



Dear Investors,

We are happy to report that the performance of RS Low Beta Opportunity Fund has compared favorably with our projections in our last two quarterly letters. For Q2, RS Low Beta Opportunity Fund's gross return was 2.13%, bringing our year-to-date return to 4.80%. Further, we continue to envision future gross monthly returns for the Fund to be between 0.65-1.25%. Since the market stabilized in the summer of 2020, the strategy has performed exactly how it was intended to, as RS Low Beta Opportunity Fund has experienced gross monthly returns of 0.95% for the past 12 months. We envision that we will have similar performance in the next few years consistent with that of the above.

The even better news is that RS Low Beta Opportunity Fund, now in its 3rd year, has been consistently profitable. While black swan events can happen at any time, the Covid anomaly of February/March 2020 (the Covid market reaction in February/March 2020 was the equivalent of the financial Crisis on steroids) happening so early in the Fund's history did negatively skew our average monthly returns in years 1-2. That said, it also proved that even during the most significant market event that we had seen in decades, the strategy worked in that extremely volatile period. In addition, when the market returns to normal-sized corrections (10-20% in a year instead of 10-20% declines over a few week period), the strategy will work to make even more money during those selloffs and the ensuing stabilization/rallies that follow.

RS Low Beta Opportunity fund is built to take less risk than equities and more risk than fixed income, although one could argue that at these low interest rates the Fund is taking even less risk than Fixed Income now. As such, our return profile remains very favorable compared to these two asset classes when adjusting for the risk we do take. While any given month is too short a period of time to analyze performance, we will now make an effort to quantify this risk. For example purposes, in a month where the S&P 500 falls 1-3%, the Fund will make money. An exception here would be like we saw in January 2021, where the selloff happened the last 3 days of the month, and the VIX spike took away the Fund's profits, in which we recovered those mark to market losses the first few days of the following month. In a two-month period where the S&P 500 falls 7.5-15%, the Fund will lose money, although significantly less than the market. Accordingly, if that 7.5-15% decline occurs over a one-year 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 6-12 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.

As always, we appreciate your trust and 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