

A Primer on Active Share

A Method for Differentiating Among Active Managers

Recent academic studies¹ illustrate the value of skilled stock-picking by introducing the concept of active share.² A high active share indicates that a fund's investments significantly differ from its benchmark, while a low active share, or "closet index" fund's investments largely mirror the benchmark index. The studies uncover some meaningful performance benefits from managers exhibiting high active share, making the measure useful for gauging a fund's potential for outperformance.

True Stock Pickers A Rare Breed

Data suggests that only 20% of U.S. mutual funds are truly actively managed. Since it is the active positions of a fund that can provide potential outperformance, the active share measure can be useful in understanding the extent to which a manager is deviating from an index, and potentially outperforming it.

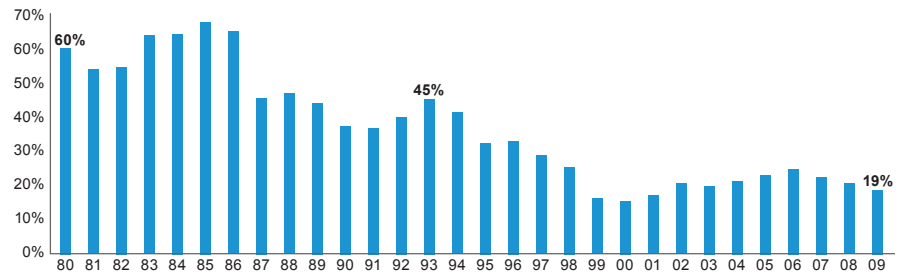
High Active Share Has Outperformed

Closet indexers, by definition, will be challenged in outperforming their benchmark after fees are taken into account. On the other end of the spectrum, the data indicates that diversified funds with the highest active share historically outperformed their benchmarks for the period 1990 through 2009.

The Risk of Active Gone Passive

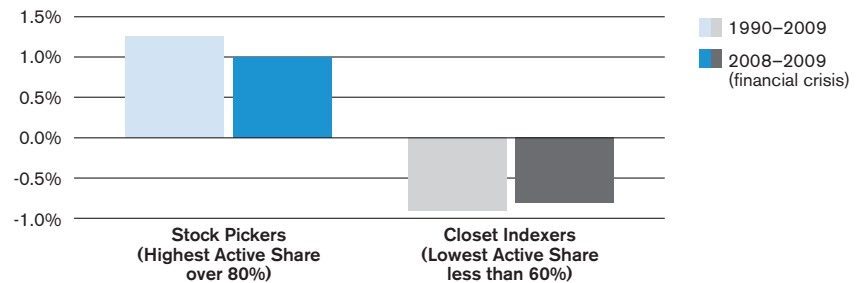
Some mutual funds that have achieved a large asset base have decreased their active share over time. Knowing the active share of a fund in your portfolio can help to determine whether it is truly actively managed or a closet index fund in disguise.

U.S. Equity Mutual Funds: Share of Assets With High Active Share³
1980 through 2009



Source: Antti Petajisto, 2010. "Active Share and Mutual Fund Performance"

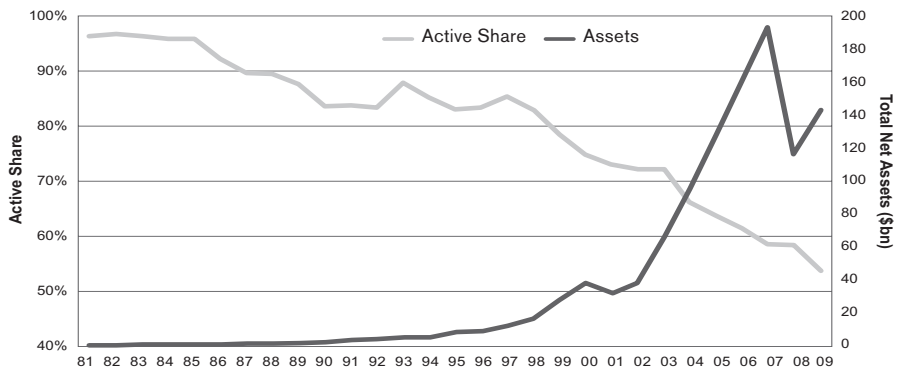
Active U.S. Equity Mutual Fund Managers
Annualized Net of Fees Returns Relative to Their Specified Benchmark
1990 through 2009



Source: Antti Petajisto, 2010. "Active Share and Mutual Fund Performance"

Performance does not reflect sales load. Past performance is no guarantee of future results.

Active Share of Largest U.S. Large Cap Mutual Fund
1980 through 2009



Source: Antti Petajisto, 2010. "Active Share and Mutual Fund Performance"

RS Fund Family

Fundamental research and a long-term view have contributed to high active share across all RS Equity Funds.

Category	Fund	Active Share	Fund	Active Share	
Large Cap	RS Large Cap Alpha Fund	91%	RS Investors Fund	96%	
	RS Capital Appreciation Fund	93%	RS Global Natural Resources Fund	87%	
	RS Growth Fund	65%	RS Technology Fund	62%	
Mid Cap	RS Value Fund	97%	Global/International	RS International Growth Fund	89%
	RS Mid Cap Growth Fund	84%		RS Emerging Markets Fund*	74%
Small Cap	RS Small Cap Growth Fund	89%		RS Global Growth Fund	89%
	RS Select Growth Fund	90%		RS Greater China Fund	65%
	RS Partners Fund*	99%			

Source: FactSet, RS Investments as of 12/31/11

Current active share figures for RS Funds can be found at: www.rsinvestments.com/files/full_fund_stats.pdf

* Closed to new investors

Consider other Risks: A high active share does not guarantee that a Fund will outperform its benchmark or achieve positive investment returns. Portfolio holdings are subject to change which will result in a change in active share. Investors should consider active share in addition to the other risk factors of a mutual fund. As with all mutual funds, the value of an investment in the mutual fund could decline, so you could lose money. Investing in small- and mid-size companies can involve risks such as having less publicly available information, higher volatility, and less liquidity than in the case of larger companies. Overweighting investments in certain sectors or industries increases the risk of loss due to general declines in the prices of stocks in those sectors or industries. Investments in high technology and Internet-related sectors may be highly volatile. Funds that concentrate investments in a certain sector may be subject to greater risk than funds that invest more broadly, as companies in that sector may share common characteristics and may react similarly to market developments or other factors affecting their values. Investments in companies in natural resources industries may involve risks including changes in commodities prices, changes in demand for various natural resources, changes in energy prices, and international political and economic developments. Foreign securities are subject to political, regulatory, economic, and exchange-rate risks not present in domestic investments. These risks are even greater when investing in emerging markets.

1 Cremers, Martijn, and Antti Petajisto, 2009. "How active is your fund manager? A new measure that predicts performance."

Antti Petajisto, 2010. "Active Share and Mutual Fund Performance."

2 Active share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two. As a simple example, suppose that a benchmark index includes only one stock. If a manager decides that he or she likes the stock, but wants to invest only half the portfolio in that stock and half in another stock, then the active share would be 50%.

3 Highest active share greater than 80%, as defined by Cremers, Martijn and Petajisto.

RS Funds are sold by prospectus only. You should carefully consider the investment objectives, risks, charges, and expenses of the RS Funds before making an investment decision. The prospectus contains this and other important information. Please read it carefully before investing or sending money. To obtain a copy, please call 800-766-3863 or visit www.RSinvestments.com.

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