

Second Quarter 2011 Mutual Fund Commentary
RS High Yield Fund

Performance

(Average Annual Total Returns as of 6/30/2011)

RS High Yield Fund (Class A – GUHYX)

	Second Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception (9/01/98)
without sales charge	0.62%	15.06%	10.49%	7.52%	7.32%	5.91%
with maximum sales charge	-3.21%	10.83%	9.08%	6.71%	6.90%	5.59%
Barclays Capital U.S. Corporate High-Yield Bond Index ¹	1.05%	15.63%	12.68%	9.30%	8.99%	7.20%

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

Fund Highlights

Portfolio Overweights

- Energy and media sectors.
- Longer duration higher yielding securities.
- Securities with the potential for positive catalysts

Portfolio Underweights

- Credits with potential for negative event risk.
- The wireline, building materials and Native American gaming sectors.
- Credits with exposure to countries with a weak sovereign profile.

Performance quoted represents past performance and does not guarantee future results. The Fund is the successor to The Guardian High Yield 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. The Fund's total gross/net annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.14%/0.85%. The net expense ratio reflects a contractual expense limitation which will continue through 4/30/12. 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. The performance quoted, "with maximum sales charge" reflects the current maximum sales charge of 3.75%. 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.

Fund Highlights (cont)

Outlook

- Potential for credit spreads to tighten.
- Attractive yields after recent market sell off
- Low default rate.

Fund Commentary

Performance

RS High Yield Fund (Class A Shares) (the “Fund”), returned 0.62% for the quarter ended June 30, 2011, underperforming its benchmark, the Barclays Capital U.S. Corporate High Yield Bond Index¹, which returned 1.05% for the same period.

(As of 6/30/2011)	1-Year	3-Year	5-Year	10-Year
RS High Yield Fund (Class A) Average Annual Total Return	15.06%	10.49%	7.52%	7.32%
Lipper ^{1,2} High Current Yield Funds Average Annual Total Return	14.93%	9.28%	7.01%	7.21%
Lipper High Current Yield Funds Category Ranking*	229/489	138/432	161/361	125/233
Lipper High Current Yield Funds Category Percentile	47 th	32 nd	45 th	54 th

*Lipper rankings are based on total return with dividends reinvested and do not take into account or reflect sales charges.

Portfolio Review

The high yield market started the quarter on a strong note, as improving corporate fundamentals, modest economic growth, a strong new issue market and a continuing low default rate all benefited the market. However, sluggish economic data, the Greek credit crisis and large fund outflows from high yield funds led to a June pullback which saw the Barclays Capital High Yield index fall 97 basis points (bps) for the month of June. For the quarter, high yield bonds still posted positive returns, with the Barclay's High Yield index returning 1.05%.

Coming off record new issuance in 2010, the new issuance market remained strong at over \$167 billion for the first half of the year⁶. Improving corporate fundamentals and a robust new issuance market kept high yield default rates at extremely low levels. The 12 month par weighted default stood at approximately 0.80% at the end of the 2nd quarter.

The RS High Yield Bond Fund positioned itself to benefit from the continuing positive trends in the credit markets during the 2nd quarter. We believed the high yield sector was attractive on a fundamental basis as well as on a relative basis to other asset classes. The Fund underperformed the Index¹ for the quarter by 0.43%, mainly attributable to an underweighting of higher quality yield-to-call bonds which we believed had limited spread tightening potential. These bonds outperformed in June during the market correction. This underweighting cost the fund 11 bps of performance relative to its benchmark. During the quarter, we overweighted the energy, brokerage and wireless sectors. We believe these sectors have positive fundamentals. We underweighted Native American gaming, wirelines, and building suppliers, which we continue to believe have weak fundamentals moving forward.

Turning to individual sectors, the oil field service sector outperformed the Barclay's High Yield Index by 5 bps for the quarter, as we purchased bonds in companies well positioned to take advantage of the boom in shale drilling. Our positions in Fractec, Unit Corp, Oil States International and Stallion Oil Field Services all outperformed during the quarter on strong financial performance. We continue to be believers that the Oil Field Services sector is well positioned for growth as Fracturing and drilling services are increasingly in demand as Oil and Gas companies develop these new unconventional Shale Oil and Gas reserves.

We outperformed by 4 bps in the Media Non-Cable sector, as our focus on higher quality credits added to performance. Intelsat, Block Communications, Valassis Communications, Sinclair Broadcasting and Hughes Communications all contributed to performance. We continue to believe media is an attractive sector with the exception of Newspaper companies. We believe the Newspaper industry is in a secular decline and offers very little value to bond investors at the present time.

We underperformed in the transportation sector by 9 bps as CMA CGM posted disappointing returns. We purchased CMA bonds on new issue believing that the offered good relative value, unfortunately two events during the quarter drove the price of the bonds down. During the quarter, the European Union launched an anti-trust investigation into the shipping industry and the 5 largest shippers worldwide. CMA was included in this investigation; however the effects of the investigation are industry-wide and do not pertain to CMA alone. The second negative event for CMA during the quarter occurred when one of CMA's ships was caught with a large shipment of Iranian weapons aboard. There are currently sanctions against Iran and it is illegal to carry Iranian arms. CMA has stated that it fully abides by the Iranian sanctions and the discovery of the weapons cache is being looked into and procedures will be put in place to insure that it does not happen again. With the large number of ships that CMA owns and leases it is very difficult to inspect and police all cargo, but the company is looking toward improving its systems and procedures. There is a risk that CMA could face sanctions from the United States and EU over the weapons shipment. We consider the 15 point decline in the bonds to be overstated and think CMA is a solid company with substantial assets that will avoid sanctions by implementing new policies and procedures. It is our opinion that at current levels the bonds have value and we currently expect to hold the bonds until their price recovers.

The Electric sector underperformed the Index by 6 bps for the quarter, as reflected in our investments in NRG and Mirant. With natural gas prices staying stubbornly low, Independent Power producer bonds have lagged. We view both NRG and Mirant to be attractive given their above market yields and strong position in their industry. Although we anticipate Natural Gas prices remaining low for the foreseeable future, we still believe that NRG and Mirant have value and will be maintaining our position. We will stay clear of weaker names in the sector such as Dynegy, which face substantial problems moving forward and which we believe have significant downside risk if Natural Gas prices don't rebound.

Market Overview

The high yield market (represented by the Index) posted returns of 1.05% during the 2nd quarter as investors' appetite for risk waned in the face of the Greek credit crisis and the lukewarm economic results in the US⁷. Retail outflows to high yield mutual funds contributed to the June pullback in High Yield as the week of ending June 22nd saw the largest outflow in history, \$3.433 billion. This capped off a month that saw nearly \$6 billion withdrawn from High Yield funds⁷. These outflows resulted in terrible technical conditions in the High Yield market. By quarter's end it appeared that the large outflows had abated, which is a positive going forward.

New issuance remained heavy through the end of May until slowing down in June. For the quarter new issuance totaled \$83.5 billion, one of the most active quarters in High Yield history. For the year, High Yield has had over \$167 billion in new issuance. This continues a trend of robust High Yield new Issuance coming on the heels of 2010's record breaking volume of \$263 billion, which was \$110 million greater than 2009's record total⁶. We continue to expect robust new issuance activity driven by both bond refinancing as well as mergers and acquisitions (M&A) and leveraged buyout activity.

Outlook

We continue to expect that we will see moderate spread contraction in high yield during 2011 as we believe that High Yield is cheap on a fundamental basis. The recent weakness across the High Yield sector has created an attractive entry point for investors. We strongly believe the average High Yield spread of 570 bps to treasuries⁷ is attractive and will bring investors into High Yield bonds in the 2nd half of the year. We expect positive corporate earnings momentum and meaningful balance sheet

improvement for high yield issuers, which would indicate strong fundamentals moving forward. Further, improving corporate liquidity and robust capital markets activity should continue to support a low default rate over the next two years and should also provide a positive tone for the market. Companies have already taken advantage of robust capital market conditions and refinancing needs over the next 2 years are negligible. Even if U.S. economic growth were to disappoint over the next 12 months, we do not believe that our outlook for a benign default rate would substantially change. We believe that high yield bond valuations reflect the current fiscal and global uncertainty and that there is additional upside potential for the market even if the U.S. economy grows at a pace below 2.0%. In fact, our view that positive growth is not currently strong enough to force the Federal Reserve to raise interest rates should be a positive scenario for high yield. Improving growth, together with low inflation, has proven to be an ideal backdrop for higher yielding assets in the past. With money market rates near zero and low investment grade bond yields, we believe many investors should seek additional yield. With unemployment remaining stubbornly high and inflation remaining low, Federal Fund rates are likely to remain low for an extended period of time. With the High Yield Index trading at a spread in excess of 600 bps to treasuries, the asset class remains attractive. We expect to see inflows from retail investors as well as institutional accounts as institutional investors direct more assets into high yield while the Federal Reserve maintains its accommodative stance. We anticipate that Treasury yields will rise in the 2nd half of 2011 after falling in the first half of the year, but that the rise will be manageable and will be absorbed by the excess spread in high yield as high yield spreads remain above their long-term average.

Based on our fundamental and technical outlook, we expect to add to the Fund's holdings in floating rate debt, which should benefit from a rising rate environment, while also adding to lower-rated High Yield paper where we see opportunity for tightening potential. We also expect to sell low duration paper issued by companies where we believe the yields do not support the potential credit risk. Although we are concerned with the potential for rising interest rates, we are currently favorably inclined to take on some extra duration in credits that we think may have favorable credit upside and tightening potential.

Taking advantage of companies with potential positive event risk and avoiding companies with potential negative event risk will be a key to performance in 2011. We believe that M&A and LBO activity will increase in 2011, as will leveraged recapitalizations. Seeking companies with tight covenants, where the bonds might be called at a premium, will be a major focus of the Fund. Likewise, many companies have weak covenants such as no "change of control" provision or limited restrictions on incurring additional debt. The bonds of these companies typically are at risk of falling in an LBO scenario. We believe there will be events throughout the year that will be both positive and negative and we will seek to take advantage of favorable opportunities for the Fund.

Sectors that we currently believe offer favorable fundamentals include food and beverage, media non-cable, technology, and independent energy, and we expect to make selective investments in sectors about which we remain cautious, such as, gaming, building suppliers and construction machinery. We believe that the high yield sector has the potential to post solid returns moving forward; however, we expect returns to be below those seen over both the last 12 months and the last quarter.

We thank you for your continued support.

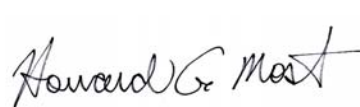
Sincerely,



Kevin Booth
Co-Portfolio Manager



Marc Gross
Co-Portfolio Manager



Howard G. Most
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.

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.

Derivative transactions can create leverage and may be highly volatile. It is possible that a derivative transaction will result in a loss greater than the principal amount invested and the Fund may not be able to close out a derivative transaction at a favorable time or price.

High yield bond investing includes special risks. Investments in lower rated and unrated debt securities are subject to a greater loss of principal and interest than investments in higher rated securities. 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 June 30, 2011.

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.

**Bond Quality⁷
(As of 6/30/2011)**

	% Fund
Short-Term / Other Assets and Liabilities	5.3%
AAA	0.0%
BBB	0.5%
BB	17.2%
B	57.2%
CCC	18.0%
Below CCC	0.4%
Not Rated	1.5%

**Top Ten Holdings³
(As of 6/30/2011)**

	Coupon Rate	Maturity Date	% Fund
Clear Channel Communication, Inc.	3.836	01/28/2016	1.32%
Michael Foods, Inc.	9.750	07/15/2018	1.06%
Sabra Health Care L.P.	8.125	11/1/2018	1.02%
ARAMARK Holdings Corp.	8.625	05/1/2016	0.95%
Harrah's Prop. Co.	3.190	02/13/2013	0.93%
Alliance HealthCare Services, Inc.	8.000	12/01/2016	0.92%
Block Communications, Inc.	8.250	12/15/2015	0.91%
CITGO Petroleum Corp.	11.500	07/1/2017	0.87%
Burlington Coat Factory Warehouse Corp.	10.000	02/15/2019	0.87%
American Airlines, Inc.	7.500	03/15/2016	0.86%

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

Second Quarter 2011 Mutual Fund Commentary — RS High Yield Fund

1 The Barclays Capital U.S. Corporate High Yield Bond Index is generally considered to be representative of the investable universe of the U.S.-dominated high-yield debt market. The Barclays Capital U.S. Corporate High Yield Bond Index is not available for direct investment and there are no expenses associated with it, while there are expenses associated with the Fund. The Lipper High Current Yield Objective Average is the average of the funds in the group in existence in the Lipper database for the periods and does not reflect any deduction for sales charges.

2 Lipper, Inc. is an independent mutual fund monitoring and rating service. Its database of performance information is based on historical returns, which assume the reinvestment of dividends and distributions and the deduction of all fund expenses. Lipper return figures do not reflect the deduction of any sales charges that an investor may pay when purchasing or redeeming shares of the Fund.

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

4 J.P. Morgan Securities LLC. North America High Yield and Leveraged Loan Research January 3, 2011.

5 Rating agencies' independent ratings of individual bonds 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.

6 Barclays Capital Family of Indices, Barclays Capital U.S. High Yield Corporate Index Credit Research, January 3, 2011.

7 The credit rating table displays the % of fund 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.

8 Prior to May 1, 2011, the name of the RS High Yield Fund was RS High Yield Bond Fund.