Third Quarter 2011 Mutual Fund Commentary
RS Technology Fund

Market Commentary
Equity markets experienced significant volatility in the third quarter as investors became increasingly concerned over signs of weakening economic growth and potential repercussions of the European debt crisis. The S&P North American Technology Sector Index™[1] declined 10.63% during the quarter, but outpaced a 13.87% decline in the broader S&P 500® Index[2]. The story of the technology sector in the third quarter was really the tale of two markets. On one hand, investors sought safe haven against market volatility in a number of very large, more stable growing technology companies with strong cash positions. According to International Strategy & Investment Group (ISI), cash on the balance sheets of U.S. technology companies reached an all-time high of $374 billion in the second quarter of 2011, while technology companies as a group had 80% more cash than any other sector of the S&P 500 Index (excluding financials). Against this backdrop, strong relative performance by the largest cap technology stocks helped to drive performance of the S&P North American Technology Sector Index, given its significant weightings allocated to this market cap. By contrast, the third quarter saw a sharp sell-off in many smaller capitalization technology shares, especially those with more growth-oriented characteristics.

Performance Summary
RS Technology Fund (Class A Shares) declined 21.94% for the three-month period ended September 30, 2011, underperforming a 10.63% decline by the S&P North American Technology Sector Index as many of the Fund's smaller capitalization technology shares sold off sharply in a risk averse investment climate. The Fund also underperformed a 13.87% decline by the broader S&P 500 Index.

Portfolio Strategy
We believe that innovation drives market share gains in technology, which leads to sustainable earnings growth and long-term stock price appreciation. For this reason, we remain committed to an intensive fundamental research approach that focuses on understanding the long-term secular

movements within technology in tandem with the underlying financial and company- specific fundamentals of the companies we own.

The Fund is focused on innovative companies across the market cap spectrum that possesses strong management teams, high revenue growth, and proprietary technology. Portfolio manager Steve Bishop, who has over 19 years of investment experience, follows an investment process that centers on conservative management, self-funding business models, low debt/equity, and a path to sustainable earnings growth. Bishop and a team of research analysts leverage detailed fundamental research and industry contacts to identify the earnings potential of each company, focusing 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.

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

In managing RS Technology Fund, our investment strategy reflects our view that innovation drives sustainable earnings growth. We continue to seek out companies that are at the forefront of innovation, and which benefit from growing market shares and sustainable competitive and technological advantages that will enable them to grow their earnings over the next three to five years. Oftentimes we find such investments in the small and mid cap market segments, with companies that may be early in their growth cycle but which we hope will emerge as market leaders of tomorrow. As a result, the Fund continues to own technology shares across the market capitalization spectrum, a strategy that unfortunately curtailed our relative performance during the recent challenging market environment. In particular, the Fund was underweight in many of the large cap, technology market stalwarts that drove index returns in the third quarter. At the same time, we held significant investments in a number of smaller capitalization, more growth oriented technology stocks that sold off as investors lost their appetites for risk. In our view, the recent sell-off was driven more by fear than by fundamentals, and punished many companies with compelling growth stories, strong balance sheets, and solid earnings performance.

Many of the Fund's largest detractors for the quarter were in the communications and networking space, areas where we continue to see significant opportunity, even in a more modest growth environment. One powerful trend we continue to follow is the on-going build-out in much needed network capacity. Given the popularity of streaming video, audio, and remotely accessed applications, it is estimated that network data traffic could grow as much as 30 times by 2015, requiring massive continued investment in new capacity to handle the swelling data traffic. We believe that this capacity build-out will create tremendous opportunities for networking equipment manufacturers such as Alcatel-Lucent (1.43% position as of 9/30/2011), a leading equipment provider in the ethernet carrier, optical networking, and 3G/4G wireless network areas. We invested in Alcatel as a turnaround story, as we welcomed the company's efforts to improve its revenue growth and operating margins. After rewarding our confidence by delivering very strong performance in the first half of 2011, the stock sold off sharply in the third quarter, due in part to investor concerns over the company's significant exposure to the troubled European market. Despite some uncertainty for the company's European business, we continue to believe that Alcatel remains well-positioned to benefit from rising network infrastructure spending worldwide. The company's progress continues to measure well relative to our internal anchor points, and we maintained a position in the stock.

Data security is another area where we continue to see long-term growth potential. 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. For this reason, we believe that data security will be an area where enterprises continue to invest money. One company that in our view is well positioned to benefit from this investment is Fortinet (2.57%), a maker of an advanced unified threat management solutions that act as very fast and thorough firewalls, enabling data networks to screen out cyber threats and other intrusions. Like many smaller cap, higher growth technology companies, Fortinet saw its shares sell off sharply in the third quarter after delivering very strong performance for the Fund in the first half of the year. Despite this correction, we remain constructive on Fortinet's long-term prospect and held onto the position. With Fortinet's superior and very competitively priced products, we believe the company is positioned to significantly grow its share over the next few years.

On a positive note, the Fund's third quarter performance benefited when long-time holding NetLogic Microsystems Inc. (0.00%), a supplier of communications semiconductors, was purchased by Broadcom Corp. (0.00%), a maker of telecommunications chips used in television set-top boxes. Broadcom's $3.7 billion cash buyout offer represented a 57% premium over NetLogic's market value, and shares of NetLogic surged on the news. Broadcom reportedly sought NetLogic's technology as a way to extend and fill out its own networking capabilities, and this purchase in our view underscores the continued interest and growth potential in the networking equipment and components space.

In an environment where investors flocked to cash rich market incumbents, Amazon (2.79%), a was a strong absolute contributor 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 (8.00%) iPad. Amazon hopes to ship as many as 4 million Kindle Fire tablets this year, capturing a foothold in a market that could grow substantially. 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 prospect.

Outlook

Despite recent volatility in the technology sector, we remain optimistic on long-term prospects for technology investment, and for the full spectrum of technology companies that we own. We continue to position the Fund to capitalize on what we view as evolving and very promising trends such as industry consolidation, growth in data traffic, cloud computing, social networking, demand for IT efficiency, and state-of-the-art cybersecurity. The fundamentals of technology companies as a group also remain very compelling in our view, backed by stronger balance sheet and cash positions. In our view, this cash will not only help technology companies thrive in a less certain economic environment, but it will also likely drive more merger and acquisition activity, creating opportunities for smaller cap technology companies.

Thank you for your investment.

Sincerely,

Steve Bishop
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 small- and 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. Funds that concentrate investments in a certain sector may be subject to greater risk than funds that invest more broadly, as companies in that sector may share common characteristics and may react similarly to market developments or other factors affecting their values. Investments in high-technology and Internet-related sectors may be highly volatile. Companies in these sectors operate in markets that are characterized by rapid change, evolving industry standards, frequent new service and product announcements, introductions, enhancements and changing customer demands. International investing involves special risks, which include changes in currency rates, foreign taxation and differences in auditing standards and securities regulations, political uncertainty and greater volatility.

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 Allocation[3]
(As of 9/30/11)

Technology	86.16%
Consumer Discretionary	5.30%
Health Care	2.36%
Utilities	1.61%
Producer Durables	0.70%
Consumer Staples	0.00%
Energy	0.00%
Financial Services	0.00%
Materials & Processing	0.00%
Cash	3.87%

Top Ten Holdings[4]
(As of 9/30/11)

Apple, Inc.	8.00%
Google, Inc.	4.66%
Cree, Inc.	4.25%
Oracle Corp.	4.20%
QUALCOMM, Inc.	3.98%
EMC Corp.	3.90%
Amazon.com, Inc.	2.79%
Fortinet, Inc.	2.57%
Cognizant Technology Solutions	2.46%
Ocz Technology Group, Inc.	2.46%

Performance

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

	Third Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception[5]
RS Technology Fund, Class A						
without sales charge	-21.89%	-5.49%	12.88%	5.55%	7.72%	7.47%
with maximum sales charge	-25.59%	-9.96%	11.06%	4.52%	7.19%	7.14%
S&P North American Technology Sector Index™[1]	-10.63%	2.30%	7.67%	3.74%	4.66%	6.42%
S&P 500® Index[2]	-13.87%	1.14%	1.23%	-1.18%	2.82%	6.03%

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

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 1.52%. 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.π

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

1 The S&P North American Technology Sector Index™ is a modified capitalization-weighted index based on a universe of technology-related stocks. Index results do not assume the reinvestment of dividends paid on the stocks constituting the index. Unlike the Fund, the index does not incur fees or expenses.
2 The S&P 500® Index is an unmanaged market capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. 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.
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 November 15, 1995.