



Dear Investors,

The past year was the worst year for the S&P 500 since 2008. Furthermore, there have only been 6 worse years than 2022 in the past century. In chronological order, they are 1930, 1931, 1937, 1974, 2002, 2008. In 2022, the S&P 500 was down 19.4%, and while the VIX closed well off its highs, it still was up over 25% for the year. Almost all asset classes, most notably fixed income, which is typically viewed as extremely low risk, had large drawdowns. RS Low Beta Opportunity Fund's gross return for 2022 was (6.33)%. While 2022 was the first down year in the Fund's history, it answered a lot of questions about the benefits of the Fund's strategy.

When starting a short put strategy (the Fund generates income from selling options on the S&P 500), one of the big questions we got from investors was "How will this strategy perform in a steep decline or stock market crash?" While our answer to this was always hypothetical, as the S&P 500 had not had a steep decline since the financial crisis in 2008, we felt comfortable in our projections due to our confidence in the modeling of the Fund's strategy. During the sharp decline of 2022, one that had 4 different crash like months (April: (8.8)%, June (8.4)%, September (9.4)%, December (5.9)%), RS Low Beta Opportunity Fund not only buffered a large portion of the decline in equities, but the Fund also had a much smaller drawdown than many Fixed Income products.

When the CPI number was released on December 13, 2022, the S&P 500 rallied to 4100, and RS Low Beta Opportunity Fund was close to flat on the year. In fact, if the year ended with the S&P 500 at that level, the Fund would have been positive for 2022 with the S&P 500 down 14%. However, equities had one more steep decline that happened too quickly to recover in the same calendar year. That said, our ability to take advantage of selling much larger premium allows us to enter 2023 with an even better risk/reward profile than previous years. In addition, another benefit of the Fund's strategy is that we generate a credit on almost every trade we do and always roll our expiring options prior to expiration, therefore allowing the full AUM of the Fund to be invested in short term T-bills. Prior to the middle of 2022 the return on these were negligible, but for the foreseeable future will be an added benefit to the strategy and allows us to adjust the return profile of the fund in a positive manner.

We have consistently explained that the strategy of RS Low Beta Opportunity Fund performs best as markets begin to stabilize. We began to see this stabilization in 4Q22, as the Fund was up 10% for the quarter. This was a higher return than the 7.1% return for the S&P 500 during the same period and we expect our outperformance to continue into 2023. Following a large down year, we will always enter the following year with a higher than normal beta, yet we still expect to have a 1%/month buffer on the downside. On the upside, the Fund will capture a larger portion of the move in the S&P 500 until the index fully recovers all of its losses from 2022. For 2023, the expected gross return of the Fund should be as follows:

S&P 500	Low End	High End
-15%	0%	4%
-10%	3%	7%
-5%	8%	12%
0	10%	15%
5%	12%	17%
10%	13%	18%
15%	17%	22%

RS Low Beta Opportunity Fund is an alternative investment. During the first few years of the Fund's existence, we were able to show how the strategy generates income when equities move higher. In 2022, while we were unable to be up in a down market, the significant outperformance shows how making money in a down market is conceivable. We have the wind at our backs after a significant outperformance in Q4 as well as additional income that we will generate from our T-bills, making 2023 a "Can't Wait" year for the Fund.

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