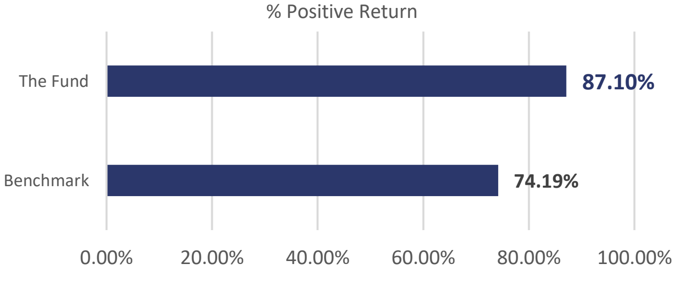
Fund Objective and Strategy

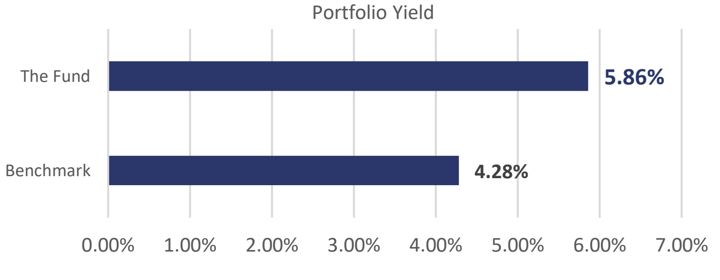
This Fund invests primarily in high-quality bonds with credit ratings of “BBB” or higher and intends to achieve a competitive overall investment return with relative security of capital compared to equities in the medium to long term.

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	**-0.05%**	0.74%
Total Return	**13.43%**	12.85%
% Positive Return	**87.10%**	74.19%
Sharpe Ratio	**1.792**	1.42
Information Ratio	**1.43%**	n.a.
Portfolio Yield	**5.86%**	4.28%
Average Credit Rating	**A+**	AA-
Average coupon	**5.45%**	3.18%
NAV Per Share	**113.43**	112.85

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 4 ¼ 05/31/25	**2.99%**
SANLTD 5 ⅛ 08/08/25	**2.57%**
STANLN 6.097 01/11/35	**2.05%**
CICCHK float 01/18/27	**1.38%**
STANLN 6.187 07/06/27	**1.01%**

Portfolio Summary

Portfolio Average Duration	2.79Y
YTM	5.86%
Leverage	0%

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

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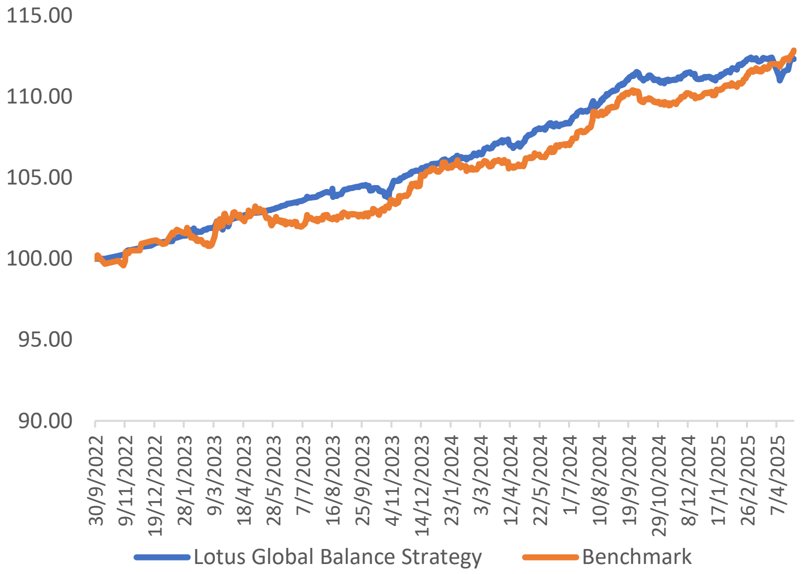
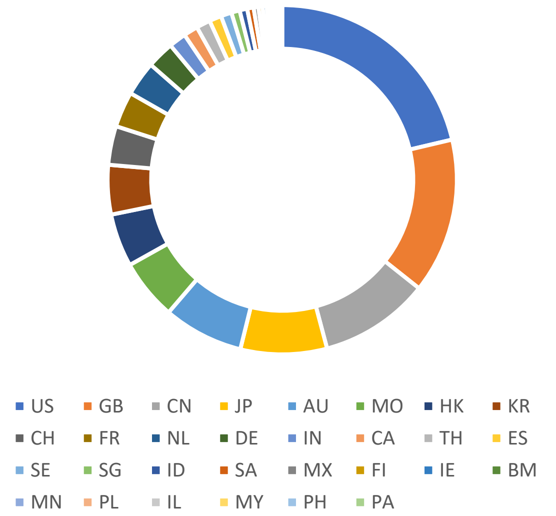
Fund Performance



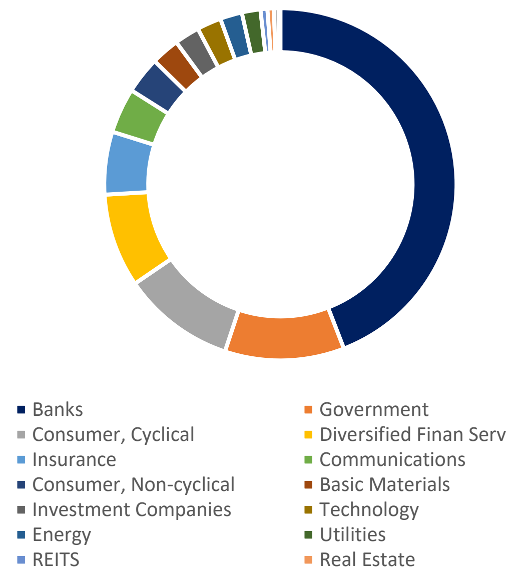
		1 M	3 M	YTD	SI	NAV
Gross	The fund C1	-0.05%	0.82%	1.23%	13.43%	113.43
Net	The fund C1	-0.05%	0.72%	1.07%	12.24%	112.24
Benchmark		0.74%	1.92%	2.39%	12.85%	112.85

Source: Lotus Asset Management、Bloomberg
Net performance shown is net of all fund expenses. Gross performance does not take into account fund fees and charges, which would lower returns.

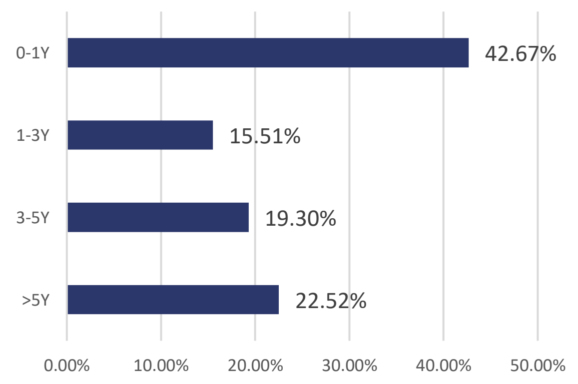
Country Allocation



Industry Allocation



Duration Allocation



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Market Commentary

In April, global markets experienced significant volatility due to the tariff policies of the Trump administration, testing the resilience to unexpected shocks and prompting investors to reassess the policy direction of Trump's second presidential term. Starting from April 2nd, the Trump administration imposed “Reciprocal tariffs" on trade partners and set a 10% "minimum benchmark tariff," applying even higher tariffs to certain trade partners. China swiftly retaliated by increasing tariffs on imports from the U.S., escalating from 34% to 84% starting from 12:01 AM on April 10th. After multiple rounds of retaliation, the cumulative tariff rate reached 125%. The final U.S. tariffs on China reached 145%. On April 9th, Trump announced a 90-day suspension of “Reciprocal tariffs" with countries other than China. Global trade tensions escalated significantly this month. Faced with the "capriciousness" of Trump's tariff policy, businesses and investors worldwide are reevaluating global supply chain layouts and trade risk exposures.

On the monetary policy front, the minutes of the March FOMC meeting were released this month. Based on the meeting minutes and Powell's public statements in April, the Federal Reserve has largely maintained its stance since March, indicating that tariff-related inflation will directly delay the Fed's achievement of the 2% inflation target. Given the persistently high inflation baseline and the high uncertainty of tariff impacts on inflation, the Fed's threshold for adjusting interest rates remains high. This month, Trump publicly criticized Fed policies multiple times, even hinting at the possibility of dismissing Fed Chair Powell, posing a significant challenge to the Fed's independence. Other Fed officials have also been conveying messages this month, emphasizing the maintenance of current monetary policies and showing significant vigilance towards the inflation and economic recession risks brought about by high tariffs.

Regarding employment data, nonfarm payroll employment increased by 228,000 in March, exceeding the market's expectation of 140,000, with the revision of the prior value from 151,000 to 117,000. The unemployment rate rose to 4.2%, higher than the expected 4.1%. Inflation data shows that the CPI rose by 2.4% year-on-year in March, slightly below the market's expectation of 2.49% and a decrease from February's 2.8%. Core CPI increased by 2.8% year-on-year, also below the expected 2.99%, with a month-on-month decrease of 0.1%, the first negative reading since June 2024 and the lowest level since May 2020, against an expected increase of 0.1%. In terms of PMI data, the ISM Manufacturing Index for March was 49, falling below the expansion-contraction threshold. The ISM Services PMI recorded 50.8 in March, significantly lower than the expected 52.9 and below the estimates of almost all economists surveyed. Durable goods orders in the U.S. surged by 9.2% month-on-month in March, the largest increase since July 2024, well above the expected 2%. Commercial aircraft orders saw a remarkable 139% increase, marking the largest surge since July last year. However, excluding transportation equipment, durable goods orders remained flat at 0%, below the expected 0.3% and lower than the previous month's 0.7%. Retail sales in March saw a significant increase of 1.4%, the largest month-on-month gain since January 2023; sales increased to 4.6% year-on-year, reaching the highest level since December 2023. Auto sales recorded the largest growth in two years, with 11 out of the 13 categories tracked reporting growth. Meanwhile, the annualized GDP for the first quarter turned negative at -0.3%, the first time since March 2022, reflecting the downward pressure on the economy due to tariffs. Although hard data such as nonfarm payrolls, retail sales, and durable goods orders remain relatively robust, the market interpretation of this data has not fully reflected the impact of tariffs. Overall, expectations for a U.S. economic downturn and Fed rate cuts have significantly increased compared to the previous month.

In the U.S. Treasury market, there was intense volatility this month. The “Reciprocal tariffs" policy raised inflation expectations, leading investors to be pessimistic about long-term economic growth, reducing demand for long-term treasuries and pushing up long-term yields. Short-term treasuries, influenced by liquidity conditions, saw investors preferring to hold short-term treasuries to mitigate risks, resulting in a decline in short-term yields. This divergence in the yield curve became more pronounced, with the 2-year Treasury yield dropping by 28.1 basis points, the 5-year Treasury yield decreasing by 22.5 basis points, the 10-year Treasury yield declining by 4.3 basis points, and the 30-year Treasury yield increasing by 10.7 basis points in April. The 10Y-2Y Treasury yield spread closed at 32.2 basis points, expanding by 10.3 basis points compared to the previous month; the 30Y-10Y Treasury yield spread rose to 56 basis points, widening by over 20 basis points from March. The yield curve displayed a "bear steepening" characteristic, with the steepening of the long end of the curve potentially driven by technical factors such as arbitrage trading in U.S. treasuries, primarily fueled by speculative capital shorting.

The fund operations faced significant challenges this month amidst escalating trade tensions and high uncertainty in Trump administration policies, leading to sharp increases in market volatility. The fund continued to maintain allocations to short-term treasuries and floating-rate bonds to preserve portfolio liquidity and stability. Given the widening of high-grade credit spreads in a market panic scenario, the fund cautiously assessed and opportunistically increased holdings of medium to long-term high-grade corporate bonds when prices were oversold due to market sentiment. In terms of sector allocation, the fund continued to focus on industries with robust cash flows, such as international banks, tech companies, energy firms, mining industries, and core consumer sectors.

Looking ahead, the U.S. economy faces significantly increased downside risks, with the negative effects of tariff policies expected to continue fermenting, further suppressing corporate investment and household consumption. Following the temporary pause of the first round of tariff wars, we believe the Trump administration will tactically initiate a second round of tariff escalations, posing new challenges to the economy and markets. The Fed may be pressured to accelerate rate cuts in the second half of the year due to economic stress, with the intertwined pressures of rising prices from tariff impacts and the risk of deflation from economic slowdown. More core data and the unveiling of a new Fed monetary policy framework are needed. In this context, market volatility is expected to persist, and the risk of downward revisions in corporate earnings cannot be overlooked.

Overall, the market turbulence in April can be seen as a stress test for portfolios, highlighting their resilience and vulnerabilities. This experience allows us to better and more specifically adjust portfolios for smoother performance. Since the beginning of the year, we have proactively explored new assets and markets. Although we were surprised by the tariff wars and faced pressure, it has enhanced our understanding. We believe that our current portfolio will still deliver decent positive returns to investors throughout the year.

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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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