RS LOW BETA
OPPORTUNITY FUND

Dear Investors,

The performance of RS Low Beta Opportunity Fund in Q4 was up 3.86%, bringing our overall gross return for 2021 to 9.88%. For 2021, RS Low Beta Opportunity Fund's average gross monthly return was 0.82%, which was in line with the range we laid out in our FY2020 letter. Since markets stabilized in the summer of 2020, the Fund's average gross monthly return has been close to 1%, and we believe we are just entering the middle innings of this "stabilization" period, which bodes well for the fund into 2022.

As we stated in last year's letter, since we launched RS Low Beta Opportunity Fund in 2019, most markets have experienced extreme moves. While we have made money in all three years and we have consistently been profitable since inception, the Fund is set up to perform best as the extreme moves stabilize. While we generate income from selling options on the S&P 500, our returns are not a fully correlated reflection of that index.

For starters, we utilize ZERO leverage, and we always have a 'buffer' against any downside the S&P 500 may experience. As such, RS Low Beta Opportunity Fund only takes a fraction of the risk of the S&P 500. At many points, we are targeted to take less than 20% of the risk of the S&P 500. Clearly, this risk profile is why we are not considered an equity fund. That said, in a typical year, approximately 80% of the time we have the stability of a fixed income instrument while earning multiples of that cash flow at these low rates. In the remaining weeks, where markets can experience large declines, we can begin to act more like an equity product, although never experiencing the full risk of equities. Subsequent to the market decline periods, when the market stabilizes, even if this stabilization is a sideways type movement as opposed to rallying, the Fund's return profile becomes a high (very high initially) paying fixed income like product once again.

The above explains why RS Low Beta Opportunity Fund is an alternative investment. While the fund will always have substantially less risk than 100% direct equity exposure, our goal is to provide equity like returns under certain market conditions (as seen on the graph on page 2 of this letter). Additionally, we will always have a higher return profile than cash and bonds at these low interest rates. As mentioned in past letters, any given month is too short a period to analyze performance. However, in an effort to quantify the risk we take, in a month where the S&P 500 falls 1-3%, the Fund will typically make money. The exception is when the drop happens in the final days of the month, causing the VIX to drastically spike. We welcome this drop, as it allows us to sell future premium at higher levels, but it can cause the Fund to experience a very short-term mark to market loss. Expanding on this, if the S&P 500 were to decline 7.5-15% over a 12-month 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 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.

In summary, we generate income in all market environments, and if markets experience single digit returns in 2022, regardless of if that return is positive or negative, the true beauty of the strategy will be displayed. The Fund will still only take a fraction of the risk, but will capture all of the (absolute value) of the return.

For 2022, the gross return of the Fund should be as follows:

S&P 500	**Low End**	**High End**
-15%	5%	10%
-10%	8%	13%
-5%	10%	14%
0	11%	16%
5%	10%	15%
10%	10%	15%
15%	9%	14%

We appreciate your trust and as always, 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