

### Third Quarter 2011 Mutual Fund Commentary RS Money Market Fund

#### Performance

(Average Annual Total Returns as of 9/30/2011)

RS Money Market Fund (Class A –GCMXX)

	Third Quarter 2011	1-Year	3-Year	5 –Year	10-Year	Since Inception (09/13/82)
without sales charge	0.00%	0.01%	0.12%	1.48%	1.52%	4.30%
with maximum sales charge	0.00%	0.01%	0.12%	1.48%	1.52%	4.30%
Barclays Capital U.S. 3-Month Treasury Bill Index <sup>1</sup>	0.02%	0.16%	0.25%	1.80%	2.05%	4.81%

*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 both U.S. companies and U.S. dollar-denominated paper issued by companies domiciled outside the U.S.
- Floating rate municipal paper and high grade municipal paper.
- U.S. Treasury bills.

##### Portfolio Underweights

- Limiting exposure to European bank issued commercial paper and certificates of deposit (CD) due to stresses in the Eurozone's sovereign debt markets.
- Continuing to avoid asset-backed commercial paper and Tier 2 commercial paper.

#### Outlook

- We expect quite slow positive growth in the U.S. going forward, but with a rising risk of mild recession depending on both factors in the US and Europe.
- The Federal Reserve Board (the Fed) announced in August that anticipated economic conditions, including low rates of resource utilization and a subdued outlook for inflation over the medium run, are likely to warrant exceptionally low levels for the federal funds rate at least through mid-2013.<sup>2</sup>

**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)

### Market Overview

- At its September 21, 2011, Federal Open Market Committee (“FOMC”) meeting, the committee stated that the economic recovery “remains slow”.<sup>3</sup> The committee also announced that to support a stronger economic recovery it had decided today to extend the average maturity of its holdings of securities by purchasing, by the end of June 2012, \$400 billion of Treasury securities with remaining maturities of 6 years to 30 years and to sell an equal amount of Treasury securities with remaining maturities of 3 years or less. This program (known as Operation Twist) intends to put downward pressure on longer-term interest rates and help make broader financial conditions more accommodative.

## Fund Commentary

### Performance

As of September 30, 2011, the effective seven-day net annualized yield<sup>4</sup> for the RS Money Market Fund (Class A shares) (the “fund”), was 0.01%.<sup>5</sup> In contrast, the effective 7-day annualized yield of Tier One money market funds as measured by iMoneyNet, Inc. was 0.01%; iMoneyNet, Inc.<sup>5</sup> (formerly IBC Financial Data, Inc.) is a research firm that tracks money market funds.

We believe that understanding the current economic conditions, along with the fundamentals of each credit that we invest in, is paramount in our investment process. Because economic conditions directly influence the stability of each issuer, we intend to focus on those issuers that we believe can survive the current economic conditions. Not only is research a cornerstone of our investment philosophy, but understanding the various sectors that we believe are, and may continue to be, economically stressed is also necessary when selecting investments for the Fund.

We believe the Fund’s shareholders are seeking both liquidity and capital preservation. Therefore, we have always seen this as one of our primary missions, and to this end we believe we have been successful. The Fund is managed under Rule 2a-7 under the Investment Company Act of 1940 within 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 Rule 2a-7 guidelines. It is also important to note that neither type of money market fund is immune to market stress. We feel that our experience (over 20 years) and our approach to investing have proved beneficial to the Fund.

### Market Overview

By the end of June, 2011, the Fed had completed its \$600 billion asset purchase program. This program had been introduced in 2010 in an attempt to provide additional accommodation, to support the economic recovery and to return inflation to levels more consistent with the Fed’s mandate. The minutes of the June FOMC meeting also detailed strategies for normalizing the stance and conduct of monetary policy. This strategy included ceasing to reinvest some or all payments of principal on the securities holdings in the SOMA and modifying forward guidance on the path of the federal funds rate. It will also initiate temporary reserve-draining operations aimed at supporting the implementation of increases in the federal funds rate when appropriate, raising the target for the federal funds rate and selling of agency securities from the Fed’s holdings.

Throughout the summer of 2011 money market participants faced several challenges. These included the weak tone of incoming economic data in the United States, concerns about the outlook for global economic growth, the potential spillovers from a possible further deterioration of the situation in peripheral Europe and the lack of consensus on the U.S. debt ceiling and the possibility of a downgrade of U.S. sovereign debt. As a result of these factors, liquidity and funding in money market funds deteriorated in July as money managers increased cash positions and shunned some commercial paper issues deemed as less creditworthy.

There were also concerns regarding money market funds' exposure to European banks commercial paper and certificates of deposit following a report from the Fitch Ratings agency that showed as of the end of May 2010 half of all prime money funds assets were invested in European Banks.

While these funds have minimal exposure to Greek, Irish, Portuguese or Italian banks they did hold Commercial Paper and Certificates of Deposit issued by large European banks. In turn, these banks do have exposure to some of the more distressed countries in the Eurozone. As a result of these concerns money market fund managers began to limit their exposure or shorten the duration of holdings in non-US banks. Prime market funds were reported to have cut their Eurozone exposures by half between the end of May until September, 2011.<sup>6</sup>

In order to maintain adequate dollar funding for non-US banks, The Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve, and the Swiss National Bank announced on June 29 an extension of the existing temporary U.S. dollar liquidity swap arrangements through August 1, 2012.

Sovereign debt concerns in Europe continued throughout the third quarter. Greece, Ireland and Portugal all now have EU/ IMF financial aid packages but confidence in Italy and the wider European banking system deteriorated as the mechanisms set up to deal with such problems such as the European Financial Stability Facility (EFSF) appeared not to be strong enough to deal with the ongoing crisis. Currently EU nations are engaged in a series of votes which if ratified would strengthen and expand the program.

At the August 9, 2011, FOMC meeting the Fed noted a continued deterioration in overall labor market conditions and that household spending had flattened out, investment in nonresidential structures remained weak and the housing sector remained depressed. The Committee stated that it now expected a slower pace of recovery over coming quarters and anticipated that the unemployment rate would decline only gradually as downside risks to the economic outlook had increased.

In a somewhat unconventional move the committee announced that to promote the ongoing economic recovery, it would keep the target range for the federal funds rate at 0 to 1/4 percent at least through mid-2013. This move was not, however, unanimously approved and three of the members of the committee dissented from the decision.<sup>2</sup>

In the statement released following the September 21, 2011, FOMC meeting, the Fed cited continued weakness in overall labor market conditions and an elevated unemployment rate and although the Committee expected some pickup in the pace of recovery over coming quarters the unemployment rate is only expected to decline gradually. The committee downgraded its economic outlook noting "significant downside risks to the economic outlook, including strains in global financial markets".<sup>3</sup>

In an attempt to support a stronger economic recovery the Committee announced plans to extend the average maturity of its holdings of securities by purchasing \$400 billion of Treasury securities with remaining maturities of 6 years to 30 years and selling an equal amount of Treasury securities with remaining maturities of 3 years or less, by the end of June 2012. This program (known as Operation Twist) plans to put downward pressure on longer-term interest rates and help make broader financial conditions more accommodative.<sup>3</sup>

The Committee also announced plans to reinvest principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities.<sup>3</sup>

### **Portfolio Review**

The Fund primarily invests in money market instruments that pay a fixed, variable, or floating interest rate. Money market instruments may include, for example: 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/finance names. In the third quarter of 2011, 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 stand-alone high grade taxable municipal paper. In the third quarter of 2011, the Fund also maintained its exposure to U.S. Treasury bills. The Fund does not currently have any exposure to any European banks commercial paper or certificates of deposit.

Several factors continue to impact returns in money market funds in the third quarter of 2011. The Fed Funds target range of range of 0-0.25% continues to reduce available returns. Maturing funds across the entire money market space are now being reinvested at offering levels that are among the lowest offered historically. 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.

#### **Outlook**

Despite the recently improving economic activity, we believe there remains ongoing weakness in the housing and labor markets, there also remains a lack of confidence in policy makers in the US to deal with deficit issues and the ongoing sovereign and debt crisis in Europe. Although data on economic activity is generally not pointing to recession, recent market volatility, uncertainties, and pessimism regarding jobs and income, certainly raise risks of weaker spending.

We will seek to avoid exposure to those credits that we feel will come under stress in the current economic environment. This view and investment strategy will of course be dependent on the inflation outlook, economic growth, the housing market and consumer spending. The Fund may make adjustments to its investment strategy as incoming information is evaluated.

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 September 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](http://www.RSinvestments.com).**

<b>Security Type (As of 9/30/2011)</b>	<b>% Fund</b>
Corporate Bonds	0.0%
CDs	0.0%
Government Securities	6.3%
Commercial Paper	70.7%
Municipal Securities	6.9%
Other Assets and Liabilities	16.1%

<b>Top Ten Holdings<sup>7</sup> (As of 9/30/2011)</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>% Fund</b>
Connecticut St. Housing Fin. Auth.	0.210	10/06/2011	3.64%
Praxair, Inc.	0.030	10/04/2011	3.12%
Target Corp.	0.050	10/03/2011	2.08%
Illinois Tool Works, Inc.	0.060	10/03/2011	2.08%
Wal-Mart Stores, Inc..	0.060	10/12/2011	2.08%
Roche Holdings, Inc.	0.080	10/11/2011	2.08%
International Business Machines Corp.	0.050	10/18/2011	2.08%
Novartis Finance Corp/	0.100	10/11/2011	2.08%
U.S. Treasury Bills	0.010	01/12/2011	2.08%
Massachusetts Mutual Life Insurance Co.	0.060	10/21/2011	2.08%

<b>Portfolio Statistics<sup>4</sup> (As of 9/30/2011)</b>	<b>% Fund</b>
Average Maturity (days)	26
Current 7-day Yield <sup>3</sup>	
with fee waiver	0.01%
without fee waiver	-0.04%
Effective 7-day Yield	
with fee waiver	0.01%
without fee waiver	-0.04%

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<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> Federal Open Market Committee Meeting, August 9, 2011

<sup>3</sup> Federal Open Market Committee Meeting, September 21-22, 2011.

<sup>4</sup> Annualized historical yields for the 7-day period ended September 30, 2011. Effective yield assumes reinvested income. Yields will vary. Figures cited represent yield for Class A shares.

<sup>5</sup> Source: Imoney.net report.

<sup>6</sup> Bloomberg World Indicies

<sup>7</sup> Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities.