

Important Tax Information

During 2011, a portion of the dividend income you received may have come from interest earned on investments in federal obligations, such as U.S. Treasury and federal agency securities. The percent of income derived from federal obligations applies only to dividends; long-term and short-term capital gain distributions are not included. This information will be reported to you on Form 1099-DIV.

Therefore, you may receive the following two forms from us:

- Form 1099-DIV reports ordinary dividends (including qualified dividends) and short- and long-term capital gains distributions from taxable accounts. Only accounts with taxable distributions of \$10 or more, or backup withholding, are reported.
- Form 1099-INT reports tax-exempt interest dividends. Only accounts with tax-exempt interest dividends (including specified private activity bond interest) of \$10 or more, or backup withholding, are reported.

Each state has its own rules regarding taxation of this income. State tax law requirements are complex and the action you take should depend on your individual circumstances. We urge you to consult your local taxing authorities or a tax advisor concerning your state requirements for what must be reported and the appropriate forms to use.

Percent of 2011 Ordinary Income Dividends Derived from Each Type of Federal Obligation

Source	RS Large Cap Alpha Fund	RS Capital Appreciation Fund	RS International Growth Fund	RS Greater China Fund	RS Investment Quality Bond Fund
Direct U.S. Government Obligations	0.00%	0.00%	0.00%	0.00%	3.48%
U.S. Government Guaranteed Obligations					
Federal Home Loan Mortgage Corp.	0.00%	0.00%	0.00%	0.00%	5.68%
Federal National Mortgage Corp.	0.00%	0.00%	0.00%	0.00%	9.69%
Government National Mortgage Association	0.00%	0.00%	0.00%	0.00%	0.73%
Repurchase Agreements	0.04%	0.01%	0.02%	0.01%	0.01%
Total U.S. Government Guaranteed Obligations	0.04%	0.01%	0.02%	0.01%	16.11%
TOTAL U.S. GOVERNMENT OBLIGATIONS	0.04%	0.01%	0.02%	0.01%	19.59%

Source	RS Low Duration Bond Fund	RS High Yield Bond Fund	RS Floating Rate Fund	RS Strategic Income Fund	RS Money Market Fund	RS S&P 500 Index Fund
Direct U.S. Government Obligations	1.99%	0.00%	0.00%	0.64%	9.25%	0.18%
U.S. Government Guaranteed Obligations						
Federal Home Loan Mortgage Corp.	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Federal National Mortgage Corp.	0.35%	0.00%	0.00%	0.92%	0.00%	0.00%
Government National Mortgage Association	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Repurchase Agreements	0.02%	0.01%	0.01%	0.01%	0.24%	0.02%
Total U.S. Government Guaranteed Obligations	0.43%	0.01%	0.01%	0.93%	0.24%	0.02%
TOTAL U.S. GOVERNMENT OBLIGATIONS	2.42%	0.01%	0.01%	1.57%	9.49%	0.20%

Percent of 2011 Assets by Quarter from Each Type of Federal Obligation for Intangible or Personal Property Taxation

For those shareholders who may be liable for intangible or personal property tax, we are providing the percent of the Funds' assets held in direct U.S. Government Obligations for each quarter of the year ended December 31, 2011. The Funds listed below are the only RS Funds that held assets in direct U.S. Government Obligations in 2011.

Fund	Security	1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	Average
RS S&P 500 Index Fund	Direct U.S. Government Obligations	0.53%	0.56%	0.55%	0.36%	0.50%
RS Investment Quality Bond Fund	Direct U.S. Government Obligations	2.15%	3.51%	11.35%	8.91%	6.48%
RS Low Duration Bond Fund	Direct U.S. Government Obligations	7.20%	14.45%	12.98%	7.97%	10.65%
RS Money Market Fund	Direct U.S. Government Obligations	11.04%	9.14%	6.23%	11.73%	9.54%
RS Strategic Income Fund	Direct U.S. Government Obligations	0.96%	0.82%	4.49%	1.78%	2.01%

(over, please)

Dividend Tax Information for the RS Tax-Exempt Fund and RS High Yield Municipal Bond Fund

Generally, the U.S. government does not impose income tax on the dividends of tax-exempt portfolios. In addition, most states do not impose personal income tax on dividends derived from their own obligations. The table below shows the portion of dividends derived from interest on state and local obligations on a state-by-state basis during 2011. Since tax treatment on dividends paid may vary among different states and cities, a portion of the dividends may be subject to state and local taxes. We suggest that you consult your tax advisor on this matter.

RS Tax-Exempt Fund

State (Territory)	%
Alabama	0.06%
Arizona	2.09%
California	9.30%
Colorado	2.50%
Connecticut	2.01%
Delaware	0.48%
District of Columbia	0.98%
Florida	5.24%
Georgia	3.83%
Guam	0.02%
Hawaii	0.03%
Illinois	3.00%
Iowa	0.85%
Indiana	0.73%

State (Territory)	%
Kansas	1.84%
Louisiana	1.93%
Maine	0.67%
Maryland	1.36%
Massachusetts	5.58%
Michigan	1.05%
Minnesota	2.39%
Missouri	2.44%
Mississippi	0.64%
Montana	0.80%
Nevada	0.44%
New Jersey	4.61%
New York	4.40%
North Carolina	2.65%

State (Territory)	%
Ohio	3.06%
Oklahoma	0.54%
Oregon	2.47%
Pennsylvania	1.24%
Puerto Rico	11.09%
Rhode Island	1.18%
South Carolina	1.32%
Tennessee	2.86%
Texas	8.67%
Virginia	1.98%
Washington	2.60%
Wisconsin	1.07%
TOTAL	100.00%
Alternative Minimum Tax (AMT)	1.90%

RS High Yield Municipal Bond Fund

State (Territory)	%
Arizona	0.09%
California	13.45%
Colorado	3.00%
Delaware	0.09%
District of Columbia	2.25%
Florida	5.18%
Georgia	0.73%
Illinois	8.73%
Indiana	1.98%
Iowa	0.03%
Kansas	0.65%
Kentucky	2.09%

State (Territory)	%
Louisiana	2.12%
Maryland	1.33%
Massachusetts	3.34%
Michigan	2.68%
Minnesota	0.05%
Nebraska	0.07%
Nevada	1.23%
New Jersey	6.05%
New Mexico	3.09%
New York	3.89%
Ohio	3.42%
Oklahoma	1.59%

State (Territory)	%
Pennsylvania	4.66%
Puerto Rico	5.96%
Rhode Island	0.88%
South Carolina	3.09%
Tennessee	2.73%
Texas	10.85%
Washington	1.85%
Wisconsin	2.85%
TOTAL	100.00%
Alternative Minimum Tax (AMT)	15.21%

Dividend Received Deduction

As required by the Internal Revenue Code, the following percentages of ordinary income distributions for the year ended December 31, 2011 have been designated as dividend received deduction eligible for corporate shareholders:

RS Large Cap Alpha Fund	100.00%
RS S&P 500 Index Fund	100.00%
RS Capital Appreciation Fund	100.00%

Special Tax Information for RS Emerging Markets Fund and RS Global Growth Fund Shareholders

In 2011, neither of the funds made income distributions to shareholders. However, both funds paid foreign taxes related to dividend income. In order to pass-through foreign tax credits to shareholders, dividend income on Form 1099-DIV will include an amount corresponding to the foreign tax credit being pass-through to a shareholders. Therefore, you may receive tax form 1099-Div showing income in box 1(a) even though the funds did not distribute dividend income in 2011. Please consult your tax advisor if you require additional information on how to utilize the foreign tax credit.

If you have any questions about your account, please consult your financial professional, or call our Customer Service representatives at 800-766-3863, Option 3. Our customer service hours are 9:00 am to 6:00 pm (ET), Monday through Friday.

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.

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