

First Quarter 2011 Mutual Fund Commentary RS Small Cap Equity Fund

Market Commentary

Equity markets again delivered solid performance in the first quarter of 2011 despite the disasters in Japan, growing unrest in the Middle East, and a spike in oil prices that triggered some renewed volatility in financial markets. Stock market gains were supported by signs of improving global economic conditions, generally healthy corporate profits, and better market liquidity in the wake of the Federal Reserve's most recent round of quantitative easing. Within the small cap universe, as illustrated by the Russell 2000[®] Index¹, the first quarter appeared to reward higher beta companies as those in the highest beta quintile performed best.² As investors focused more on growth over valuations during the quarter, the Russell 2000[®] Growth Index³ outpaced the Russell 2000[®] Value Index⁴ by a wide margin for both March and the quarter. Nonetheless, many small cap growth active managers struggled during the quarter with just over half outperforming their respective benchmarks.²

Performance Review

For the three-month period ended March 31, 2011, RS Small Cap Equity Fund (Class A Shares) returned 9.80%, outperforming a 9.24% return by the benchmark Russell 2000[®] Growth Index and a 7.94% return by the Russell 2000[®] Index. The Fund's relative performance for the quarter was supported by stock selection in the consumer discretionary and technology sectors. Stock selection in the energy and health care sectors detracted from results.

Portfolio Strategy

The RS Small Cap Equity Fund is managed by a deep bench of experienced portfolio managers and analysts who have spent their careers covering industries in the small cap segment. We conduct over 2,000 company meetings each year, through in-person meetings, conference calls, trade shows, etc. We then back up our findings through discussions with industry leaders and third-party sources, as well as through rigorous financial modeling and scenario testing. Our focus is on identifying measurable "anchor points" that will enable us to track a company's long-term growth trajectory as it executes its business.

Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than their original cost. The Fund's total gross annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.40%. Please refer to the most current Fund prospectus for complete details on expenses including fees. The performance quoted, unless otherwise indicated, does not reflect the current maximum sales charge of 4.75% that became effective on October 9, 2006. If the maximum sales charge were included, the performance stated above would be lower. Please read the prospectus carefully for more information on sales charges as they do not apply in all cases and if applied are reduced for larger purchases. Performance results assume the reinvestment of dividends and capital gains. Current and month-end performance information, which may be lower or higher than that cited and is available by contacting RS Investments at 800-766-3863 or visiting www.RSInvestments.com.

Portfolio Review

Our growth investment team continues to find many compelling ideas in the technology sector. One theme we continue to follow closely is mobile convergence, as consumers and enterprises alike migrate to single devices, such as smart phones or tablet computers, that enable users to access the Internet, remote applications, social networking, and other features. Companies capitalizing on this convergence include Atheros Communications (0.00% position as of 3/31/11) and Aruba Networks (1.37%), two holdings that delivered strong performance for the Fund in the first-quarter. Atheros Communications is a leading provider of chips and technology that enable smart phones and other devices to access the Internet over wi-fi networks or “hot spots.” After strong performance in the fourth quarter, the stock soared on news that Atheros is being acquired by Qualcomm (0.00%) for \$45 per share, a 22% premium over its market value. Aruba Networks, meanwhile, is the technology leader in the multi-billion dollar wireless enterprise networking space, enabling iPads and other devices to access the Internet while helping corporations create secure, flexible wireless networks. We remain very optimistic on the company’s long-term revenue and earnings growth potential.

As consumers demand greater flexibility when it comes to Internet connectivity, we are also seeing opportunities tied to technology that allows laptops to access the Internet over 3G or 4G cellular networks when there is no wireless hot-spot available. This led to our investment in Smith Micro Software (0.82%), a leading provider of this technology. Unfortunately, the company’s recent financial performance has been dampened by slowing order growth, notably after Verizon (0.00%), its largest customer, delayed its planned roll-out of faster 4G technology. As a result, Smith Micro was a detractor from Fund performance for the quarter. However, after talking to our contacts at both Smith Micro and Verizon, as well as third-party sources, we believe that order growth will be resolved once Verizon prices its 4G consumer offerings more competitively. Further, as the roll-out of 4G continues, we believe that users will eventually migrate to this new and far superior technology, creating additional opportunities for Smith Micro’s software.

Among our consumer holdings, we continue to find opportunities in specialty retailers selected for their disciplined strategies and long-term growth potential. These include Ulta Salon (1.38%), Cosmetics & Fragrance, another strong positive performer in the first quarter. Ulta is a retailer that provides one-stop shopping for discount and prestige beauty and salon products as well as salon services. We have been attracted to this company’s growth strategy, as it plans to expand its total square footage of retail space by 15% to 20% a year. At the same time, its existing stores are starting to carry a broader product line, including more mainstream brands such as Benefit and Philosophy that we believe will attract new customers. We believe the company’s market share could expand considerably as Ulta opens more stores and offers a broader range of products.

In the energy sector, our emphasis has been on companies that possess proprietary technology or highly engineered services that are in high demand to improve the efficiency of resource extraction. These are secular growth stories that we believe will benefit the Fund over the long-term. Unfortunately, these kinds of stocks are typically overlooked in an environment of fast rising oil prices, which tend to favor more volatile oil exploration companies whose financial performance closely tracks commodity price swings. While our investments in the energy sector appreciated on an absolute basis, they failed to keep pace with the sector’s overall performance in the recent period of spiking oil prices, which we would expect given our risk management discipline of not speculating on commodity price movements.

The Fund’s relative performance for the quarter was also dampened by several investments in the health care sector, where we continue to focus on biotechnology companies with proprietary platform technologies that provide multiple product opportunities and other characteristics that we feel make them less prone to sector-specific risk. These included Nektar Pharmaceuticals (0.89%), a biotechnology company that traditionally partners its programs with deeper pocketed pharmaceutical

companies for later stage clinical trials. The company couldn't structure a partnership deal for the promising NKTR-102 product that reflected proper value for both the ovarian and breast cancer opportunities, and as a result will pursue phase 3 clinical trials on its own. While this change in strategy caused some shareholders to sell, we maintained our position as we believe NKTR's PEG technology creates a promising pipeline of compounds, including NKTR-102 which has delivered compelling clinical data.

Outlook

As we look ahead, we remain cautiously optimistic on the outlook for small cap investments against a backdrop of continued improvements in the global economy. At the same time, we acknowledge that risks associated with higher energy prices and an unwinding of the Fed's recent quantitative easing could contribute to renewed market volatility. Regardless, we believe that such an environment will emphasize high quality growth companies with solid balance sheets, especially as investors look beyond short-term cyclical factors and seek to position themselves for emerging trends across a variety of industries.

Thank you for your continued confidence.

Sincerely,




Steve Bishop
Co-Portfolio Manager



Melissa Chadwick-Dunn
Co-Portfolio Manager



Allison Thacker
Co-Portfolio Manager



D. Scott Tracy, CFA
Co-Portfolio Manager

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. Small cap investing entails special risks. Small-cap stocks have tended to be more volatile and to drop more in down markets than large-cap stocks. This may happen because small companies may be limited in terms of product lines, financial resources and management.

Any discussions of specific securities should not be considered a recommendation to buy or sell those securities. Fund holdings will vary.

Except as otherwise specifically stated, all information and portfolio manager commentary, including portfolio security positions, is as of March 31, 2011.

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.

Sector Allocation⁵
(As of 3/31/11)

Technology	25.44%
Consumer Discretionary	21.84%
Health Care	17.64%
Producer Durables	12.59%
Materials & Processing	7.28%
Financial Services	6.77%
Energy	4.79%
Utilities	1.58%
Consumer Staples	1.27%
Cash	0.79%

Top Ten Holdings⁶
(As of 3/31/11)

HEICO Corp.	1.88%
Pharmasset, Inc.	1.68%
Tractor Supply Co.	1.67%
RealD, Inc.	1.65%
The Ultimate Software Group, Inc.	1.59%
j2 Global Communications, Inc.	1.58%
Fortinet Inc.	1.54%
Hittite Microwave Corp.	1.48%
Dril-Quip, Inc.	1.47%
comScore, Inc.	1.47%

Performance

(Average Annual Total Returns as of 3/31/11)

	First Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception ⁷
RS Small Cap Equity Fund, Class A without sales charge	9.80%	29.96%	12.33%	5.70%	8.64%	8.98%
with maximum sales charge	4.61%	23.80%	10.53%	4.68%	8.11%	8.60%
Russell 2000 [®] Growth Index ¹	9.24%	31.04%	10.16%	4.34%	6.44%	5.99%
Russell 2000 [®] Index ²	7.94%	25.79%	8.57%	3.35%	7.87%	8.00%

Performance returns for periods of less than one year are not annualized.

The Fund is the successor to the Guardian Park Avenue Small Cap Equity Fund, a mutual fund with substantially similar investment objective, strategies, and policies. The performance of the Fund provided in the chart includes that of the predecessor fund prior to October 9, 2006. Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than their original cost. Please keep in mind that any high double-digit returns are highly unusual and cannot be sustained. The Fund's total gross annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.40%. Please refer to the most current Fund prospectus for complete details on expenses including fees. The performance quoted, "with maximum sales charge" reflects the current maximum sales charge of 4.75% that became effective on October 9, 2006. Please read the prospectus carefully for more information on sales charges as they do not apply in all cases and if applied are reduced for larger purchases. Performance results assume the reinvestment of dividends and capital gains. Current and month-end performance information, which may be lower or higher than that cited, is available by contacting RS Investments at 800-766-3863 or visiting www.RSinvestments.com.

¹ The Russell 2000[®] Index measures the performance of the 2,000 smallest companies in the Russell 3000[®] Index, which consists of the 3,000 largest U.S. companies based on total market capitalization. Index results assume the reinvestment of dividends paid on the stocks constituting the index. Unlike the Fund, the index does not incur fees or expenses.

² BofA Merrill Lynch April 1, 2011 Performance Monitor Report.

³ The Russell 2000[®] Growth Index measures the performance of those companies in the Russell 2000[®] Index with higher price-to-book ratios and higher forecasted growth values. (The Russell 2000[®] Index measures the performance of the 2,000 smallest companies in the Russell 3000[®] Index, which consists of the 3,000 largest U.S. companies based on total market capitalization.) Index results assume the reinvestment of dividends paid on the stocks constituting the index. You may not invest in the index, and, unlike the Fund, the index does not incur fees and expenses.

4 The Russell 2000[®] Value Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 2000[®] Index with lower price-to-book ratios and lower forecasted growth values. (The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000[®] Index, which consists of the 3,000 largest U.S. companies based on total market capitalization.) Index results assume the reinvestment of dividends paid on the stocks constituting the index. You may not invest in the index, and, unlike the Fund, it does not incur fees and expenses.

5 The Fund's holdings are allocated to each sector based on their Russell classification. If a holding is not classified by Russell, it is assigned a Russell designation by RS Investments. Cash includes short-term investments and net other assets and liabilities.

6 Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

7 Class A shares inception May 1, 1997.

Distributed by: Guardian Investor Services LLC (GIS), 7 Hanover Square, New York, NY 10004.

Not a Deposit	Not FDIC or NCUA Insured	May Lose Value	No Bank or Credit Union Guarantee
------------------	--------------------------------	----------------------	---

GIS is a member: FINRA, SIPC.

©2011 RS Investment Management Co. LLC

CO1121QL_SCCE