

Second Quarter 2011 Mutual Fund Commentary RS Select Growth Fund

Market Commentary

Renewed concerns over the strength of the economic recovery weighed on equity market performance in the second quarter, as investors became more risk averse in the face of disappointing economic data and an ongoing debt crisis in Europe. Adding to near-term economic uncertainty was anticipation of the end to the Federal Reserve's most recent round of quantitative easing (or QE2), a series of orchestrated Treasury bond purchases that have helped to augment financial market liquidity over the past six to nine months. As investors weighed possible repercussions of persistent unemployment, higher energy prices, and an end to Fed monetary stimulus, they gravitated towards stocks in more economically defensive market segments, such as consumer staples. Within the small to mid or "smid" cap universe, as reflected by the Russell 2500[®] Index¹, investors rewarded higher quality companies characterized by high returns on equity (ROE). At the same time, they moved away from higher beta stocks, which underperformed the broader Russell 2500[®] Index in the second quarter.

Performance Review

During the second quarter, RS Select Growth Fund (Class A Shares) returned 3.60% for the three-month period ended June 30, 2011, well outperforming a 0.38% return by the benchmark Russell 2500 Growth[®] Index². The Fund's relative performance over the period reflected solid overall stock selection, notably in the consumer discretionary sector. On the flipside, the Fund's relative performance was dampened by stock selection in the health care and utilities sectors.

Investment Strategy

RS Select Growth Fund is guided by our team's philosophy that long-term share price appreciation is driven by sustainable earnings growth. The Fund relies on a team-based approach to identify 45 to 60 companies that we believe possess proven growth in the small- to mid-capitalization range. These companies typically display organic revenues, mid-teens margins, solid earnings, and attractive return on equity. The focus remains on high-quality companies with solid management teams, sustainable competitive advantages, and superior long-term secular growth potential. We focus on "anchor points" or quantifiable metrics of a company's long-term growth trajectory as it executes its business, rather than on short-term valuations or stock movements.

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 1.66%. 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.

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

During the second quarter, several of our consumer discretionary holdings positively contributed to the Fund's relative performance. Our anchor points for companies in the consumer sector typically focus on the size and growth potential of the addressable market and, specifically, the company's increasing share of that market. Within the retail segment, for example, we assess metrics such as improvements in store traffic, sales comparisons, and profit margins, and then model our view of a company's sustainable growth potential three to five years out.

Ulta Salon Cosmetics & Fragrance (2.40% position as of 6/30/2011) was a positive relative contributor for the quarter. The company continues to report solid revenue performance as it capitalizes on its store expansion plans and unique retailing strategy. Our investment thesis for the company centers on square footage growth and expanding margins that should translate into strong earnings per share growth for the future. Ulta has approximately 10% market share in the \$10 billion specialty retail market and our analysis suggests that its market share could be much greater. The company attracts more customers to its stores, luring them away from department stores and other incumbents, by carrying a broad range of beauty and salon products, from discount lines to higher-end brands. Revenue growth has been driven by traffic, rather than just by raising prices, a trend that we find to be favorable among retailers.

Another contributor to relative returns for the quarter included Fossil (1.98%), 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 price ceiling has risen from \$150 to \$250. Fossil benefits from a strong brand image, as well as a 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, where the average watch garners a significant premium relative to the selling price in the U.S. market. Given Fossil's opportunities to expand its profit margins and tap into more lucrative sales opportunities abroad, we continue to look favorably on its long-term growth prospects as the company progresses towards our anchor points.

In the technology sector, we continue to focus on high quality, well managed and well capitalized technology companies that meet long-term enterprise or consumer needs through innovation. One of the growth themes we continue to follow closely within the technology space is the need for effective computer and network security. With the proliferation of cloud computing and the growing use of mobile devices, IT security threats are growing more complex, as evidenced by continued headlines highlighting cyber attacks and security breaches. Such high-profile cybersecurity incidents are likely to continue, in our view, causing increased focus in the private and public sector on protecting sensitive data. Our interest in this area led us to Fortinet (2.01%), maker of an advanced unified threat management solutions. The company's superior and very competitively priced products have enabled it to take market share away from competitors. We believe the company is well positioned to expand its share in a market worth potentially over \$3 billion over the next few years, and the company continues to track towards our long-term anchor points.

Biotechnology companies have been an area where we see significant innovation taking place. We have specifically been attracted to those who focus on orphan drugs, which we believe are less susceptible to binary risks, such as FDA approval. Orphan drugs treat diseases that affect fewer than 200,000 people in the US and a slightly broader population in Europe, and trials are usually

smaller than primary care drug trials. Due to the severity of these diseases and lack of treatment options, regulatory agencies tend to look favorably on benefit/risk profiles that might not be appropriate for large populations. Governments also offer extended market exclusivity as an incentive, and reimbursement is often very favorable. One company operating in this area is United Therapeutics, a biotechnology company focused on treatments for a deadly lung disease pulmonary arterial hypertension (PAH), which previously had been largely untreatable. United Therapeutic's (1.19%) stock detracted from the Fund's relative returns for the quarter, pressured by news of weaker-than-expected late stage clinical trial results for the oral formulation of its injectable PAH drug Remodulin. We continue to monitor the company's progression towards our anchor points in light of this significant event.

Within healthcare, we also continue to look for opportunities tied to demographic changes and the growing emphasis on cost containment and improved patient outcomes. With baby boomers driving demographic change, the 65 and over population will nearly double in the coming decade, and six out of every 10 boomers will be managing more than one chronic condition, including obesity, diabetes, arthritis, and orthopedic issues. One company we believe to be well positioned to benefit from these trends is Brookdale Senior Living (1.40%), the nation's largest provider of private assisted living facilities. Recently, Brookdale's stock has been buffeted by concerns over its exposure, albeit very small, to potential reductions in Medicare skilled nursing reimbursements, and the stock detracted from the Fund's relative returns for the quarter. The company has also faced questions over how the weak housing market will affect the ability of seniors to sell their homes and then fund their future nursing care. Overall, we feel these concerns are overstated. Brookdale has very limited exposure to skilled nursing reimbursement rates, and it has proved its ability to improve its occupancy rates, revenue growth, and cash flow over recent quarters, despite the weak economy. Moreover, given limited new construction on senior residential facilities, we believe the company faces minimal competition when it comes to providing assisted living facilities to a growing population of seniors. As a result, we believe that Brookdale will be able to raise occupancy rates while also improving its ability to sell ancillary services. The company continues to perform well relative to our anchor points, and we remain positive on its long-term prospects.

Outlook

As we look ahead, we remain cautiously optimistic on the outlook for our portfolio of companies as they continue to maneuver through a backdrop of continued improvements in the global economy. We 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. Overall, we believe that small and mid cap companies house some of the most compelling innovations and 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.

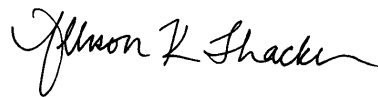
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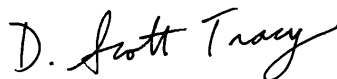
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Co-Portfolio Manager

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. Investing in smaller 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. Investing in a more limited number of issuers and sectors can be subject to greater market fluctuation.

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 Allocation³
(As of 6/30/11)

Consumer Discretionary	21.94%
Technology	17.33%
Producer Durables	16.68%
Health Care	14.09%
Financial Services	8.73%
Materials and Processing	7.39%
Energy	5.75%
Utilities	1.73%
Consumer Staples	1.66%
Cash	4.69%

Top Ten Holdings⁴
(As of 6/30/11)

Wright Express Corp.	2.55%
Ulta Salon	2.40%
Gardner Denver, Inc.	2.31%
HEICO Corp.	2.30%
Under Armour, Inc.	2.27%
The Ultimate Software Group,	2.20%
Portfolio Recovery Associate	2.13%
Tractor Supply Co.	2.10%
LKQ Corp.	2.04%
Fortinet, Inc.	2.01%

Performance

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

	Second Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception ⁵
RS Select Growth Fund, Class A without sales charge	3.60%	51.82%	10.48%	8.24%	3.30%	11.39%
with maximum sales charge	-1.30%	44.58%	8.70%	7.19%	2.80%	11.02%
Russell 2500 [®] Growth Index ¹	0.38%	44.71%	8.51%	6.67%	5.52%	7.32%
Russell 2000 [®] Growth Index ⁶	-0.59%	43.50%	8.35%	5.79%	4.63%	5.52%

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

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1 The Russell 2500[®] Index is an unmanaged market-capitalization-weighted index that measures the performance of the 2,500 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 or expenses.

2 The Russell 2500[®] Growth Index measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2500 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect growth characteristics.

3 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.

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

5 Class A shares inception date August 1, 1996.

6 The Russell 2000[®] Growth Index is an unmanaged market capitalization-weighted index that 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 is an unmanaged market capitalization-weighted index that 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.) Investment results assume the reinvestment of dividends paid on the stocks constituting the index. Unlike the Fund, the index does not incur fees or expenses.

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