

Second Quarter 2011 Mutual Fund Commentary RS Money Market Fund

Performance

(Average Annual Total Returns as of 6/30/2011)

RS Money Market Fund (Class A – GGCMMX)

	Second Quarter 2011	1-Year	3-Year	5 –Year	10-Year	Since Inception (09/13/82)
without sales charge	0.00%	0.01%	0.25%	1.71%	1.59%	4.34%
with maximum sales charge	0.00%	0.01%	0.25%	1.71%	1.59%	4.34%
Barclays Capital U.S. 3-Month Treasury Bill Index ¹	0.04%	0.18%	0.47%	2.07%	2.16%	4.85%

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

Fund Highlights

Portfolio Overweights

- High grade Tier 1 non-financial commercial paper issued by both U.S. companies and U.S. dollar-denominated paper issued by companies issued by companies domiciled outside the U.S.
- Floating rate municipal paper and high grade municipal paper.
- U.S. Treasury bills.

Portfolio Underweights

- Limiting exposure to European bank issued commercial paper and certificates of deposit (CD) due to stresses in the Eurozone's sovereign debt markets.
- Continuing to avoid asset-backed commercial paper and Tier 2 commercial paper.

Outlook

- We expect moderate positive economic growth averaging 2.5 % in 2011.
- The Federal Reserve Board (the Fed) is likely to continue to invest in Treasuries by reinvesting principal payments from agency debt and agency mortgage debt after completing the purchase of \$600 billion in longer-term Treasury securities at the end of the second quarter (the "asset purchase program") 2011. In the minutes of the April 26/27 Federal Open Market Committee (FOMC) meeting, the Fed indicated how it would proceed in removing some of the accommodation it has provided to the market by implementing its so called "Exit Strategy".

Performance quoted represents past performance and does not guarantee future results. The Fund is the successor to The Guardian Cash Management Fund; performance shown includes performance of the predecessor fund for periods prior to October 9, 2006. 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/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 0.84%/0.75%. The net expense ratio reflects a contractual expense limitation which will continue through 4/30/12. The views expressed in the portfolio manager commentaries are those of the Fund's portfolio manager(s) and are subject to change without notice. There is no sales charge for Class A shares. Any sales charges are in addition to the Fund's fees and expenses as detailed in the Fund's most current prospectus. Fees and expenses are factored into the net asset value of your shares and any performance numbers we release. 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 and is frequently updated on our Web site: www.RSinvestments.com.

Fund Highlights (cont)

Market Overview

- At its June 22, 2011 FOMC meeting, the committee stated that the economic recovery was continuing at a moderate pace. However, the slower pace of the recovery reflected temporary factors, which included higher food and energy prices weakening consumers' purchasing power and supply chain disruptions following the disaster in Japan. The Fed confirmed its \$600 billion asset purchase program would proceed until its expected completion at the end of the second quarter 2011.
- In the recently released minutes from the March 2011 FOMC meeting, the committee indicated that the economic recovery continued to proceed at a moderate rate, with a further gradual improvement in labor market conditions. Sizable increases in prices of crude oil and other commodities had pushed up headline inflation, but measures of underlying inflation were subdued and longer run inflation expectations remained stable.

Fund Commentary

Performance

As of June 30, 2011, the effective seven-day net annualized yield² for the RS Money Market Fund (Class A shares) (the "fund"), was 0.01%. In contrast, the effective 7-day annualized yield of Tier One money market funds as measured by iMoneyNet, Inc. was 0.01%; iMoneyNet, Inc. (formerly IBC Financial Data, Inc.) is a research firm that tracks money market funds.

We believe that understanding the current economic conditions, along with the fundamentals of each credit that we invest in, is paramount in our investment process. Because economic conditions directly influence the stability of each issuer, we intend to focus on those issuers that we believe can survive the current economic conditions. Not only is research a cornerstone of our investment philosophy, but understanding the various sectors that we believe are, and may continue to be, economically stressed is also necessary when selecting investments for the Fund.

We believe the Fund's shareholders are seeking both liquidity and capital preservation. Therefore, we have always seen this as one of our primary missions, and to this end we believe we have been successful. The Fund is managed under Rule 2a-7 under the Investment Company Act of 1940 within specific parameters with respect to maturity, credit quality, and issuer diversification. It should be noted that some money market funds are not managed under the Rule 2a-7 guidelines. It is also important to note that neither type of money market fund is immune to market stress. We feel that our experience (over 20 years) and our approach to investing has proved beneficial to the Fund.

Market Overview

As markets stabilized in early 2010, the Fed announced plans that could be used to support a reduction in monetary accommodation, the so-called "Exit Strategy." On February 18, 2010, as part of this strategy, the Fed announced an increase in the primary credit rate (generally known as the discount rate) from 0.50% to 0.75%; the maximum maturity on such loans would revert to overnight. In addition, The Fed also announced that it would start conducting "small scale" tri-party reverse repurchase agreement transactions; the Fed announced an expanded list of counterparties beyond primary dealers on January 31st 2011, and the first set of reverse repo's with this expanded list of counterparties were successfully conducted in March. The Fed also proposed amendments to Regulation D (Reserve Requirements of Depository Institutions) that would enable the establishment of a term deposit facility. Under the proposal, Federal Reserve Banks would offer interest bearing term deposits to eligible institutions through an auction mechanism. The auctions were successfully launched last year and more recently the Fed conducted a \$5 billion offering in February, April and May. The Fed has also discussed selling some securities that have been brought onto its balance sheet in the past year, although actual sales are not expected to take place until the second half of 2011.

In the second quarter of 2010, strains began to emerge in the European bank funding system and in an attempt to provide dollar funding; the Fed announced that it would re-open the Temporary U.S. Dollar Liquidity swap facility with the Bank of Japan, Swiss National Bank, European Central Bank and the Bank

of England. On June 29th 2011 the Fed announced that it would extend the swap arrangements with the Bank of Canada, the Bank of England, the ECB and the Swiss National Bank until the August 1st 2012. The Bank of Japan will consider a similar extension at its next monetary policy meeting.

At the August 2010 FOMC meeting the committee announced that the pace of the recovery in output and employment had slowed in recent months and warned that the pace of economic recovery is likely to be more modest in the near term than had been anticipated. In order to help support the economic recovery the committee decided to keep constant the Fed's holdings of securities at the current level by reinvesting principal payments from agency debt and agency mortgage securities in longer-term Treasury securities. This plan is expected to invest around \$400 billion in Treasuries through the end of 2011.

Just before the September 2010 FOMC meeting, Fed Chairman Bernanke made a speech in Jackson Hole, Wyoming, in which he set out the possible future path of policy options for the Fed in an environment of almost 0.00% rates coupled with private final demand (a component of GDP) that, while still growing, is less vigorous than expected. Chairman Bernanke discussed additional tools and options for providing additional stimulus. These included conducting additional purchases of longer-term securities, in particular Treasuries, and in the right circumstances, mortgage-backed securities (MBS). A second option is modifying the Committee's communications, namely changing the language in the FOMC statement to indicate a low level rate of Fed Funds for an even longer period. The final option mentioned was reducing the interest paid on excess reserves (IOER). The IOER rate is currently at 0.25 basis points (bps); we believe it could be reduced, which could impact the Fed Funds rate in the front end of the market.

At the September 2010 FOMC meeting, the committee stated that inflation levels were below levels it considered consistent with its mandate of maximum employment and price stability. The Fed stated it would provide additional accommodation to support the economic recovery and to return inflation to levels more consistent with its mandate. The Fed was essentially announcing that it was ready to fight deflation by engaging in a new round of quantitative easing (which became known as "QE2"). As a result, the committee decided to continue to expand the Fed's holdings of longer-term securities by maintaining its existing policy of reinvesting principal payments from its existing securities into longer-term Treasuries and by completing the purchase of \$600 billion in longer-term U.S. Treasury securities by the end of the second quarter 2011 at a pace of around \$75 billion per month.

In the final quarter of 2010, sovereign debt concerns mounted for several of the euro area peripherals (e.g., Greece, Ireland and Portugal), and the European Union/International Monetary Fund (EU/IMF) announced a €85 billion financial aid package for Ireland. As banks in the euro area periphery continued to rely heavily on the ECB, pressure grew for a more robust resolution mechanism within the Eurozone. The result was the creation of the European Stability Mechanism. This program based on the European Financial Stability Facility, will be a permanent program capable of providing financial assistance packages to Eurozone member states. In the past quarter debt and fiscal strains within European came to the fore again. The Greek government narrowly passed an additional austerity package in order to gain further funding from the EU / IMF and European governments and debt holders struggled to final a rescue plan that would not be viewed as a default event by the ratings agencies. These events have brought money market funds back into the financial headlines following a report from the Fitch Ratings agency that showed as of the end of May half of all prime money funds assets were invested in European Banks⁵. While these funds have minimal exposure to Greek banks they do hold Commercial Paper and Certificates of Deposit issued by large European banks, these banks do have exposure to Greek debt.

In the statement released following the June 22nd FOMC meeting, the Fed stated that incoming information over the intermeeting period had indicated further improvement in economic activity improved at a moderate pace but slower than the FOMC expected. Labor markets were also weaker than expected. The committee noted that that some of the factors behind the slower pace of the recovery were likely to be transitory, these included weaker consumer purchasing power and spending due to higher food and energy prices and supply chain disruptions associated with the disaster in Japan. Although some committee members questioned the effectiveness and need for additional asset purchases, the committee decided to continue to expand the Fed's holdings of longer-term securities by maintaining its existing

policy of reinvesting principal payments from its existing securities into longer-term Treasuries and by completing the purchase of \$600 billion in longer-term U.S. Treasury securities by the end of the second quarter 2011 at a pace of around \$75 billion per month.

Portfolio Review

The Fund primarily invests in money market instruments that pay a fixed, variable, or floating interest rate. Money market instruments may include, for example: commercial paper, notes, U.S. government securities, agencies, repurchase agreements (repos), bank certificates of deposit and other obligations.

Our investment strategy is to create a diversified portfolio of money market instruments that present minimal credit risks according to our criteria. Each purchase for the Fund is driven mainly by credit quality decisions, with yield as a secondary consideration.

The Fund holds the majority of its exposure in high grade Tier 1 commercial paper of either financial or industrial issuers. The Fund was overweight in high quality industrial names and recently began to add high quality insurance/finance names. In the second quarter of 2011, we maintained the Fund's exposure to floating rate taxable municipal bonds due to the attractive rates offered by high quality issuers. The Fund also maintained its exposure to stand alone high grade taxable municipal paper. In the second quarter of 2011, the Fund also maintained its exposure to U.S. Treasury bills. The Fund does not currently have any exposure to any European banks commercial paper or certificates of deposit.

Several factors continue to impact returns in money market funds in the second quarter of 2011. The Fed Funds target range of range of 0-0.25% continues to reduce available returns. Maturing funds across the entire money market space are now being reinvested at offering levels that are among the lowest offered historically. Many commercial paper issuers and programs have reduced or halted issuance as commercial paper outstanding continued to decrease in the past year from the peak issuance period in 2007. Money market funds that operate under SEC Rule 2a-7 procedures must meet more restrictive daily and weekly liquidity requirements. The Fund operates under stricter duration and credit exposure limits.

In the past quarter as part of the ongoing efforts to mitigate the systemic risks associated with money markets, the Securities and Exchange Commission held a forum in which regulators and market participants discussed various options to mitigate such risks with options including a Floating NAV, greater regulation and various forms of liquidity lines or backstops.

Outlook

Despite the recently improving economic activity, we believe there remains ongoing weakness in the housing and labor markets, combined with somewhat weaker consumer demand given weaker hiring and income expectations. We expect inflation to rise moderately towards 2% on Core CPI. The Fed has recently repeated that it expects the target to remain at the current exceptionally low levels for some time⁶. The ongoing uncertainty regarding the debt crisis in Europe continues to cause concern at the front end of the market namely the possibility of a default event impacting European banks and in turn spilling over to money market funds.

Fed Funds futures are not pointing to any significant increase in the Fed Funds rate in 2011, and we expect very limited increases through the fourth quarter of 2012. Given the conditions cited above, we would conclude that the Fed remains in an accommodative mode, however, the asset purchase program is due to end in the next few months and implementation of the Fed's exit strategy is already being tested with the introduction of tri-party reverse repos.

The current ongoing discussions within the FOMC indicate that some members already believe additional elements of the exit strategy should be implemented as the economy improves. This would remove some of the accommodative measures the Fed has provided over the past two years. The Fed has already

offered Term Deposits and Reverse Repo auctions and other measures such as asset sales, changes in the language of the FOMC statement, a change in the reinvestment schedule or a hike in the Fed Funds rate are now being actively debated by Regional Fed Presidents and within FOMC meetings.

For now though, with the target range of 0 to 0.25%, and the decision to complete the new asset purchase program in full, the target Fed Funds rate ought to remain in the current range of near zero as we move into the second half of 2011.

We will seek to avoid exposure to those credits that we feel will come under stress in the current economic environment. This view and investment strategy will of course be dependent on the inflation outlook, economic growth, the housing market and consumer spending. The Fund may make adjustments to its investment strategy as incoming information is evaluated.

Sincerely,



Alexander M. Grant, Jr.
Co-Portfolio Manager



Martin Vernon
Co-Portfolio Manager

Guardian Investor Services LLC, the Fund's sub-adviser

The foregoing is the opinion of the Fund's management team as of the date of this report and is subject to change without notice.

The RS Money Market Fund is neither insured nor guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

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.

Mutual funds are offered 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.

Security Type (As of 6/30/2011)	% Fund
Corporate Bonds	0.0%
CDs	0.0%
Government Securities	9.2%
Commercial Paper	82.8%
Municipal Securities	6.9%
Short-Term / Other Assets and Liabilities	1.2%

Top Ten Holdings⁴

(As of 6/30/2011)	Coupon Rate	Maturity Date	% Fund
Connecticut St. Housing Fin. Auth.	0.160	07/07/2011	4.00%
Illinois Tool Works, Inc.	0.050	07/01/2011	2.29%
Caterpillar Financial Services Corp.	0.070	07/01/2011	2.29%
American Transmission Co., Inc.	0.130	07/01/2011	2.29%
United Parcel Service, Inc.	0.010	07/06/2011	2.29%
Metlife Funding, Inc.	0.110	07/06/2011	2.29%
Unilever Capital Corp.	0.090	07/08/2011	2.29%
International Business Machines Corp.	0.060	07/12/2011	2.29%
Hewlett-Packard Co.	0.080	07/15/2011	2.29%
Air Products & Chemicals, Inc.	0.100	07/14/2011	2.29%

Portfolio Statistics²

(As of 6/30/2011)	% Fund
Average Maturity (days)	29
Current 7-day Yield ³	
with fee waiver	0.01%
without fee waiver	-0.05%
Effective 7-day Yield	
with fee waiver	0.01%
without fee waiver	-0.05%

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1 The Barclays Capital U.S. 3-Month Treasury Bill Index is generally considered representative of the average yield of three-month Treasury Bills. The Barclays Capital U.S. 3-Month Treasury Bill Index is an unmanaged index that is not available for direct investment and there are no expenses associated with the index while there are expenses associated with the Fund.

2 Annualized historical yields for the 7-day period ended June 30, 2011. Effective yield assumes reinvested income. Yields will vary. Figures cited represent yield for Class A shares.

3 The yield more closely reflects the current earnings of the Fund than the total return.

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

5 Fitch, Inc., Fitch Ratings Ltd.

6 Federal Open Market Committee Meeting, June 21-22, 2011.