

# RS Large Cap Alpha Fund

(Class A) (GPAFX)

Fourth Quarter 2009

All data as of December 31, 2009

## Objective

- Long-term capital appreciation.

## Investment Strategy

- The Fund normally invests at least 80% of its net assets in companies considered by RS Investments at the time of investment to be large-cap companies.
- The Fund invests in securities that RS Investments believes are undervalued. The Fund will normally invest most of its assets in equity securities of large-capitalization companies. The Fund may invest in securities of issuers located globally, and may invest any portion of its assets outside of the US.
- In evaluating equity investments for the Fund, RS Investments employs a return-on-capital analysis, combining balance sheet and cash flow analysis.

## Co-Portfolio Managers

**MacKenzie Davis, CFA** - 17 years of investment management experience; has managed the Fund since March 2009.

**David Kelley** - 17 years of investment management experience; has managed the Fund since March 2009.

**Joe Mainelli** - 16 years of investment management experience; has managed the Fund since March 2009.

**Andy Pilara** - 44 years of investment management experience; has managed the Fund since March 2009.

**Ken Settles, CFA** - 14 years of investment management experience; has managed the Fund since March 2009.

**Joe Wolf** - 16 years of investment management experience; has managed the Fund since March 2009.

## Role in Portfolio

	Value	Blend	Growth
Large	■	■	■
Medium	■	■	■
Small	■	■	■

Style box breakdowns reflect fund management's long-term targeted investment strategy classifications.

Source: Guardian Investor Services LLC

## Risk Factors

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. The Fund invests primarily in equity securities and therefore exposes you to the general risks of investing in stock markets. 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.

## Performance

(Average Annual Total Returns)

	Fourth Quarter 2009	1 Year	3 Year	5 Year	10 Year	Since Inception (06/01/72)
<b>RS Large Cap Alpha Fund, Class A</b>						
without sales charge	3.10%	24.89%	0.45%	4.24%	-2.38%	11.83%
with sales charge	-1.79%	18.97%	-1.16%	3.23%	-2.86%	11.69%
<b>Russell 1000® Value Index<sup>1</sup></b>	4.22%	19.69%	-8.96%	-0.25%	2.47%	N/A
<b>S&amp;P 500® Index<sup>2</sup></b>	6.04%	26.46%	-5.63%	0.42%	-0.95%	9.79%

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

Performance quoted represents past performance and does not guarantee future results. The Fund is the successor to The Guardian Park Avenue Fund; performance shown includes performance of the predecessor fund for periods prior to October 9, 2006. Investment return and principal value will fluctuate, so shares, when redeemed, may be worth more or less than their original cost. Please keep in mind that any high double-digit returns are highly unusual and cannot be sustained. The Fund's total gross annual operating expense ratio as of the most current prospectus for the Class A Shares is 0.95%. 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. Certain share classes are subject to lower maximum sales charges whether paid at the time of purchase or deferred. A "deferred sales charge" also known as "back end load" or "CDSC" is incurred when liquidating an A share purchase over \$1 million, for example, before a specified holding period. Any sales charges are in addition to the fund's fees and expenses as detailed in the Fund's most current prospectus. Fees and expenses are factored into the net asset value of your shares and any performance numbers we release. 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](http://www.RSinvestments.com).

## Sector Allocation<sup>3</sup>

Fund vs. Index<sup>3</sup>Differential

Sector (Fund Weighting)	Differential
Consumer Discretionary (14.71%)	4.33%
Consumer Staples (2.19%)	-3.28%
Energy (14.97%)	-3.48%
Financial Services (28.01%)	3.81%
Health Care (15.33%)	6.19%
Materials & Processing (8.51%)	4.20%
Producer Durables (6.40%)	-4.26%
Technology (4.84%)	0.14%
Utilities (3.98%)	-8.70%
Cash (1.06%)	(N/A)

<sup>3</sup>Russell 1000® Value Index

## Top Ten Holdings<sup>4</sup>

Agilent Technologies, Inc.	4.01%
Pfizer, Inc.	3.84%
Occidental Petroleum Corp.	3.78%
XTO Energy, Inc.	3.52%
Fidelity National Information Services, Inc.	3.43%
BHP Billiton Ltd., ADR	3.08%
Abbott Laboratories	3.08%
JPMorgan Chase & Co.	3.07%
Bank of America Corp.	2.91%
Coviden PLC	2.78%
<b>Total</b>	<b>33.50%</b>

## Fund Data vs Benchmark

	Fund	Russell 1000® Value Index
Weighted Average Market Capitalization	\$51,349(mil)	\$68,359(mil)
Alpha <sup>†*</sup>	7.83	—
Beta <sup>†*</sup>	0.78	1.00
R <sup>2</sup> <sup>†*</sup>	0.88	1.00
Information Ratio <sup>†*</sup>	1.24	—
Sharpe Ratio <sup>*</sup>	-0.10	-0.53
R2 <sup>†*</sup> to S&P 500	0.92	—
Portfolio Turnover Ratio - Most Recent Annual	145	—
Number of Positions	46	—
Assets	\$785,046,708	—

<sup>†</sup>Risk characteristics are relative to the Russell 1000® Value Index as of 12/31/09, and for the three-year period where appropriate. Please see reverse side for more information on data measurement explanations.

## Fees and Expenses

As of the most current prospectus

Share Class	Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of the offering price)	Maximum Deferred Sales Charge (Load) (as a percentage of the lower of sales proceeds or the original price)	Management Fees	Distribution (12b-1) Fees	Other Expenses	Total Annual Fund Operating Expenses <sup>8</sup>	Fee Waiver/Expense Limitation <sup>9</sup>	Net Expenses <sup>9</sup>
Class A <sup>10</sup>	4.75% <sup>5</sup>	None <sup>6</sup>	0.50%	0.25%	0.20%	0.95%	-0.02%	0.93%
Class B	None	3.00% <sup>7</sup>	0.50%	1.00%	0.32%	1.82%	0.00%	1.82%
Class C	None	1.00% <sup>8</sup>	0.50%	1.00%	0.24%	1.74%	0.00%	1.74%
Class K	None	None	0.50%	0.65%	0.19%	1.34%	-0.06%	1.28%
Class Y	None	None	0.50%	N/A	0.21%	0.71%	N/A	N/A

## Share Class Information

Share Class	CUSIP	Ticker	Inception Date
Class A	700159106	GPAFX	06/01/72
Class B	700159809	GUPBX	05/01/96
Class C	700159643	RCOCX	08/07/00
Class K	700159528	RCEKX	05/15/01
Class Y	74972H598	RCEYX	05/01/07

**1** The Russell 1000® Value 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 lower price-to-book ratios and lower forecasted growth values. Index results 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. Unlike the Fund, the index does not incur fees or expenses. The Fund is changing its benchmark from the S&P 500® Index to the Russell 1000® Value Index because RS Investments believes that, due to changes to the Fund's investment strategy, the Russell 1000® Value Index is more representative of the Fund's investment universe.

**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 other short term investments, net assets and liabilities.

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

**5** You may be entitled to a sales load discount based on the amount you invest or you may be eligible for a sales load waiver. You will pay no initial sales load on purchases of \$1 million or more of Class A shares.

**6** Contingent deferred sales load of 1.00% applies to purchases of \$1 million or more of Class A shares if these shares are sold within 18 months of purchase. Certain redemptions and distributions are not subject to this load. See the Statement of Additional Information for details.

**7** Maximum contingent deferred sales load declines to 2.00% if shares are sold in year 3 or 4 after purchase; 1.00% in year 5 or 6; and 0.00% in year 7 and beyond.

**8** Contingent deferred sales load applies for shares sold within one year of purchase.

**9** An expense limitation with respect to the Fund's Total Annual Fund Operating Expenses is imposed pursuant to a written agreement in effect through April 30, 2010, to limit the Fund's Total Annual Fund Operating Expenses to 0.93% for Class A shares, 2.05% for Class B shares, 2.04% for Class C shares, and 1.28% for Class K shares. The effect, if any, of this limitation is reflected under the caption "Fee Waiver/Expense Limitation." "Net Expenses" reflect the effect, if any, of this expense limitation on Total Annual Fund Operating Expenses.

**10** This table does not reflect deductions for expenses that relate to owning Class A shares of RS Large Cap Alpha Fund through a Value Guard variable annuity contract. The Value Guard prospectus provides information about such expenses.

\* Alpha is a statistical measurement used to quantify the value added or subtracted by a portfolio manager. Specifically, alpha measures the portfolio's incremental return versus a benchmark index adjusted for the risk of the portfolio as defined by its beta.

\* Beta is a statistical measurement of a portfolio's relative sensitivity to the benchmark, which acts as a proxy for market risk. The beta between a portfolio and its benchmark is the amount of units the portfolio will move when the benchmark moves one unit.

\* R<sup>2</sup> is a statistical measurement that shows the percentage of a portfolio's movements that can be explained by the movement in the benchmark. The numerical value of a portfolio's R<sup>2</sup> is always between 0 and 1. An R<sup>2</sup> of 1 (or 100%) means that there is perfect correlation in the movement between the portfolio and the benchmark.

\* Information Ratio is a measure of the value added per unit of active risk by a manager over the benchmark. The Information Ratio is calculated by dividing the annualized excess return over a benchmark by the annualized standard deviation of excess return.

\* Sharpe Ratio is a statistical measurement of the risk-adjusted performance of the portfolio. The ratio is calculated by dividing a portfolio's excess return over the risk-free rate (generally a 3-month T-bill) by the standard deviation of its excess returns. This approximates a portfolio's reward per unit of risk.

**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. A prospectus can be obtained by calling 800-766-3863 or by visiting [www.RSinvestments.com](http://www.RSinvestments.com).**

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