RS investments

Fourth Quarter 2011 Mutual Fund Commentary
RS Select Growth Fund

Market Commentary

Equity markets remained volatile in the fourth quarter, but regained some of the ground lost in August's market sell-off as investors welcomed signs of modest improvement in the U.S. economy. Against this backdrop, the Russell 2500® Growth Index[1] returned 13.51%. Easing recession fears helped boost performance in more cyclically sensitive shares in the energy and producer durables sectors, which outperformed the Russell 2500® Growth Index. More defensive sectors such as consumer staples and utilities underperformed the Index. The overall sentiment in the market remained cautious during the quarter, as investors awaited more clarity on the global economic outlook and the repercussions of the European debt crisis.

Performance Review

RS Select Growth Fund (Class A Shares) gained 13.74% for the three months ended December 31, 2011, outperforming a 13.51% return by the benchmark Russell 2500® Growth Index. The Fund's relative performance in the fourth quarter was aided in particular by stock selection in the healthcare and financial services sectors. Stock selection in the consumer discretionary and consumer staples sectors detracted from relative results. For the full year 2011, the Fund gained 5.30%, outperforming the benchmark index, which declined 1.57%.

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 strong organic revenues, mid-teens margins, solid earnings, and attractive returns on equity. Our focus is 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, which help prevent distraction caused by short term stock price movements and inevitable market volatility.

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%. 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 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.

Portfolio Review
The Fund's relative performance in the fourth quarter was aided by stock selection in the healthcare sector, where we continue to focus on innovative companies that we believe offer sustainable competitive advantages and the potential for superior long-term earnings growth.

Align Technology, Inc. (1.96%) was a strong performer for the Fund in the health care space. Align Technology is the maker of the Invisalign clear orthodontic teeth aligner that continues to gain popularity with orthodontists and patients as an alternative to traditional wires and brackets. The company's growth prospects have been enhanced with the rollout of its new G3 platform, which is designed to address more complex orthodontics cases especially in the teen market. We believe that Invisalign has only tapped a small portion of its potential market. The company has the potential to nearly double its global market share as it continues to penetrate new market segments in the United States and abroad, especially in China. The company continues to report strong revenue growth and profit margins, and we remain constructive on its long-term prospects.

In the energy area, we have benefited from our investment in Core Laboratories N.V. (1.92%), a reservoir management and production enhancement company with proprietary technology that improves the efficiency and return of resource extraction. The company focuses on its larger multi-national oil company customers, who use its services to help improve the returns and production efficiency of their oil field investments. Core Labs' innovative products have helped them grow their top-line revenues at a slightly faster rate than the capital spending growth rate of their clients. The company continues to measure impressively relative to our anchor points, and we remain upbeat on its prospects.

In the technology sector, we continue to seek out high quality, well managed and well capitalized companies that meet long-term enterprise or consumer needs through innovation. Our focus remains on identifying companies with innovative technological capabilities, durable competitive advantages, and above-average earnings growth potential that spans the entire business cycle. One trend we have been following is the growth in cloud computing. Using virtualization software, a company can create a "private cloud" to manage its workforce's computing requirements. As cash-rich technology companies seek to build positions in innovative technologies such as cloud computing and software as a service, we believe an accelerated consolidation among small vendors is likely to continue. A cloud-based holding is Ultimate Software Group (2.22%), a provider of web-based payroll processing and workforce management solutions, which was a strong contributor to the Fund for the quarter and the year. Ultimate Software continues to report strong recurring revenue growth and rising profit margins, and to perform well relative to our long-term anchor points. We remain positive on its long-term risk-to-reward profile.

We have also found a number of compelling small cap investments that are capitalizing on the convergence of wireless and Internet technologies. More and more, consumers and enterprises expect seamless wireless access to data, remote applications, streaming media, and other network-based features using smart phones and tablet computers such as the iPad. One company capitalizing on the growing popularity of these devices is Aruba Networks (0.48%), the technology leader in the multi-billion dollar wireless enterprise networking space. Aruba Networks manufactures equipment used in wireless local-area networks that enable corporate IT managers to protect and monitor communications and data delivery routed over wireless devices. Aruba continues to report strong revenue growth, and we remain optimistic on its long-term revenue and earnings growth potential of the company.

Another technology trend we have been following closely is the growing consumer and industrial adoption of energy efficient LED lighting units, which last as much as ten times longer than traditional incandescent bulbs while using a fraction of the energy. Our interest in this area led us to lighting technology company Cree, Inc. (0.97%), a leading supplier and low-cost producer of high-end LED technology for computer screens as well as for more traditional overhead lighting uses. Cree was a detractor to performance during the quarter and the year. Earlier this year the company shipped more LED lighting units to its distributors than the market could absorb, resulting in some inventory building and price cutting. In our view, this price cutting may help speed up adoption of this superior technology in the end-user market. It has taken longer than we expected for these higher inventories to resolve themselves, yet we continue to believe in its long-term growth potential. LED lighting currently accounts for only about 1% of the more than $20 billion overall lighting market and we believe this share could grow significantly over the next three years.

In the consumer sector, our performance was also dampened by our investment in Arcos Dorados Holdings, Inc. (2.25%), a holding company that operates or franchises more than 1,700 McDonalds restaurants, primarily in Latin America. We have been interested in the company because of its improving margins and the potential we see tied to the company’s expansion in Latin America. While some currency issues have recently pressured the company’s short-term performance metrics, Arcos Dorados continues to perform well relative to our anchor points and long-term growth expectations, and we held onto our position.

Annual Performance Review

RS Select Growth Fund delivered solid positive performance in a year when both Russell 2500® Growth Index and Russell 2000® Growth Index[2] suffered losses. The Fund’s relative performance was aided by stock selection in the consumer discretionary, healthcare and producer durables sectors. Stock selection in the financial services and consumer staples sectors detracted from relative performance. Top contributors to the Fund’s relative performance included Alexion Pharmaceuticals (3.12%), which has experienced strong sales of its orphan drug Soliris, a treatment for a rare genetic blood disorder. In the consumer discretionary sector, relative performance was aided by investments in retailers Ulta Salon, Cosmetics & Fragrance (2.12%) and Tractor Supply Co. (2.64%). Ulta Salon sells a broad range of beauty and salon products and continues to expand its geographic footprint through new store openings. Tractor Supply benefits from recurring purchases of feed and farm supplies at its retail farm and ranch stores nationwide.

Economic uncertainty weighed on share price performance for some of the Fund’s consumer discretionary holdings, including entertainment company Gaylord Entertainment, operator of Nashville’s Grand Ole Opry, and apparel and marketing company Guess?, which faced concerns over its exposure in Europe. In the healthcare space, shares of United Therapeutics sold off on news of disappointing clinical trial results for a much awaited oral formulation of Remodulin, its injectable drug to treat lung disease. We sold our investments in United Therapeutics and Gaylord, but held onto our investment in Guess? given our view of the long-term strength of its brand.

Outlook

As we look ahead, we believe that the equity market may remain volatile as investors await more clarity on the global economic outlook and political developments in Europe and at home. Despite this environment, we remain cautiously optimistic on the outlook for our portfolio of small- and mid-cap companies as they continue to maneuver through a less certain economic environment. 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. We believe that small- and mid-cap companies house some of the most compelling innovations, and we continue to seek out innovative secular growth companies with sustainable competitive advantages that we believe will lead to solid earnings growth over the entire business cycle.

Thank you for your continued investment.

Sincerely,

Steve Bishop	Melissa Chadwick-Dunn	D. Scott Tracy, CFA
Co-Portfolio Manager	Co-Portfolio Manager	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 December 31, 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 12/31/11)

Producer Durables	17.68%
Consumer Discretionary	17.32%
Technology	16.14%
Health Care	14.10%
Financial Services	9.94%
Materials and Processing	9.84%
Energy	9.01%
Utilities	2.42%
Consumer Staples	0.00%
Cash	3.55%

Top Ten Holdings[4]
(As of 12/31/11)

Alexion Pharmaceuticals, Inc.	3.12%
Tractor Supply Co.	2.64%
Under Armour, Inc.	2.50%
Old Dominion Freight Line, Inc.	2.49%
Rock-Tenn Co., Class A	2.49%
j2 Global, Inc.	2.42%
Arcos Dorados Holdings, Inc.	2.25%
HMS Holdings Corp.	2.25%
The Ultimate Software Group, Inc.	2.22%
BE Aerospace, Inc.	2.15%

Performance

(Average Annual Total Returns as of 12/31/11)

	Fourth Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception[5]
RS Select Growth Fund, Class A						
without sales charge	13.74%	5.30%	26.88%	5.00%	2.84%	10.42%
with maximum sales charge	8.34%	0.29%	24.85%	3.98%	2.35%	10.07%
Russell 2500® Growth Index[1]	13.51%	-1.57%	21.57%	2.89%	5.23%	6.28%
Russell 2000® Growth Index[2]	14.99%	-2.91%	19.00%	2.09%	4.48%	4.57%

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

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1 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.

2 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.

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.

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