



Dear Investors,

The performance of RS Low Beta Opportunity Fund in Q3 continued in line with our projections from our previous quarterly letters. Prior to September, the fund's average gross monthly return for 2021 was 0.78%. While September was a slight down month for the Fund, we fared very well considering the rapid decline in all financial markets during the month. Despite the down month in September, for Q3, RS Low Beta Opportunity Fund's gross return was 1.22%.

Both stocks and bonds were under pressure in September, which caused the VIX to rise by 40% for the month. With only minutes to go in the final trading day of September, the Fund was positive for the month, but the end of the day selloff left us slightly lower. While we never want to have a down month, we view the latter part of Q3 as not only successful because of how large of a decline the markets had before experiencing any drawdown in the fund, but also the market decline will ultimately increase the fund's returns over the final quarter of 2021 as we were able to utilize the extreme rise in volatility to our advantage by selling options at premiums we had not seen in months.

With interest rates on the rise and equities still near all-time highs, we want to reiterate what we have stated in several of our recent quarterly letters. RS Low Beta Opportunity fund is built to take less risk than equities and more risk than fixed income, although one could argue that at these low interest rates the Fund is taking even less risk than Fixed Income now. As such, our return profile remains very favorable compared to these two asset classes when adjusting for the risk we do take. While any given month is too short a period to analyze performance, in an effort to quantify this risk, in a month where the S&P 500 falls 1-3%, the Fund will make money. In September 2021, the Fund was up money with the S&P 500 down 4.25% (It was not until the last 0.50% drop, and more so the rise in the VIX that this late day selloff caused that the Fund entered negative territory for the month.) Expanding on this, if the S&P 500 were to decline 7.5-15% over a one-year period, we will have positive returns over that period of time. This occurs because in a steady decline, we are able to add exposure at higher VIX levels, making our return profile over the coming 6-12 months even more favorable. When the S&P 500 rallies, we will always make money, but most months the Fund will be better off with a 1-2% rally than a 3-5% rally as the premium we sell in big up months are not as favorable as smaller up months.

We look forward to monetizing the higher premiums we took in during September in Q4.

As always, we appreciate your trust and please don't hesitate to reach out to David or Brian with any comments or questions.

David Rosenblum & Brian Shapiro

RS Low Beta Opportunity Fund