



Dear Investors,

The onset of the first quarter of 2024 mirrored the preceding quarter's conclusion, with the S&P 500 continuing its rally. This rise in equities was in the face of higher bond yields as the CPI, while well off its highs, remains above the Fed's 2% goal. Whether investors are too complacent, or earnings of American companies can rise enough to justify the elevated P/E (Price to Earnings) ratios, remains to be seen. This complacency in equities was displayed in the VIX, as the average closing price for this index was 13.71 in the first quarter. While this did not allow the fund to sell elevated premiums, RS Low Beta Opportunity Fund was still able to continue its steady stream of income generation, delivering a net return of 0.74% in March and finishing 1Q24 with a net return of 2.11%.

Between geopolitical events, a US Presidential election, and a steady rise in long term interest rates, we believe the next few quarters will be more volatile than this past one. This would bode well for RS Low Beta Opportunity Fund, as we would be able to capitalize on higher premiums in the options we sell. On top of this, with the Fed not seeming to be in a rush to cut interest rates, the additional income generated from our treasuries continues to be at the higher end of our projected range for the coming years. As we laid out in our 4Q23 letter, over the next few years, the fund should make an additional 3-5%/year from our treasuries, which when combined with our core strategy of put selling, should generate strong annual returns for investors. The strategy will also continue to target a buffer of 1-1.5%/month protection versus the S&P 500 on the downside.

We remain positive on the fund's outlook for the remainder of 2024, and the fund's projected returns continue to be in line with the chart laid out in our end of 2023 letter. While we believe volatility will rise from the low levels seen this quarter (which would help the strategy be at the higher end of projected returns), if we are wrong and complacency continues, the fund will continue to hit singles and generate income slowly and steadily.

We appreciate your trust and as always, please do not hesitate to reach out to us with any comments or questions.

David Rosenblum & Brian Shapiro