



Dear Investors,

The third quarter of 2022 began with a strong rebound in July, with the S&P 500 recovering 1/3 of its losses from the first half of the year. This strength continued through mid-August, but the second half of Q3 was one of extreme volatility, evidencing that the rally was merely a bear market bounce in financial markets. September was a brutal month for all risk assets. The S&P 500 dropped 9.4%, the VIX rose 18%, and fixed income continued to have large drawdowns.

Through 9 months of 2022, the S&P 500 is down 24.8%, while RS Low Beta Opportunity Fund is down 15.5%. As stated in previous letters, we aim to provide 1.0-1.5%/month of a buffer, so over the long run our correlation to equities is relatively low. That said, whenever the drop in equity markets happen quickly, our short-term correlation to the S&P 500 is higher, causing our monthly buffer to be at the lower end of the range. This does not alter the longer-term prospects of the Fund and the benefits of the strategy will become greater as financial markets stabilize.

As an example, after a big down month like September (the Fund dropped 8.5%), if the S&P 500 has a positive month in October, the Fund will capture more than 100% of the first few percentage points of the rally, therefore increasing what our average buffer was not only over the two-month period of September/October, but also our average monthly buffer over the course of the year. These prospects remain the same if a rally continues throughout the entire fourth quarter, as our ability to monetize options sold at elevated premiums will allow us to capture a larger portion of the S&P 500's upside than the ratio the Fund will experience if the S&P 500 continues to fall over the coming months and quarters.

While the S&P 500 is currently below all levels laid out in our last few quarterly letters, similar to what we said at the end of Q2, we continue to believe that a rally to down 17% on the S&P 500 by year end would bring the Fund back to positive territory for 2022. As seen below in our adjusted graph for potential market conditions for FY2022, if markets were to experience an even more substantial rise, the Fund will continue to capture a larger than normal portion of the gain until all the losses in the S&P 500 have been recovered. At this point, our overall beta will revert to its long term mean as the Fund will have monetized all the premium that we sold. On the flip side, as an example of how the strategy works well over a longer period of time, if the market were to end the year at -20% and then were to be unchanged in 2023, the Fund would be up money over the 2-year period while the S&P 500 was down 20%.

S&P 500	Low End	High End
-20%	-7%	-2%
-15%	2%	7%
-10%	5%	10%
-5%	7%	11%
0%	10%	15%
5%	11%	16%
10%	11%	16%

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