RS LOW BETA
OPPORTUNITY FUND

Dear Investors,

The second quarter of 2022 was a volatile one for financial markets and most risk assets. For the quarter, the S&P 500 was down 16.5% and fixed income had huge drawdowns as well. This led to a substantial rise in volatility, with the VIX rising almost 40% in Q2. These moves followed a negative Q1 in equities, which led the S&P 500 to have its worst first half of a year since 1970 (down 20.6%).

After providing almost a full buffer to the S&P 500's drop in Q1, the move lower in equities in Q2 was too large in both speed and magnitude over a 3-month period to not withstand feeling a larger than average portion of it. As a reminder, RS Low Beta Opportunity Fund is an alternative investment with an overall lower risk profile than stocks (and potentially fixed income as well at these low interest rates). That said, whenever the drop in equity markets happen quickly like it did in Q2, our short-term correlation to the S&P 500 is higher, but it does not alter the longer term prospects of the strategy. This has been evidenced this year, as during the first six months of 2022, RS Low Beta Opportunity Fund has had an average monthly buffer of 1.35%, which is consistent with how the Fund is set up to perform over longer periods of time. As an overall guide, we aim to provide 1-1.5%/month of a buffer over the long run. When annualized, this becomes a great buffer to returns over time and especially after periods of volatility.

The Federal Reserve has done a complete 180 on how it plans to fight inflation, causing interest rates to skyrocket during the second quarter. We believe that a lot of their future moves on the federal funds rate is already priced into the market, which should help risk assets begin to stabilize over the coming months and quarters. If this is indeed how things play out and equities begin to stabilize, the benefits of the Fund's strategy will be seen as we currently have a favorable risk/reward profile.

While the S&P 500 is currently below all levels laid out in our graph from our last few quarterly letters, even a modest rally to (17%) on the S&P 500 by year end would bring the Fund back to positive territory. The graph below is still an accurate reflection of the expected gross return of the Fund under potential market conditions if a second half rally was more substantial.

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