RS LOW BETA
OPPORTUNITY FUND

Dear Investors,

Financial markets began 2025 relatively quietly, as the Federal Reserve remained data-dependent on its approach to when it would lower interest rates and equities continued a grind higher. This muted volatility changed in February as the threat of tariffs entered the market. This caused investors to reprice earnings as to the appropriate multiples that were warranted in the potentially uncertain world of higher tariffs. Markets responded with choppiness throughout February and March, but when April began, the tariffs announced were higher than almost anyone expected, and the S&P 500 experienced a crash-like scenario, plummeting over 12% in just 4 trading days. While the Fund's day-to-day performance is not seen by investors, one of the great benefits of RS Low Beta Opportunity Fund is we do not experience as large of a drawdown during these types of events. From a risk management perspective, since we never use leverage, we were able to manage the portfolio in April no differently than we have in other months.

While protecting capital, minimizing downside risk, and compounding steady returns is the focus of RS Low Beta Opportunity Fund, one of the short-term effects of our strategy occurs after a quick and steep selloff, as our income generation in the very near-term decreases due to a large portion of our options losing their extrinsic value (theta). Conversely, since we are actively managing the portfolio, this is counteracted by a higher-than-normal return profile over the coming months, and for full year 2025 we view these "coming months" as the remaining eight months of 2025 after the volatility shock in April. So, while the Fund ended the first half of 2025 at the lower end of our projected returns (up just under 2.5% ytd), we expect our monthly returns over the remaining months of the year to be on the higher end. In addition, looking at the next 12 months, in an environment of +/- 15% in the S&P 500, our projected returns are shown below:

S&P 500	Low End	High End
-15%	0%	5%
-10%	3%	8%
-5%	7%	12%
0	11%	15%
5%	12%	16%
10%	13%	17%
15%	14%	18%

We remain optimistic for the remainder of 2025 and believe that the extreme directional moves seen in the first half of the year will not be repeated in the second half. With valuations already being stretched, we believe that any additional upside in the S&P 500 will be modest, which will favor our strategy as we perform best as both markets stabilize as well as in sideways markets. While volatility shocks that send the VIX north of 40 in the short term are not ideal for our strategy, we do want a somewhat elevated VIX, as this enables us to sell premium at higher levels. Between tariffs/trade deals, economic data, and geopolitical events, we have no reason to believe that the VIX will break down to much lower levels, as the current market environment warrants some sort of risk premium.

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