

Third Quarter 2011 Mutual Fund Commentary RS Growth Fund

Market Commentary

The third quarter proved challenging for equity investors as concerns over the global economic outlook, the European debt crisis, and political uncertainty in Washington triggered a sharp sell-off that spanned most areas of the stock market. As we often see during periods of extreme market volatility, risk-averse investors sought safety in very large, very stable growing companies, particularly those that pay dividends. As a result, large cap shares outpaced the broader market. As reflected in the Russell 1000[®] Growth Index¹, stocks in more defensive sectors such as consumer staples held their value better during the period. The technology sector also outperformed the broader Russell 1000 Growth Index, as risk averse investors rewarded a number of large cap technology companies for their ample cash positions. By contrast, energy and raw materials stocks suffered the sharpest declines, reflecting concerns over falling commodity prices and an uncertain global economic outlook.

Performance Review

For the three-month period ended September 30, 2011, RS Growth Fund (Class A Shares) declined 14.69%, underperforming a 13.14% decline by the benchmark Russell 1000 Growth Index. The Fund's relative performance was hindered most by stock selection in the technology sector. Stock selection in the producer durables and materials sectors aided relative performance.

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., focusing 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.

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%. 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. Current performance may be lower or higher than performance data quoted. Performance current to the most recent month-end is available by contacting RS Investments at 800-766-3863 and is frequently updated on our Web site: www.RSinvestments.com.

Please refer to the most current Fund prospectus for complete details on expenses including fees. 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.

With respect to risk, we seek a measurable ratio of upside potential to downside risk potential for each investment over the next 12-18 months. We measure these scenarios using proprietary financial models that typically look three years out. At the portfolio level, we conduct weekly formal risk-management meetings.

Portfolio Review

The Fund's recent underperformance relative to the Russell 1000 Growth Index was due in part to our stock selection in the technology sector, particularly our underweighting in stable growing, more mature technology leaders that outperformed in this volatile environment. In our view, the recent sell-off was driven more by fear than by fundamentals, and punished many companies that we believe possess compelling growth stories and strong balance sheets.

One of our sharpest detractors for the period was EMC (2.72% position as of 9/30/2011), a leading provider of storage hardware solutions. Data traffic is expected to expand 30 times by 2015, according to industry giant Cisco Systems (0.00%). Given this growth, we believe that companies will need to invest in substantial storage capacity to back up their copious amounts of data, especially in a cloud computing environment. With cloud computing, companies use virtualization software and applications delivered over the Internet to create a "private cloud" to manage workforce computing requirements. Cloud computing has the potential to deliver tremendous cost savings and economies of scale in computing to companies. For this reason, we believe that the migration to cloud computing will continue, even in a more modest growth environment. In our view, this migration will in turn drive tremendous investment in new applications and networking capacity, as well as in state-of-the-art data security and storage capabilities. With its market leadership and recent initiatives in the cloud computing environment, we believe that EMC remains well positioned to benefit from continued spending on data storage infrastructure.

Within large cap technology, we are less interested in investing in companies that we view as past innovators with comfortable market positions and slower earnings growth. Instead, we seek to identify companies that are at the forefront of innovation, and which benefit from expanding market shares and sustainable competitive advantages. We remain constructive on many of the trends we are following in areas such as data networking, storage, and security, and we are heartened to see the companies we own track well relative to our long-term anchor points. We are simultaneously committed to our risk management approach seeking measurable upside potential relative to downside risk. In light of recent volatility and the less than certain economic outlook, we have reevaluated the risk-reward profiles of our technology holdings, and have chosen to liquidate several investments that we believe might be more at risk in a slower growth environment. As a result, the Fund ended the period slightly underweight in the technology sector relative to the benchmark index.

In the healthcare area, we continue to see opportunity tied to new innovations and favorable demographic trends. While we believe that growth prospects for innovative healthcare companies remain in place, performance within the sector was mixed in the third quarter. Select healthcare stocks were overshadowed by concerns over how ongoing congressional negotiations over the deficit might affect government research funding and Medicare and Medicaid reimbursement levels. The uncertain government spending outlook weighed on shares of healthcare technology company Illumina (1.37%). The company is a leading provider of high-density genetic analysis and next-generation DNA sequencing technologies, both fast-growing areas of research. Despite these advantages, the company does receive funding from the National Institute of Health, which could see its budget cut. Given the heightened uncertainty surrounding the company, we have chosen to exit the position.

Within the healthcare space, we continue to find opportunity is in the development of orphan drugs, which treat diseases that affect fewer than 200,000 people in the United States and a slightly

broader population in Europe. Due to the severity of these diseases and lack of treatment options, moreover, regulatory agencies tend to look favorably on benefit/risk profiles that might not be appropriate for large populations. For this reason, they are less susceptible to binary risks, such as FDA approval. These drugs may benefit from smaller clinical trials, highly favorable reimbursement rates, and even extended market exclusivity periods offer as an incentive toward the development of these highly needed drugs. Alexion Pharmaceuticals (2.00%), an innovative company working in the orphan drug space, continued to deliver strong performance for the Fund, both in the third quarter and year-to-date. The company's earnings performance has been supported by robust sales of Soliris, a treatment for a rare genetic blood disorder. Soliris has also shown promise in addressing other conditions and was recently approved by the U.S. Food and Drug Administration for the treatment of atypical hemolytic uremic syndrome (aHus), a rare, chronic blood disorder that disproportionately affects children. We believe that the aHus market could be worth at least \$750m in revenues, and in our view will greatly enhance the overall market opportunity for Alexion's Soliris.

In an environment where investors flocked to cash rich market incumbents, the Fund benefited strongly from its investment in internet retailing powerhouse Amazon (3.34%), one of our strongest contributors for the period. Amazon continues to expand its market reach while taking share away from incumbents in categories from home electronics and discount apparel to toys and appliances. The company has seen its revenues grow by 30% year-to-year, aided by consumers' ongoing migration to Amazon as one-stop shopping for many of their retailing needs. At the same time, the company continues to invest its tremendous cash resources into new initiatives such the recently introduced Kindle Fire tablet computer, which is priced substantially below Apple's (6.01%) iPad. Amazon hopes to ship as many as 4 million Kindle Fire tablets this year, capturing a foothold in a market that we believe could grow substantially in the coming years. It also offers Amazon the opportunity to capture synergies in online content delivery. Given Amazon's strong financial position and broad based market leadership in the Internet retailing space, as well as its growing forays into online content delivery, we remain constructive on its long-term prospects.

Outlook

As we look ahead, we caution that the near-term market climate could remain volatile and growth could slow. Even in a less certain environment, we remain optimistic on the outlook for our portfolio of investments. We continue to focus on companies that we believe can offer sustained earnings growth that spans the business cycle. 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.



Steve Bishop
Co-Portfolio Manager



Melissa Chadwick-Dunn
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 September 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 9/30/11)

Technology	23.11%
Consumer Discretionary	15.54%
Health Care	14.03%
Producer Durables	12.02%
Energy	10.04%
Consumer Staples	8.18%
Materials & Processing	6.13%
Financial Services	5.01%
Utilities	0.00%
Cash	5.94%

Top Ten Holdings³
(As of 9/30/11)

Apple, Inc.	6.01%
Google, Inc., Class A	3.54%
Walgreen Co.	3.54%
Amazon.com, Inc.	3.34%
United Parcel Service, Inc.	3.03%
Occidental Petroleum Corp.	2.91%
Oracle Corp.	2.89%
EMC Corp.	2.72%
Ecolab, Inc.	2.52%
QUALCOMM, Inc.	2.51%

Performance

(Average Annual Total Returns as of 9/30/11)

	Third Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception ⁴
RS Growth Fund, Class A						
without sales charge	-14.69%	3.35%	1.20%	-1.71%	3.45%	7.95%
with maximum sales charge	-18.74%	-1.55%	-0.43%	-2.66%	2.94%	7.68%
Russell 1000 [®] Growth Index ¹	-13.14%	3.78%	4.69%	1.62%	3.01%	6.48%

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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