

Second Quarter 2011 Mutual Fund Commentary RS Growth Fund

Market Commentary

Economic uncertainty and concerns over the Greek debt crisis weighed on equity market performance in the second quarter, as investors lost their appetites for risk. Adding to investor unease was the approaching end of the Federal Reserve's latest round of quantitative easing (or QE2), a series of orchestrated Treasury bond purchases that helped to enhance market liquidity over the past nine months. The combination of high unemployment, elevated energy prices, weak housing market fundamentals, and the winding down of Fed monetary easing all led investors to seek haven in higher quality stocks in more defensive sectors of the market, including consumer staples, health care, and utilities. At the same time, investors avoided higher beta stocks.

Performance Review

For the three-month period ended June 30, 2011, RS Growth Fund (Class A Shares) returned 0.88%, slightly outperforming a 0.76% return by the benchmark Russell 1000[®] Growth Index¹. The Fund's stock selection in the consumer discretionary, producer durable equipment, and materials sectors aided relative performance. Relative performance was hindered by the Fund's stock selection in the financial services and health care sectors.

Portfolio Strategy

RS Growth Fund is guided by our team's philosophy that long-term share price appreciation is driven by sustainable earnings growth. The Fund is managed with a team-based approach that leverages the expertise, experience, and extensive industry contacts of our deep bench of managers and analysts, who average more than 15 years of investment experience. We conduct over 2,000 company meetings each year, in the form of in-person interviews, conference calls, trade shows, etc. We also interview employees at all levels of the organization, as well as contacts at key suppliers, customers, and even competitors. We focus on "anchor points" or quantifiable metrics of a company's long-term growth trajectory as it executes its business, as opposed to short-term valuation measures or stock movements.

With respect to risk, we seek measurable upside potential relative to downside risk for each investment. We measure these scenarios using proprietary financial models that look not one or two

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 1.35%. 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.

quarters out, but three to five years out, focusing on our anchor points. At the portfolio level, we perform weekly, formal risk-management meetings.

Portfolio Review

A positive contributor in the technology sector during the quarter was Polycom (1.11% position as of 6/30/2011), an innovative provider of videoconferencing technology. As the quality of the videoconferencing experience improves with HDTV technology, more enterprises are turning to the technology as an alternative to expensive corporate travel. The video conferencing market is currently growing by 15 to 20% a year and industry analysts believe it could double in size by 2015. We believe that Polycom is well positioned to capitalize on this growth. The company continues to take market share away from Cisco Systems (0.00%) through its innovative and competitively priced products and through its efforts to strengthen its relationships with distributors through advantageous financial incentives. The stock has delivered solid gains over the past few quarters, and we remain excited about its long-term prospects.

The Fund's stock selection in the consumer discretionary sector also supported relative performance, due in part to our focus on the higher end consumer market that is less sensitive to economic concerns and higher gas prices. Among our strongest positive contributors in this area were two consumer products companies that market unique and higher priced fashion accessories popular consumers both at home and abroad. These included Fossil (2.96%), a maker of high end watches and fashion accessories that is capitalizing on a recent resurgence in the watch market, as department stores double and triple the number of watch models they carry in order to meet growing consumer demand. Consumers are also now willing to pay more for unique watches, and the average watch price has risen from \$150 to \$250. Fossil benefits from a strong brand image, as well as from a proven and cost efficient distribution system which it has leveraged to market not only its own watches but those of other high end companies, including DKNY (0.00%) and Emporio Armani (0.00%). The company is also looking to expand its opportunities abroad, especially in Asia. The Asian market currently accounts for less than 15% of Fossil's business, but the company's management team would like to see this segment of its business grow to provide 30% of overall revenues. The Asian business is especially lucrative, since the average watch garners a 40 to 50% premium in Asia relative to the selling price in the U.S. market. This excess revenue flows directly to the company's bottom line. We have been pleased with Fossil's execution and financial performance, and remain upbeat on its long-term prospects.

Another consumer products company that continues to execute well is Coach (2.05%), a marketer of handbags and other fashion accessories that have become very popular with high end, fashion conscious consumers worldwide. Coach has also seen particular strength in sales of its higher end products, including bags priced \$350 or higher, as consumers demand more prestigious, unique offerings. It also enjoys tremendous opportunities in relatively untapped international markets. Currently, Coach owns about 40 stores in Asia, but we believe they could significantly expand the number of locations. The company also invested meaningfully into Europe last year and is starting to explore further expansion opportunities there as well. Coach continues to perform well relative to our anchor points, and delivered strong performance to the Fund in the second quarter.

In a quarter when many large cap banks came under what we view as short term pressure due to economic and regulatory uncertainty, one of our holdings, JP Morgan Chase (1.99%) was negatively impacted. We remain constructive on JP Morgan's long-term growth potential and overall credit quality. In our view, JP Morgan is one of the best capitalized companies in the banking sector, and does not face the legacy credit issues that continue to afflict other financial services companies. Indeed, JP Morgan's corporate culture is rooted in a deep and historical commitment to serving as a "vault," a rock solid fortress where investors can feel confident leaving their money. In past years the company's management team steered clear of problem areas such as sub-prime mortgages and other exotic financial products, sacrificing short-term gains in order to preserve the company's

exceptional balance sheet quality and solid capitalization. Now, JP Morgan is leveraging its continued strong capital position to take market share away from competitors, capitalizing on growth opportunities and very attractive spreads in areas such as retail banking, private banking, and asset management. With its excellent capital position, strong management commitment to cost controls and capital preservation, favorable competitive positions, and its strong returns on equity, we believe that JP Morgan is tracking well towards long-term growth.

The Fund's relative performance was also hindered by stock selection in the technology sector, where lighting technology company Cree Research (1.43%) was another detractor. Cree is the leading low cost producer of high-end LED technology now widely used in smart phone screens and HDTV panels. We believe, however, that LED technology is poised for even wider adoption in a variety of industrial and commercial lighting applications. The typical LED bulb may last twenty times that of a standard incandescent bulb, while using a fraction of the energy. Unfortunately, the long-term cost savings provided by these bulbs is often obscured by their higher initial cost, and initial demand for the bulbs has proven weaker than anticipated. Some resulting inventory building has forced price cuts, which has negatively impacted Cree's recent revenue growth. Despite this disappointing news, we believe that this price cutting may actually help to speed adoption of this superior technology, alleviating inventory issues and winning more converts within the general lighting market. Currently, LED technology accounts for only 1% of the more than \$20 billion overall lighting market. We believe that this share could rise significantly over the next three years and that Cree, as the low-cost producer of high-end LED bulbs, is uniquely positioned to benefit as it continues to progress towards our long-term anchor points.

Outlook

As we look ahead, we remain optimistic on the outlook for our portfolio of companies as they continue to maneuver through a backdrop of mixed signals in the global economy. We also acknowledge that risks associated with volatile energy prices and an unwinding of the Fed's recent quantitative easing could contribute to renewed market volatility and create headwinds for certain businesses. In this environment, we continue to focus on high-quality companies that we believe will realize sustained earnings growth. As long-term investors, we are looking beyond short-term cyclical factors and positioning the Fund to benefit from innovations and secular growth opportunities across a variety of industries.

Thank you for your continued investment.

Sincerely,



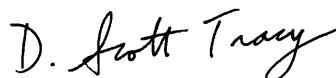
Steve Bishop
Co-Portfolio Manager



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. Investing in 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 technology companies may be highly volatile.

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 June 30, 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 Allocation²

(As of 6/30/11)

Technology	24.80%
Consumer Discretionary	16.54%
Energy	13.49%
Producer Durables	13.08%
Health Care	9.41%
Consumer Staples	7.66%
Materials & Processing	6.31%
Financial Services	5.94%
Utilities	0.00%
Cash	2.77%

Top Ten Holdings³

(As of 6/30/11)

Apple, Inc.	4.50%
Walgreen Co.	3.88%
Occidental Petroleum Corp.	3.32%
EMC Corp.	3.03%
United Parcel Service, Inc.	2.98%
Fossil, Inc.	2.96%
Oracle Corp.	2.81%
Google, Inc.	2.76%
FMC Corp.	2.57%
QUALCOMM, Inc.	2.49%

Performance

(Average Annual Total Returns as of 6/30/11)

	Second Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception ⁴
RS Growth Fund, Class A						
without sales charge	0.88%	34.39%	1.50%	2.17%	3.05%	8.96%
with maximum sales charge	-3.95%	28.01%	-0.14%	1.17%	2.55%	8.68%
Russell 1000 [®] Growth Index ¹	0.76%	35.01%	5.01%	5.33%	2.24%	7.35%

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

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¹ The Russell 1000[®] Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 1000[®] Index (which consists of the 1,000 largest U.S. companies based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values. 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.

² 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.

³ Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.

⁴ Class A shares inception date May 12, 1992.

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