

RS Tax-Exempt Fund

(Class A) (GUTEX)

Fourth Quarter 2011

All data as of December 31, 2011

Fund Facts

Objective

- Maximize current income exempt from federal income taxes, consistent with the preservation of capital.

Investment Strategy

- Under normal circumstances at least 80% of the value of the Fund's net assets will be invested in tax exempt municipal obligations. This is a fundamental policy that cannot be changed without shareholder approval. The Fund invests in municipal obligations, the interest on which is, in the opinion of the issuer's bond counsel, exempt from federal income tax including federal alternative minimum tax (AMT). Up to 20% of the Fund's net assets may be invested in bonds that pay interest subject to regular federal income tax, or private activity bonds subject to AMT.

Investment Team

RS Tax Exempt Fund is sub-advised by Guardian Investor Services LLC and managed by Alexander Grant. Alexander Grant is a member of the RS Fixed Income Team. The RS Fixed Income Team consists of 35 seasoned investment professionals who, on average, have over 20 years of investment experience.

Share Class: Ticker Symbol

A: GUTEX C: RETCX Y: RSTYX

Fees and Expenses

Share Class	Gross Expenses ²	Net Expenses ²
A	0.96%	0.80%
C	1.72%	1.60%
Y	0.67%	0.67%

Portfolio Statistics (Class A)

Average Maturity (years)	15.55
Average Duration ³	5.58
30-day SEC Yield (with subsidy) ⁴	2.45%
30-day SEC Yield (w/o subsidy) ⁴	2.35%

Yields will vary.

Risk Factors

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. Bond funds are subject to interest rate risk, credit risk, and prepayment risk. When interest rates rise, bond prices generally fall, and when interest rates fall, bond prices generally rise. Currently, interest rates are at relatively low levels. Please keep in mind that in this kind of environment, the risk that bond prices may fall when interest rates rise is potentially greater. Investors in the Fund may be subject to AMT and certain other state and local taxes.

Performance

Performance

(Average Annual Total Returns)

	Fourth Quarter 2011	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (2/16/93)
RS Tax-Exempt Fund, Class A							
without sales charge	2.38%	11.11%	11.11%	7.84%	4.89%	5.33%	5.12%
with sales charge (max 3.75%)	-1.46%	6.92%	6.92%	6.47%	4.10%	4.93%	4.90%
Barclays Capital Municipal Bond Index¹	2.12%	10.70%	10.70%	8.57%	5.22%	5.38%	5.76%
Lipper General Muni Objective Average¹	2.18%	10.56%	10.56%	9.54%	3.71%	4.36%	N/A

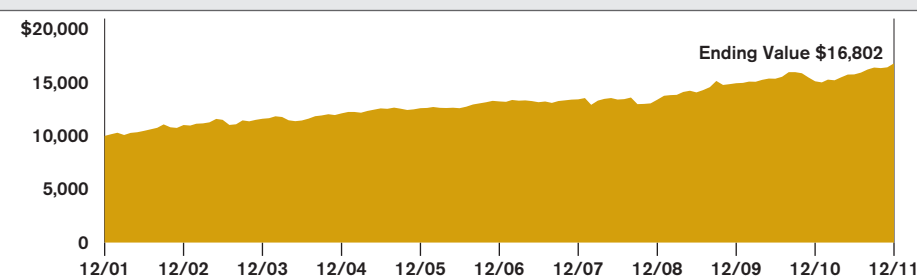
Performance returns for periods of less than one year are not annualized.

Performance quoted represents past performance and does not guarantee future results. The Fund is the successor to The Guardian Tax-Exempt Fund; performance shown includes performance of the predecessor fund prior to 10/9/06. 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/net annual operating expense ratio for Class A shares as of the most current prospectus is 0.96%/0.80%. The net expense ratio reflects a written expense limitation agreement with RS Investments which will continue through 4/30/12. The performance "with maximum sales charge" reflects the current maximum sales charge of 3.75%. 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 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. 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. Total return figures reflect an expense limitation in effect during the periods shown. Without such limitation, the performance shown would have been lower. Performance results assume the reinvestment of dividends and capital gains. The return figures shown do not reflect the deduction of taxes that a shareholder may pay on Fund distributions or the redemption of Fund shares.

Growth of a \$10,000 Investment (Class A shares without sales charge)

12/31/01 - 12/31/11



This illustration is based on an initial investment of \$10,000 in Class A shares made on 12/31/01. The illustration represents those of Class A shares without the imposition of any sales charges. If sales charges were included, returns would be lower. Please keep in mind that high, double-digit and/or triple-digit returns are highly unusual and cannot be sustained. Results are hypothetical.

Performance for other share classes will vary.

Calendar-Year Total Return (%)

Class A

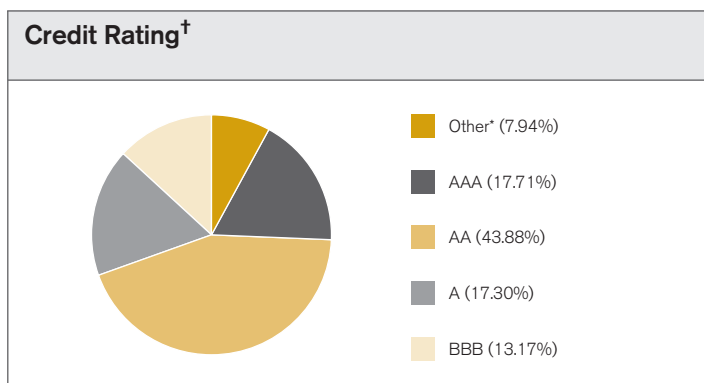
1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
-8.95	14.57	3.62	8.74	6.13	-3.23	12.29	4.77	10.19	5.33
2004	2005	2006	2007	2008	2009	2010	2011		
4.35	4.01	5.03	1.47	-0.22	11.52	1.21	11.11		

Please note: High, double-digit and/or triple-digit returns are highly unusual and cannot be sustained. Investors should be aware that these returns were primarily achieved during favorable market conditions.

Returns represent those of Class A shares at net asset value, without the imposition of any sales charges but with dividends and capital gains reinvested from each time period. If sales charges were included, returns would be lower. Performance for other share classes will vary. This information is provided to assist you in assessing the risks of investing in the Fund and to demonstrate how the Fund's performance varies from year to year.

Portfolio Information

Top Ten Holdings ⁵			
	Coupon Rate	Maturity Date	Percentage of Total Net Assets
Illinois St. G.O.	5.000%	1/1/19	0.92%
Wayne Cnty. MI Arpt. Auth. Rev.	5.000%	12/1/20	0.71%
Hawaii St. G.O.	5.000%	12/1/31	0.69%
Metropolitan Transn. Auth. NY Rev.	5.000%	11/15/24	0.68%
Orlando & Orange Cnty. FLA Expressway Auth. Rev. Ser. C	5.000%	7/1/26	0.67%
Prince Georges Cnty. MD G.O.	5.000%	9/15/29	0.64%
Puerto Rico Comwlth. Govt. Dev. Bk.	5.000%	12/1/14	0.63%
North Tex. Twy. Auth. Dallas North Twy. Sys. Rev. Ser. C	6.000%	1/1/25	0.62%
Charleston Cnty. SC G.O.	5.000%	11/1/22	0.62%
California St. Dept. Veterans Affairs Home Pur. Rev.	5.000%	12/1/32	0.61%
Total			6.79%



*Includes other assets and liabilities

[†]The credit rating chart displays the % of bond assets allocated to each rating. Rating agencies' independent ratings of individual securities are aggregated by Barclays and market weights are reported using Standard & Poor's letter rating conventions. Rating methodology uses the middle rating of Moody's, Standard & Poor's and Fitch. When a rating from only two of the rating agencies is available the lower rating is used.

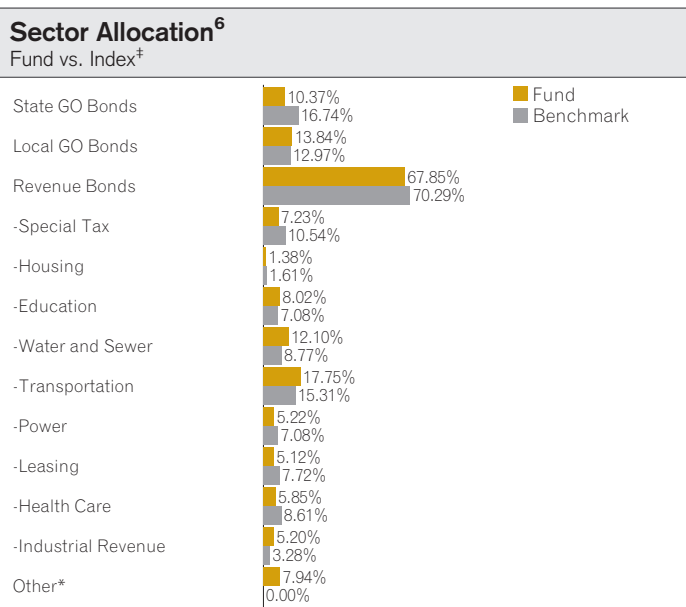
Fund Data	
Number of Positions	213
Assets	\$413,790,872

1 The Barclays Capital Municipal Bond Index total return data is provided by Barclays Capital. The Barclays Capital Municipal Bond Index is an unmanaged index that is generally considered to be representative of the municipal bond market and is not available for direct investment. There are no expenses associated with the index, but there are expenses associated with the Fund. The Lipper General Muni Objective Average is the average of all funds in the group in existence in the Lipper database for the periods, and does not reflect any deductions for sales charges.

2 An expense limitation with respect to the Fund's Total Annual Fund Operating Expenses is imposed pursuant to a written agreement in effect through 4/30/2012. "Net Expenses" reflect the effect of this expense limitation on Total Annual Fund Operating Expenses.

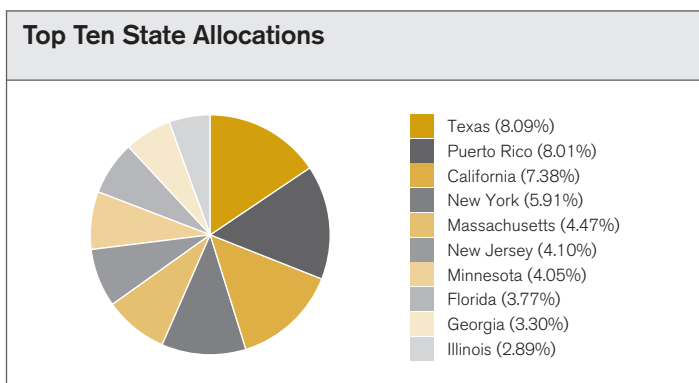
3 Duration is a measure of bond price's sensitivity to a given change in interest rates. Generally, the longer a bond's duration, the greater the price sensitivity to a change in interest rates.

4 SEC Yield: With and Without Subsidy figures are provided overleaf. SEC Yield is a standard yield calculation developed by the Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is based on the most recent 30-Day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period, after the deduction of the fund's expenses. This is also referred to as the "standardized yield."



[‡]Barclays Capital Municipal Bond Index

*Includes other assets and liabilities



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

6 The Fund's holdings are allocated to each sector based on their Barclays classification. If a holding is not classified by Barclays, it is assigned a Barclays designation by RS Investments. Cash includes short-term investments and net other assets and liabilities.

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.

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