

Lotus Investment Advisors, LLC Client Brochure

This brochure provides information about the qualifications and business practices of Lotus Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 917-208-8661. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lotus Investment Advisors LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Lotus Investment Advisor's CRD number is: 172638

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Registration does not imply a certain level of skill or training. Version Date: 8/13/2014

Item 2: Material Changes

There have been no material changes made to this Brochure as this our initial filing.

Item 3

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Item 4: Advisory Business

A. Description of the Advisory Firm

Lotus Investment Advisors LLC ("LIA") provides discretionary investment management services. It is established as a Limited Liability Corporation whose fiscal year end is December 31. It is 100% owned by Lotus Holdings, LLC, which is 100% owned by David Brandman, and was formed in August 2008, though was not active up to this time.

B. Types of Advisory Services

Lotus Investment Advisor's mission is to run individually managed accounts, tailored to the needs, objectives, and risk tolerance level of the client. Our role is to remain awareness of client's circumstances in order to make investments which are suitable for the client, in equities, fixed income instruments, ETF's, mutual funds, and occasionally other asset groups.

Growth and balanced growth investment management focuses primarily upon the identification and purchase of stocks experiencing or expected to experience accelerated earnings momentum. Value stocks are representative of companies that have stable and viable businesses but are more cash flow oriented and not considered growth stocks. These may include companies that pay dividends or have reached a turning point in their previous growth trajectory. As an active investment manager, in consideration of our clients needs, we will allocate assets between these securities classes. When we feel that economic conditions call for a change in strategy, we will typically reduce the client's equity exposure, shifting to bonds, or cash equivalents. Investments are not limited to stocks of certain levels of capitalization, but span the range from small to medium, to large, with the emphasis at any given time placed on those areas deemed most value attractive.

A general approach to bond management is employed. Bond portfolio durations are targeted using economic analysis and interest rate forecasts. Information derived from further research will cause sector, coupon and quality weightings to vary according to expected opportunities and risks.

C. Client Tailored Services and Client Imposed Restrictions

Our firm provides continuous advice to clients regarding investment of client funds based upon their individual objectives. At the outset of a relationship a client is asked to define objectives and constraints while we provide information about investment opportunities and review expectations. From these discussions a portfolio is developed which will attempt to meet the client's needs. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, tax situation, and estate plan in order to increase our understanding of the client's needs.

In certain cases, clients may object to investing in certain industries or asset classes. In these cases, we will do our utmost to observe the client's wishes. If a client imposes an outright restriction concerning certain types of investment, we will observe it.

D. Wrap Fee Programs

Lotus Investment Advisors does not participate in Wrap Fee Programs.

E. Amounts Under Management

Total Amount: \$0

Discretionary Amounts: \$0

Item 5: Fees and Compensation

A. Fee Schedule

Fees for management services are billed and deducted quarterly in advance, based on the account value as of the last day of the quarter. These fees are based on the following schedule:

Equity and Balanced Accounts:

On Cash and Securities at the annual rate of:

On the first \$3,000,000: 1.0% On the next \$2,000,000: .09% On the balance: Negotiable

Fixed Income Accounts:

On Cash and Securities at the annual rate of: On the first \$25,000,000 1.0%

On the balance: Negotiable

The above fees are negotiable in certain circumstances. A quarter-end fee adjustment may be made for sizeable contributions made at the end of the quarter. A client may terminate an advisory account on written notice. Upon termination, the fee will be prorated to the date of termination. Account values include the value of cash and any assets held in money market funds.

LIA implements some investment recommendations with mutual funds. These mutual funds charge asset management fees which are in addition to the management fees charged by LIA and are thereby an indirect expense to the client.

B. Payment of Fees

Clients authorize Lotus Investment Advisors LLC to charge their account the fees as they become due and payable pursuant to the fee schedule outlined in the agreement they sign upon becoming a client. LIA will send a statement to each client showing the amount of fees paid, the value of the account's assets upon which the fee was based, and the specific manner in which the fee was calculated. LIA will send a statement to the client at the same time a bill is sent to the custodian, showing the amount of fees to be paid. The client is responsible for verifying the accuracy of such fees. The client's custodian will send the client a statement, at least quarterly, indicating all amounts disbursed from the account, including the amounts of any and all investment management fees paid directly to the Adviser.

C. Clients Are Responsible For Third Party Fees

All account assets will be held by a designated custodian of the client's choice in the client's name. In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12(b)(1) fees. Mutual funds also have annual expenses, which are described in each fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources. We do not accept compensation for the sale of securities or other investment products. Neither LIA, nor any investment adviser representative associated with LIA, will act as the custodian. Adviser will have no liability with respect to custody arrangements or the acts, conduct, or omissions of Custodian.

D. Prepayment of Fees

Clients may not pay fees in advance. A client may terminate an advisory account on written notice. Upon termination, the fee will be prorated to the date of termination.

E. Outside Compensation For the Sale of Securities to Clients

We do not accept compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

We do not offer performance based fees, nor any “side-by-side” management.

Item 7: Types of Clients

We will provide investment advice to individuals, high net worth individuals, trusts, foundations, endowments, and retirement plans.

LIA's clients are generally required to open an equity, balanced or fixed income account with at least \$1,000,000. The above mentioned minimums may be waived at LIA's sole discretion.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss

A. Methods of Analysis and Investment Strategies

We recognize that each one of our clients has individual needs, and we address this in the investment strategies we provide. Every portfolio represents a unique set of parameters: risk tolerance, industry preferences, investment time horizon, preference for growth vs. income, and many other factors. We begin the investment process by listening to our clients and shape an investment plan with them to realize their objectives.

An important part of the investment process for us begins with asset allocation. A client's risk profile and other criteria determine how much exposure he or she should have to equities, fixed income, other asset classes or cash investments. We will discuss with clients the return on capital and the return of capital. The asset allocation we choose between stocks, fixed income, other asset classes or cash is a function of these criteria.

We will then employ fundamental analysis to optimize our investment decisions, which would include economic analysis, industry analysis, and company analysis. This is a blend of a “top-down” and “bottom-up” approach. Top down analysis begins with a review of global economics, in order to identify the most promising sectors in a given market. Some considerations here might include geography, sector, size, sensitivity to interest rates, and cyclicity. Bottom up analysis focuses on individual stocks. When a promising industry is identified with top down analysis, we try to identify the most appropriate and promising companies within it. Our process includes examination of a company's past growth and future expectations for growth or dividend payment. We scrutinize the overall quality of the company and its management, looking for reliable earnings growth, efficiency of resources, reasonable debt levels, and low risk factors. Reasonable valuations are sought using several valuation criteria. We then use these criteria to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). We are rooted in the analysis of long-term trends.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic

and financial factors considered in evaluating the stock. Furthermore our securities analysis relies upon the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Reducing risk while still taking advantage of opportunities in the market are our primary goals. We will focus on high-quality industry leading stocks, and generally recommend companies that we have followed for a lengthy period of time.

We primarily employ a long term investment strategy when purchasing securities for clients with an investment horizon of at least one year. We do this primarily because we believe that a sound long term growth strategy involving quality companies works well over time. A risk in a long-term purchase strategy is that by holding the security for longer periods, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

We do however make investments periodically with a short term time horizon of one year or less, in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains. Short term investment strategies are generally reserved for high risk and medium high risk client profiles, or for medium risk clients wishing to allocate a small portion of their portfolio to higher risk investments.

Some of our clients wish to take advantage of currency price movements relative to the dollar. In these cases, we generally employ currency ETF's because we find that it is the most liquid and inexpensive way of taking positions in the foreign exchange market. Positions in foreign currencies, like any investment class, are exposed to the risk of outright potential losses.

B. Material Risks Involved

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal that clients should be prepared to bear. Each type of security has its own unique set of risks that are not always easily identifiable. These risks affect the performance and the volatility of any investment. For example, investments are affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. Investments are also subject to currency, political and business risks.

C. Risks of Specific Securities Utilized

All asset classes and all types of securities involve risks. We generally limit our investments to stocks, ETF's, treasury bonds, corporate bonds, municipal bonds, preferred stocks, mutual funds, unit trusts, REIT's, master limited partnerships and occasionally recent IPO's or corporate spin-offs. We do not typically employ derivatives such as options, swaps, or structured products unless the client specifically requests them. For each investment category defined above, there are market risks, credit risks, sovereign risks, state/local risks, interest rate risks, company specific risks, currency risks, and geopolitical risks which are always present.

Item 9: Disciplinary Information

Our firm has no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Our firm is not engaged in other financial industry activities and has no other industry affiliations. Neither Lotus Investment Advisors LLC nor its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither Lotus Investment Advisors LLC nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. LIA does not recommend or select other investment advisors.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

LIA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. LIA's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth LIA's practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with LIA may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of LIA that no person employed by Adviser shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, LIA requires that anyone associated with this advisory practice with access to advisory recommendations provide personal brokerage reports to the firm's Chief Compliance Officer. LIA also requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements (limited offerings).

LIA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

LIA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to disciplinary measures. LIA will provide a complete copy of its Code of Ethics to any client or prospective client upon request to our Chief Compliance Officer or Adviser at LIA's principal address.

Item 12: Brokerage Practices

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

LIA will have a primary custodian, however we will execute all trades through the custodian chosen by the client for his or her account. As LIA does not have the discretionary authority to determine the broker dealer/custodian to be used or the commission rates to be paid, clients must direct LIA as to the broker dealer/custodian to be used. In directing the use of a particular broker dealer/custodian, it should be understood that LIA will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

No advisory client or LIA related person will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all LIA's transactions in a given block trade on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction.

Item 13: Reviews of Accounts

The client's Portfolio/Relationship Manager will as appropriate, continuously monitor the underlying securities in client accounts and perform at least quarterly reviews of account holdings for the clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance. More frequent reviews may be triggered by economic and macroeconomic specific events and/or changes in an account holder's personal, tax or financial situation.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Material changes in our investment outlook or in the personal circumstances of a client may trigger a non-periodic review of client accounts. Additionally, we plan to provide account reviews to clients whenever they express the necessity.

C. Content and Frequency of Regular Reports Provided to Clients

Clients receive monthly statements and confirmations of transactions from their custodian(s). These statements list the account positions, activity in the account over the covered period, and other related information. At the end of each year, we plan to send a realized gain and loss report for each account.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

Our firm does not receive any additional compensation from third parties for providing investment advice to its clients.

B. Compensation to Non-Advisory Personnel for Client Referrals

Our firm does not pay referral fees to independent persons or firms for introducing clients to us.

Item 15: Custody

Clients receive statements from their custodian on a monthly basis. As discussed in item 5 of this brochure, our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. The custodian sends to the client each month a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. We urge clients to compare statements received from Lotus Investment Advisors with those received from custodians.

Item 16: Investment Discretion

For clients granting us discretionary authority to determine which securities and the amount of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment management agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

Item 17: Voting Client Securities (Proxy Voting)

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: 1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and 2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients. Clients receive proxies or other solicitations directly from their custodian.

Item 18: Financial Information

Under no circumstances will we earn fees in excess of \$1200 more than six months in advance of services rendered.

Lotus Investment Advisors LLC has no financial conditions which are likely to impair its ability to meet contractual commitments to clients.

Lotus Investment Advisors LLC has never been the subject of a bankruptcy petition.