

Fourth Quarter 2009 Mutual Fund Commentary RS Select Growth Fund

Performance Review

The equity market continued to rally in the fourth quarter, supported by signs of a modest economic recovery. The Commerce Department reported that real GDP expanded at a 2.2% annual rate in the third quarter, the first three-month period of positive economic growth since the spring of 2008. Nonetheless, high unemployment continued to weigh on consumer confidence, raising some concerns over the durability of the economic expansion. Against this backdrop, investors became more discriminating in their choice of investments, rewarding a number of higher quality growth companies that have shown their ability to deliver solid earnings regardless of the underlying economic environment. As a result, growth shares again outperformed value stocks for the three-month period.

RS Select Growth Fund returned 6.36% for the final three months of 2009, outperforming a 5.57% gain by the benchmark Russell 2500[®] Growth Index¹. The Fund also well outperformed its benchmark for the twelve-month period, delivering a 47.41% gain compared to a 41.66% return for the Russell 2500 Growth Index. We believe the Fund's ability to outperform the benchmark, whether during the market retrenchment of early 2009 or the recent rally, is a testament to our growth investment discipline and our bottom-up stock selection. As such, we continue to focus on companies with sustainable competitive advantages and long-term growth potential that transcend economic cycles.

Portfolio Strategy

RS Select Growth Fund invests in growth stocks in the small- and mid-capitalization ranges. In selecting investments for the Fund, we rely on our team of highly experienced managers and analysts, who average over 14 years of experience covering a variety of industry and market segments. Together, our team members conduct over 1000 meetings with company officials, customers, and suppliers every year, gaining insight into companies from the ground up. We then validate our findings through interviews with industry experts and other third-party sources, as well as through our own proprietary financial modeling. Through this exacting process, we seek to identify high quality companies that possess at least a 2 to 1 ratio of upside potential to downside risk.

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 1.72%. 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.

Portfolio Review

The Fund's relative outperformance in the fourth quarter was driven by stock selection, especially in the consumer discretionary sector. In particular, we benefited from our investments in a number of companies that are capitalizing on consumers' ongoing adoption of the Internet as a medium for shopping and transactions. One of our strongest performers for both the quarter and the year was Priceline.com (0.00% of holdings as of 12/31/09), a provider of discount online travel services that has proven popular with consumers. While we have been pleased with the appreciation in Priceline.com's stock price, we opted to take our profits on the position, liquidating our holdings while we redeployed assets into other promising growth opportunities.

In the producer durables sector, we benefited from our investment in mining equipment manufacturer Bucyrus International (1.01%). Despite a challenging market environment for capital equipment providers, Bucyrus has been able to find additional revenue sources through its aftermarket spare parts. The company also recently completed its acquisition of Terex Corporation's mining operations in a deal that will make Bucyrus the largest manufacturer of hydraulic excavators in the world.

The explosion in online commerce and data traffic has also fueled growth opportunities for Akamai Technologies (2.65%), another top contributor for the period. Akamai helps reduce bottlenecks in the network delivery of online content by facilitating the storage of large data files at locations closer to the end-user. The company's customers include 90 of the 100 largest online retailers. We expect that Akamai will benefit as demand for online content delivery continues to outpace the supply of new network infrastructure.

On the flipside, overall stock selection in the technology sector detracted from the Fund's relative performance in the fourth quarter. One of our largest detractors in this space was Digital River (1.81%), a provider of e-commerce services to online retailers, software publishers, and other Internet-based businesses. The company suffered a blow in the fourth quarter when its largest customer, security software company Symantec (0.00%), announced that it would not renew its Digital River contract in June of 2010. While the Symantec contract has accounted for roughly one-third of Digital River's revenues, we have been reassured by the company's efforts to diversify its customer base, signing potentially lucrative contracts with companies such as Microsoft (0.00%) and Kodak (0.00%). Digital River is still projecting double-digit revenue growth for 2010, even excluding the Symantec business. For this reason, we maintained our investment in this cash-rich, well-capitalized company.

Chinese video game distributor Netease (1.54%) was another detractor. Earlier this year, Netease won the rights to market the highly popular *World of Warcraft* interactive video game in China, arguably the world's largest online gaming market. While we continue to believe that this will provide a tremendous opportunity for Netease, the process of transferring the video game rights in China's highly regulated market has proven rockier than we anticipated, which has weighed on the recent performance of the stock.

One of our biggest disappointments for the quarter was Chicago-based regional banking company PrivateBancorp (0.00%), an investment that we initiated following a management change. Our investment thesis on the stock was tied in part to its regional expansion plans. While this strategy has been relatively successful, we had begun to trim the position when PrivateBancorp announced a large write-off against bad loans inherited from the previous management team. The subsequent drop in the stock price, hurting our performance for the fourth quarter.

Outlook

Looking ahead, we caution that the market may experience renewed volatility in 2010 as investors digest their recent gains and await more clarity on the strength of the economic recovery. Despite

this outlook, we remain optimistic on prospects for the Fund itself, especially given our focus on companies that we believe can outperform regardless of underlying economic conditions. We continue to work hard to monitor the performance of our companies, even as we remain on the lookout for new growth investment opportunities. We plan to spend considerable time on the road in 2010, visiting companies and seeing first-hand how they are adapting to this new environment.

Thank you for your continued investment.

Sincerely,



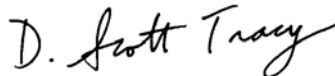
Steve Bishop
Co-Portfolio Manager



Melissa Chadwick-Dunn
Co-Portfolio Manager



Allison Thacker
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 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, 2009.

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 12/31/09)

Technology	20.28%
Health Care	19.35%
Consumer Discretionary	18.07%
Producer Durables	15.16%
Financial Services	10.88%
Energy	7.85%
Utilities	1.47%
Materials & Processing	1.45%
Consumer Staples	1.43%
Cash	4.07%

Top Ten Holdings⁴

(As of 12/31/09)

P.F. Chang's China Bistro, Inc.	3.13%
Guess?, Inc.	2.79%
Inverness Medical Innovations, Inc.	2.65%
Akamai Technologies, Inc.	2.65%
United Therapeutics Corp.	2.55%
Dril-Quip, Inc.	2.48%
WMS Industries, Inc.	2.28%
GrafTech International Ltd.	2.19%
F5 Networks, Inc.	2.10%
CyberSource Corp.	2.09%

Performance

(Average Annual Total Returns as of 12/31/09)

	Fourth Quarter 2009	1-Year	3-Year	5-Year	10-Year	Since Inception ⁵
RS Select Growth Fund, Class A						
without sales charge	6.36%	47.47%	-2.70%	-0.41%	-3.34%	9.38%
with maximum sales charge	1.32%	40.43%	-4.26%	-1.37%	-3.81%	8.98%
Russell 2500 [®] Growth Index ¹	5.57%	41.66%	-3.13%	2.00%	-0.18%	5.37%
Russell 2000 [®] Growth Index ²	4.14%	34.47%	-4.00%	0.87%	-1.37%	3.52%

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 1.72%. Please refer to the most current Fund prospectus for complete details on expenses including fees. The performance quoted, "with maximum sales charge" reflects the current maximum sales charge of 4.75% that became effective on October 9, 2006. 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, is available by contacting RS Investments at 800-766-3863 and is frequently updated on our Web site: www.RSinvestments.com.

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.

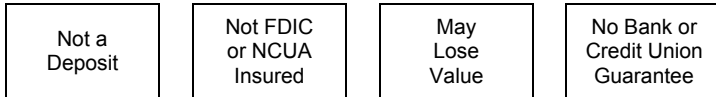
² The Russell 2000[®] Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 2000[®] Index with higher price-to-book ratios and higher forecasted growth values. (The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000[®] Index, which consists of the 3,000 largest U.S. companies based on total market capitalization.) 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.

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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