LOTUS MACRO FUND MONTHLY REPORT

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JULY 2025

Hao HONG

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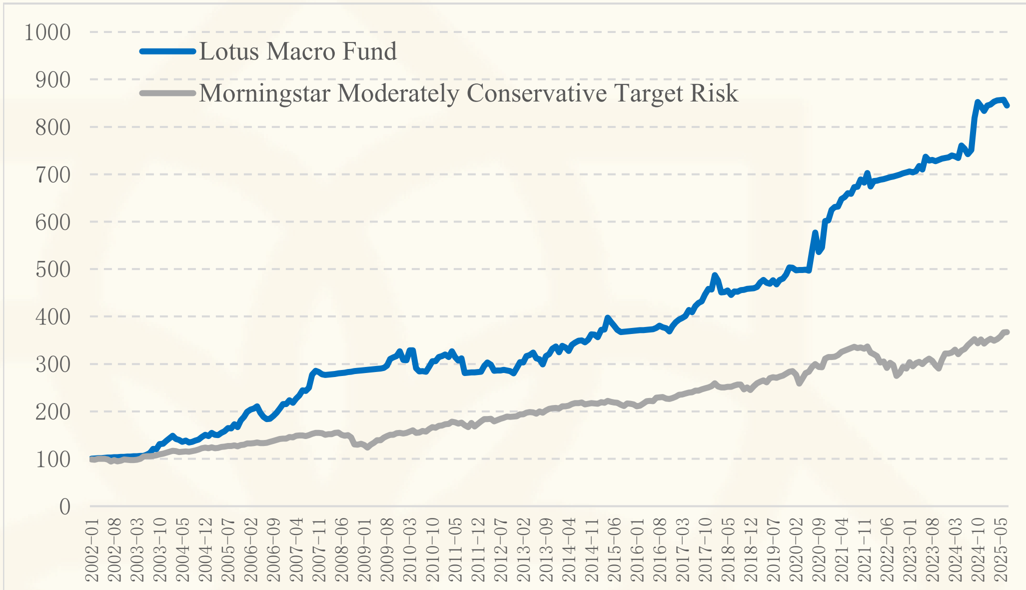
PERFORMANCE



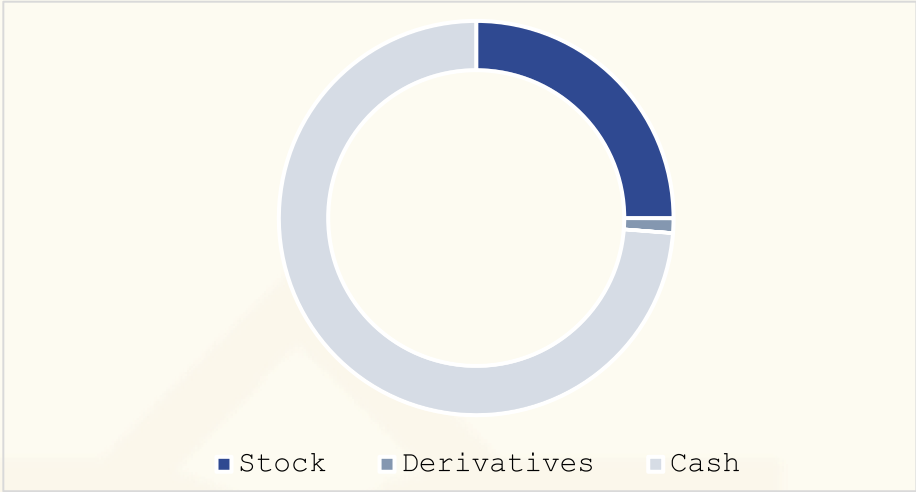
* The performance from August 2023 to March 2025 is live trading data from the AAA Lotus Fund. Data prior to this is based on backtest data from weekly data since Jan 4, 2002. Live performance data has deducted applicable fees and costs. There may be material differences between backtested results and actual investment outcomes, as the strategies used in real and simulated trading may differ. The reference index consists of non-managed assets that cannot be directly invested in. PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS.

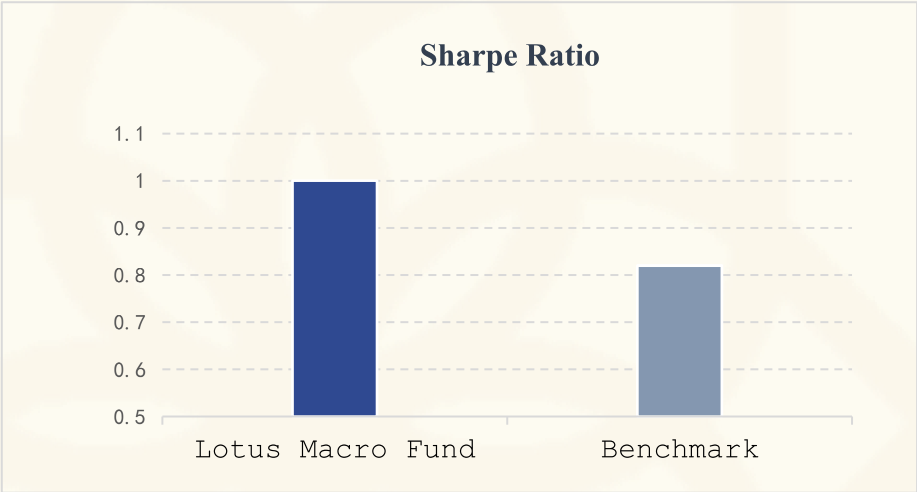
MONTHLY PERFORMANCE

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	Lotus Macro	0.28	-0.30	0.35	1.60	-1.05	3.80	-1.06	0.13	-0.32	0.35	0.38	0.15	0.70
	Bench-mark	4.58	-2.88	2.28	0.82	-1.40	2.18	1.61	-1.62	-2.99	-2.28	6.21	4.41	3.42
2024	Lotus Macro	0.19	0.53	-0.26	-0.48	3.63	-0.88	-1.53	1.18	8.98	4.09	-1.04	-1.17	13.55
	Bench-mark	-0.06	0.74	1.83	-2.86	2.35	0.93	2.49	1.98	1.73	-2.47	2.29	-2.49	6.40
2025	Lotus Macro	1.36	0.25	0.73	0.28	0.06	0.11	-1.41						1.39
	Bench-mark	1.94	1.15	-1.12	0.82	1.58	2.48	0.13						7.15

* The performance after Aug 2023 is based on live trading data. Live performance data has deducted applicable fees and costs. The reference index consists of non-managed assets that cannot be directly invested in.

POSITION DISTRIBUTION





RETURN & RISK METRICS

	Lotus Macro Fund	Benchmark
This Month	**-1.41%**	0.13%
Last 12 Month	**13.81%**	8.12%
Five Years (Annualized)	**9.46%**	4.55%
Cumulative Returns	**745.07%**	267.09%
% Positive Returns (Monthly)	**72.70%**	66.31%
Sharpe Ratio (Annualized)	**1.00**	0.82
Information Ratio (Annualized)	**0.39**	N.A.
NAV	**99.56**	N.A.

* The above data is as of Jul 31, 2025. All figures are not verified by the fund administrator and the actual data is subject to the fund Administrator. The NAV is the actual data of Lotus Macro Fund.

PORTFOLIO MANAGER COMMENTS

Global market sentiment remained buoyant in July 2025, supported by robust U.S. corporate earnings and a temporary easing of trade tensions. The S&P 500 and Nasdaq reached record highs, though market breadth narrowed significantly, with large-cap technology stocks contributing approximately 80% of the gains in S&P 500 gains since Independence Day, while small-cap stocks lagged.

This quarter marked one of the strongest U.S. earnings seasons in recent years, with over 80% of firms beating expectations. The technology sector drove growth, as the "Magnificent 7" (excluding Nvidia) delivered around 14% Q2 profit growth y/y, well above the 3.4% average earnings growth for other companies. Notably, concerns over rising technology capex have eased as the AI narrative shifted, with investors increasingly confident in the potential to enhance profitability using AI. Strong cloud growth at Google and Meta exemplified AI-driven demand.

The Trump administration’s reciprocal tariffs took effect but are no longer a primary market driver. Japan, South Korea, and the European Union agreed to significant U.S. investments in exchange for a 15% tax rate, boosting their key indices to new highs. U.S.-China trade talks were extended, leaving future risks open; however, China’s strategic leverage in rare earths will be applied again.

Macroeconomic data confirms a softening of the U.S. economy in Q2. While 3.0% GDP growth appeared robust, the underlying structure weakened: real imports plummeted 30.3% in Q2, inflating figures and masking a slowdown in domestic demand. Markets now fully anticipate a September Federal Reserve rate cut, yet emerging inflation pressures complicate the Fed’s data-dependent decisions. June’s Consumer Price Index (CPI) undershot expectations, but core goods prices rebounded notably for the first time since February, with tariff-affected categories such as household goods and apparel surging. Additionally, core Personal Consumption Expenditures (PCE) reached a four-month high.

The U.S. dollar rebounded in mid-July after a sharp decline in the first half of 2025, reversing some of the overcrowded USD short positions and triggering a pullback in precious metals (gold and silver). We view this as a tactical correction rather than a trend reversal. Thus, we maintain a long-term bullish outlook on precious metals amid the global monetary easing cycle.

Chinese and Hong Kong markets strengthened due to supply-side (anti-involution) and demand-side (Yarlung Tsangpo hydropower launch) catalysts, lifting the Shanghai Composite Index above 3,600. Record southbound investment flows and supply-driven themes fueled commodity rebounds. First-half GDP growth of 5.3% exceeded the 5% target, prompting the July Politburo meeting to refrain from introducing new stimulus, as we expected. However, demand remains weak, with July CPI improvement largely driven by seasonal consumption and trade-in subsidies. We anticipate China’s growth to moderate in the second half of 2025 as export front-loading fades and tariffs take effect, potentially clarifying the policy trajectory.

LOOKING AHEAD:

In July 2025, we incrementally increased allocations to the U.S., Hong Kong and Japanese markets, as well as precious metals, raising portfolio risk exposure while keeping our overall positions low. However, heightened volatility, driven by shifting trade policies and the earnings season, caused temporary drawdowns in positions that were established later in the month.

We swiftly adjusted overall exposure using derivatives to maintain a balanced risk-return profile. Consequently, the fund's net asset value (NAV) experienced a minor 0.5% drawdown at July's end due to market fluctuations, but this loss was fully recovered within the first week of August. From August 1 to August 11, the fund achieved returns exceeding 6% from its risk positions.

Currently, improved global liquidity continues to propel risk assets higher, though momentum has weakened, as U.S. earnings catalysts diminish and China navigates a temporary policy pause. Ongoing U.S.-China trade negotiations and forthcoming U.S. economic data are likely to sustain market volatility in the near term. Nevertheless, we remain optimistic about the longer-term outlook for risk assets.

Given the evident sector rotation without a clearly dominant theme, we maintain diversified, low exposure across geographies, asset classes, and sectors. Our strategy emphasizes investments in precious metals and strategic mineral resources, complemented by derivatives to balance offensive and defensive positioning. With an overall conservative stance, we will exercise prudence, closely monitoring global macroeconomic developments and shifts in risk appetite to dynamically adjust exposures as opportunities arise.

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