



## First Quarter 2012 Mutual Fund Commentary RS Money Market Fund

### Performance

(Average Annual Total Returns as of 3/31/2012)

RS Money Market Fund (Class A –GCMXX)

	First Quarter 2012	1-Year	3-Year	5 –Year	10-Year	Since Inception (09/13/82)
without sales charge	0.00%	0.02%	0.03%	1.03%	1.45%	4.22%
with maximum sales charge	0.00%	0.02%	0.03%	1.03%	1.45%	4.22%
Barclays Capital U.S. 3-Month Treasury Bill Index <sup>1</sup>	0.01%	0.07%	0.15%	1.30%	1.94%	4.73%

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

### Fund Highlights

#### Portfolio Overweights

- High-grade Tier 1 non-financial commercial paper issued by U.S. companies and U.S. dollar-denominated paper issued by non-U.S. companies
- Floating rate municipal paper and high grade municipal paper
- U.S. Treasury bills and U.S. Agency repurchase agreements

#### Portfolio Underweights

- Commercial paper and certificates of deposit (CD) issued by European banks
- Asset-backed commercial paper and Tier 2 commercial paper

#### Outlook

- We expect moderate U.S. GDP growth at or slightly above 2% this year, up from 1.6% in 2011. We expect core inflation to hold at about 2% year over year.
- Our better-than-consensus view on unemployment is that it will fall to 7.8% or slightly below by year end. Blue Chip consensus and Fed projections are for 8.1% to 8.5% unemployment by year end. Despite our more optimistic view on employment, we are forecasting restrained growth of 2% in real disposable income and consumer spending.

**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/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 0.84%/0.75%. 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](http://www.RSinvestments.com).**

**The Fund is the successor to The Guardian Cash Management Fund; performance shown includes performance of the predecessor fund for periods prior to October 9, 2006. The net expense ratio quoted above reflects a contractual expense limitation which will continue through 4/30/11. The views expressed in the portfolio manager commentaries are those of the Fund's portfolio manager(s) and are subject to change without notice. Please refer to the most current Fund prospectus for complete details on expenses including fees. Fees and expenses are factored into the net asset value of your shares and any performance numbers we release.**

## Fund Highlights (cont)

- The Fed has said it plans to keep the Fed Funds target rate at zero to 0.25% into 2014, and it continues to use unconventional policy tools to provide additional monetary stimulus. We believe the Fed is prepared to intervene further if the economy falters or contagion risks from Europe escalate.
- The Fed funds rate target continued to hold down available returns. The Fund remains committed to providing liquidity and capital preservation, with yield as a secondary consideration

## Fed Overview

At its March 13<sup>th</sup> 2012 meeting, the Federal Open Market Committee (FOMC) said that the economy has been expanding moderately with labor markets improving and business fixed investment advancing. The FOMC also announced that to support a stronger economic recovery it would continue "Operation Twist." This program intends to put downward pressure on longer-term interest rates and help make broader financial conditions more accommodative by extending the average maturity of the Fed's holdings. By the end of June 2012, the Fed plans to buy \$400 billion in Treasury securities with remaining maturities of six to 30 years and sell an equal amount of Treasury securities with remaining maturities of three years or less. At its meeting, the FOMC also reiterated that it intends to keep the target range for the federal funds rate at zero to 0.25% until at least 2014. Fed Chairman Ben Bernanke emphasized in March that unemployment remains too high and he does not believe the recovery has become self-sustaining yet.

## Fund Commentary

### Performance

As of March 31, 2012, the effective seven-day net annualized yield<sup>2</sup> for the RS Money Market Fund (Class A shares) (the "Fund"), was 0.01%. The Fund's seven-day yield reflects distributions of prior year undistributed net income. The effective 7-day annualized yield of Tier One money market funds as measured by iMoneyNet, Inc. was 0.01%. iMoneyNet, Inc. (formerly IBC Financial Data, Inc.) is a research firm that tracks money market funds.

Research is a cornerstone of our investment philosophy, and we believe it is essential to understand current economic conditions and their potential to create stress in various sectors, along with the fundamentals of each credit that we invest in. This research guides our focus on issuers that we believe can survive current economic conditions.

We believe the Fund's shareholders are seeking both liquidity and capital preservation. Meeting these goals has always been one of our primary missions, and we believe we have been successful. The Fund is managed under SEC Rule 2a-7 under the Investment Company Act of 1940, which provides specific parameters with respect to maturity, credit quality, and issuer diversification. It should be noted that some money market funds are not managed under the SEC Rule 2a-7 guidelines. It is also important to note that money market funds are not immune to market stress. We believe that our 20-plus years of experience and our approach have proven beneficial to the Fund.

## Market Overview

The markets swung into risk-on mode in the first quarter of 2012, with investors embracing risk as decisively as they had shunned it at other times during the past year. As the U.S. economy continued to gain traction and Europe made some progress on sovereign debt issues, equities and non-Treasury fixed income sectors gained, while the traditional safe haven of Treasuries lost some appeal. While sovereign debt problems and recession in Europe continued to dominate the headlines, massive lending to European banks by the ECB restored some sense of stability, and investors drew confidence from signs of momentum in the U.S. economic recovery.

Perhaps most importantly, the U.S. unemployment rate improved substantially in recent months, falling to 8.2% in March. The number of people filing initial unemployment claims also hit a four-year low as the pace of layoffs slowed. These developments created confidence that recent unexpectedly strong labor market indicators were not a fluke. By saying it plans to keep interest rates near zero into 2014 and leaving open the possibility of additional stimulus, the Fed signaled its continued willingness to intervene if

the US economy backslides. Investors finally seemed reassured enough to seek out yield, which has been unattractively low in Treasuries.

### **Portfolio Review**

The Fund primarily invests in money market instruments that pay a fixed, variable, or floating interest rate. Money market instruments may include: commercial paper, notes, U.S. government securities, Agencies, repurchase agreements (repos), bank certificates of deposit and other obligations.

Our investment strategy is to create a diversified portfolio of money market instruments that present minimal credit risks, according to our criteria. Each purchase for the Fund is driven mainly by credit quality decisions, with yield as a secondary consideration.

The Fund holds the majority of its exposure in high grade Tier 1 commercial paper of either financial or industrial issuers. The Fund was overweight in high quality industrial names and recently began to add high quality insurance and finance names. In the first quarter of 2012, we maintained the Fund's exposure to floating rate taxable municipal bonds due to the attractive rates offered by high quality issuers. The Fund also maintained its exposure to standalone high grade taxable municipal paper. In the final quarter of 2011, the Fund also increased its exposure to U.S. Treasury bills and U.S. Agency Repo. The Fund does not currently have any exposure to European banks' commercial paper or certificates of deposit.

Several factors continued to affect returns in money market funds in 2012. The Fed funds rate target range of zero to 0.25% continued to reduce available returns. Maturing funds are now being reinvested at offering levels that are among the lowest ever. Many commercial paper issuers and programs have reduced or halted issuance as commercial paper outstanding continued to decrease in the past year from the peak issuance period in 2007. Money market funds that operate under SEC Rule 2a-7 procedures must meet more restrictive daily and weekly liquidity requirements. The Fund operates under stricter duration and credit exposure limits than are required by the rule.

In the first quarter of 2012, the Securities and Exchange Commission (SEC) announced additional proposals aimed at strengthening the regulatory framework around money market funds. The plans included money market funds providing additional capital buffers, redemption limits in times of market stress and replacing the fixed \$1.00 NAV with a floating rate and mark-to-market portfolio accounting. Many participants in the money market industry have expressed concerns about the new proposals and are awaiting a final decision from the SEC.

### **Outlook**

The progress in the US and Europe has provided firmer footing for risk assets. Certainly the risk of a banking system liquidity issue has been firmly kicked into at least 2013.

However, the problems that have periodically sent investors fleeing into risk-off mode over the past year haven't suddenly vanished. The US economic recovery is still modest and is constrained by stubbornly high unemployment and an overhang from the housing market. Europe's debt problems are not yet behind it, and they continue to pose contagion risk to the global economy and banking system. Ongoing regulatory and structural changes, particularly in the financial sector, continue to create uncertainties and challenges. And geopolitical stresses and high energy prices could crimp global economic growth. As a result of these persistent problems, we think economies and markets remain vulnerable to downturns and investors are likely to remain bipolar in their attitudes toward risk. Market volatility will continue to be an issue.

We will continue to adhere to our disciplined investment process through the different economic cycles. As always, we greatly appreciate the confidence you have shown in us and welcome the opportunity to continue helping you meet your investment needs.

Sincerely,



Alexander M. Grant, Jr.  
Co-Portfolio Manager



Martin Vernon  
Co-Portfolio Manager

*Guardian Investor Services LLC, the Fund's sub-adviser*

The foregoing is the opinion of the Fund's management team as of the date of this report and is subject to change without notice.

**The RS Money Market Fund is neither insured nor guaranteed by the FDIC or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.**

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 March 31, 2012.

***Mutual funds are offered 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](http://www.RSinvestments.com).***

**Security Type  
(As of 3/31/2012)**

	<b>% Fund</b>
Corporate Bonds	0.0%
CDs	0.0%
Government Securities	14.4%
Commercial Paper	72.0%
Municipal Securities	6.6%
Other Assets and Liabilities	7.0%

**Top Ten Holdings<sup>3</sup>  
(As of 3/31/2012)**

	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>% Fund</b>
Connecticut St. Housing Fin. Auth.	0.230	03/29/2012	3.83%
Baker Hughes, Inc.	0.100	04/03/2012	3.31%
Roche Holdings, Inc.	0.070	04/02/2012	2.21%
Archer Daniels Midland Co.	0.090	04/02/2012	2.21%
Illinois Tool Works, Inc.	0.120	04/02/2012	2.21%
Praxair, Inc.	0.080	04/04/2012	2.21%
U.S. Treasury Bills	0.020	04/26/2012	2.21%
Merck & Co.	0.090	04/09/2012	2.21%
The Travelers Companies, Inc.	0.080	04/16/2012	2.21%
Google, Inc.	0.080	04/24/2012	2.21%

**Portfolio Statistics<sup>2</sup>**  
**(As of 3/31/2012)**

	<b>% Fund</b>
Average Maturity (days)	36
Current 7-day Yield	
with fee waiver	0.01%
without fee waiver	-0.06%
Effective 7-day Yield	
with fee waiver	0.01%
without fee waiver	-0.06%

Distributed by: Guardian Investor Services LLC (GIS), 7 Hanover Square, New York, NY 10004.

*Not a Deposit | Not FDIC or NCUA Insured | May Lose Value | No Bank or Credit Union Guarantee*

GIS is a member: FINRA, SIPC.

©2011 RS Investment Management Co. LLC

---

<sup>1</sup>The Barclays Capital U.S. 3-Month Treasury Bill Index is generally considered representative of the average yield of three-month Treasury Bills. The Barclays Capital U.S. 3-Month Treasury Bill Index is an unmanaged index that is not available for direct investment and there are no expenses associated with the index while there are expenses associated with the Fund.

<sup>2</sup>Annualized historical yields for the 7-day period ended March 31, 2012. Effective yield assumes reinvested income. Yields will vary. Figures cited represent yield for Class A shares.

<sup>3</sup>Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.