RS investments

Third Quarter 2011 Mutual Fund Commentary
RS Select Growth Fund

Market Commentary

Equity markets experienced significant downward volatility in the third quarter as concerns over slowing economic growth, the deepening European debt crisis, and political uncertainty in Washington dampened investors' appetite for risk. Economic news was particularly disappointing, as continued high unemployment and signs of widespread weakening in spending and manufacturing activity raised fears of another recession. Against this backdrop, the Russell 2500® Index[1] of small and mid cap equities declined 21%. Reflecting concerns over economic weakness and falling commodity prices, energy and materials and processing were the weakest performing sectors of the Russell 2500 Index, while more defensive sectors such as consumer staples and utilities proved more resilient. Investors also sold growth stocks with higher perceived risk profiles, especially those with lower market capitalizations, and the highest beta stocks in the Index declined 35% for the quarter.

Performance Review

During the second quarter, RS Select Growth Fund (Class A Shares) declined 18.81% for the three-month period ended September 30, 2011, outperforming a 21.35% decline by the benchmark Russell 2500 Growth® Index[2]. For the year to date period through September 30th, the Fund has declined 7.42%, well-outperforming the 13.29% decline by the benchmark index. For the quarter, the Fund's relative performance was supported by stock selection in the consumer discretionary and materials sectors. Stock selection in the financial services, technology and energy sectors weighed on relative results.

Investment Strategy

RS Select Growth Fund is guided by our team's philosophy that long-term share price appreciation is driven by sustainable earnings growth. The Fund relies on a team-based approach to identify 45 to 60 companies that we believe possess proven growth in the small- to mid-capitalization range. These companies typically display strong organic revenues, mid-teens margins, solid earnings, and attractive return on equity. Our focus is on high-quality companies with solid management teams, sustainable competitive advantages, and superior long-term secular growth potential. We focus on "anchor points" or quantifiable metrics of a company's long-term growth trajectory as it executes its business, rather than on short-term valuations or stock movements.

With respect to risk, we seek a *minimum* two-to-one ratio of upside potential to downside risk potential for each investment over the next 12-18 months. We measure these scenarios using proprietary financial models that typically look three years out. At the portfolio level, we conduct weekly formal risk-management meetings.

Portfolio Review

The Fund's relative performance during a challenging third quarter was assisted by stock selection in the consumer discretionary sector, where a number of specialty retailers continue to report favorable sales trends and profitability, while performing well relative to anchor points such as store traffic, market share gains, and the size of the addressable market. In particular, the Fund continued to benefit from its investment in Ulta Salon, Cosmetics, & Fragrance (2.26% position as of 9/30/2011), a stand-alone retailer of beauty supply and cosmetic products. Ulta has approximately a 10% market share in the $10 billion specialty retail market, and our analysis suggests that its market share could be much larger. The company attracts more customers to its stores, luring them away from department stores and other incumbents, by carrying a broad range of beauty and salon products, from discount lines to higher-end brands. Revenue growth has been driven by traffic, rather than just by raising prices, a trend that we find to be favorable among retailers. The stock has been a strong performer relative to its sector for the Fund year-to-date, and we believe that its long-term earnings prospects remain solid.

Relative performance was also supported by a number of Fund holdings in the healthcare sector, where we continue to focus on innovative companies that we believe offer sustainable competitive advantages and the potential for superior long-term earnings growth. At the same time, we seek to avoid exposure to companies with government reimbursement or regulatory risk. One area in healthcare where we continue to find opportunity is in the development of orphan drugs, treatments for diseases that affect fewer than 200,000 people in the United States and a slightly broader population in Europe. Due to the severity of these diseases and lack of treatment options, regulatory agencies tend to look favorably on benefit/risk profiles that might not be appropriate for large populations. For this reason, the drugs may be less susceptible to binary risks, such as FDA approval. They may also benefit from smaller clinical trials, highly favorable reimbursement rates, and even extended market exclusivity periods offered as an incentive toward the development of these highly needed drugs. Alexion Pharmaceuticals (2.52%), an innovative company working in the orphan drug space, continued to deliver strong performance for the Fund, both in the third quarter and year-to-date. The company's earnings performance has been supported by robust sales of Soliris, a treatment for a rare genetic blood disorder. Soliris has also shown promise in addressing other conditions and was recently approved by the U.S. Food and Drug Administration for the treatment of atypical hemolytic uremic syndrome (aHus), a rare, chronic blood disorder that disproportionately affects children. We believe that the aHus market could be worth at least $750m in revenues, and in our view could greatly enhance the overall market opportunity for Alexion's Soliris.

In the healthcare space, we have also been focused on the opportunities created by changing U.S. demographics. With baby boomers driving demographic change, the 65 and over population will nearly double in the coming decade, and six out of every 10 boomers will be managing more than one chronic condition, including obesity, diabetes, arthritis, and orthopedic issues. Our interest in capitalizing on these trends led us to invest in Brookdale Senior Living (0.90%), the nation's largest provider of private assisted living facilities. We believe that Brookdale is uniquely positioned to meet the residential needs of aging seniors. Given limited new construction of senior residential facilities, moreover, the company faces minimal competition when it comes to providing assisted living facilities to a growing population of seniors. As a result, we believe that Brookdale will be able to raise rates while also improving its ability to sell ancillary services, helping to further improve its revenues-per-unit metrics. Despite these fundamentals, the stock remained under pressure in the third quarter, due in part to concerns over persistent weakness in housing prices. Many seniors need to sell their primary home to fund their initial residency payment. Overall, we feel these concerns are overstated, however, and we remain constructive on Brookdale's long-term earnings growth potential.

In the technology sector, we continue to focus on high quality, well managed and well capitalized companies that meet long-term enterprise or consumer needs through innovation. Our focus remains on identifying market leaders of tomorrow, companies with innovative technological capabilities, durable competitive advantages, and above-average earnings growth potential that spans the entire business cycle. Unfortunately, the past quarter saw a sharp sell-off in technology shares, especially stocks of smaller, emerging technology companies in often faster growing market segments such as networking and telecommunications equipment.

One of the Fund's largest detractors for the quarter was security technology firm Fortinet (1.73%), a company that performed well for the Fund in the first half of the year. Fortinet provides advanced unified threat management solutions that act as very fast and thorough firewalls, enabling data networks to screen out cyber threats and other intrusions. Cyber attacks are becoming increasingly common and sophisticated, making IT security more important and complex than ever. For these reasons, we believe that enterprise spending on data security will continue, even in a slower growth environment. Given Fortinet's superior and very competitively priced products, we believe the company remains well positioned to grow its share in a market worth potentially over $3 billion over the next few years. We held onto our position in the stock despite the recent correction in its share price.

We believe that the dynamics driving enterprise investment in new networking, data storage, and security equipment remain in place, and we have been reassured with the progress that our technology investments are making relative to our anchor points. Nonetheless, we recognize that a more volatile and risk averse investment environment may prove challenging for stocks with higher growth profiles. For this reason, we have scaled back our exposure to some promising and even developing technology investments while we have focused more on companies with more established market positions and proven earnings performance.

Outlook

As we look ahead, we caution that the equity market may remain volatile as investors await more clarity on the global economic outlook. We also believe that we may be entering a period of slower growth and remain cautiously optimistic on the outlook for our portfolio of small and mid cap companies as they continue to maneuver through a less certain economic environment. As long-term investors, we are looking beyond short-term cyclical factors and positioning the Fund to benefit from innovations and secular growth opportunities across a variety of industries. We continue to believe that small and mid cap companies house some of the most compelling innovations, and we continue to seek out innovative growth companies with sustainable competitive advantages that we believe will lead to solid earnings growth over the entire business cycle.

Thank you for your continued investment.

Sincerely,

Steve Bishop	Melissa Chadwick-Dunn	D. Scott Tracy, CFA
Co-Portfolio Manager	Co-Portfolio Manager	Co-Portfolio Manager

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. Investing in smaller companies can involve risks such as having less publicly available information, higher volatility, and less liquidity than in the case of larger companies. Overweighting investments in certain sectors or industries increases the risk of loss due to general declines in the prices of stocks in those sectors or industries. Investments in technology companies may be highly volatile. Investing in a more limited number of issuers and sectors can be subject to greater market fluctuation.

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.

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.

Sector Allocation[3]
(As of 9/30/11)

Consumer Discretionary	18.32%
Health Care	16.68%
Technology	15.90%
Producer Durables	12.42%
Materials & Processing	9.30%
Financial Services	9.22%
Energy	7.98%
Utilities	2.08%
Consumer Staples	1.35%
Cash	6.76%

Top Ten Holdings[4]
(As of 9/30/11)

HEICO Corp.	2.73%
Alexion Pharmaceuticals, Inc.	2.52%
Verisk Analytics, Inc., Class	2.52%
Tractor Supply Co.	2.44%
Core Laboratories	2.39%
The Ultimate Software Group, Inc.	2.35%
Portfolio Recovery Associates,	2.29%
Ulta Salon	2.26%
LKQ Corp.	2.19%
RBC Bearings, Inc.	2.17%

Performance

(Average Annual Total Returns as of 9/30/11)

	Third Quarter 2011	1-Year	3-Year	5-Year	10-Year	Since Inception[5]
RS Select Growth Fund, Class A						
without sales charge	-18.81%	8.71%	10.18%	4.62%	4.75%	9.67%
with maximum sales charge	-22.66%	3.56%	8.41%	3.60%	4.24%	9.32%
Russell 2500® Growth Index[2]	-21.35%	0.59%	4.56%	1.91%	6.32%	5.51%
Russell 2000® Growth Index[6]	-22.25%	-1.12%	2.07%	0.96%	5.45%	3.69%

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

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 annual operating expense ratio as of the most current prospectus for the Class A Shares is 1.66%. The performance quoted, unless otherwise indicated, does not reflect the current maximum sales charge of 4.75% that became effective on October 9, 2006. If the maximum sales charge were included, the performance stated above would be lower. 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 refer to the most current Fund prospectus for complete details on expenses including fees and also for more information on sales charges as they do not apply in all cases and if applied are reduced for larger purchases. Performance results assume the reinvestment of dividends and capital gains.

1 The Russell 2500® Index is an unmanaged market-capitalization-weighted index that measures the performance of the 2,500 smallest companies in the Russell 3000® Index, which consists of the 3,000 largest U.S. companies based on total market capitalization. Index results assume the reinvestment of dividends paid on the stocks constituting the index. You may not invest in the index, and, unlike the Fund, the index does not incur fees or expenses.

2 The Russell 2500® Growth Index measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2500 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect growth characteristics.

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

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

5 Class A shares inception date August 1, 1996.

6 The Russell 2000® Growth Index is an unmanaged market capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with higher price-to-book ratios and higher forecasted growth values. (The Russell 2000® Index is an unmanaged market capitalization-weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which consists of the 3,000 largest U.S. companies based on total market capitalization.) Investment results assume the reinvestment of dividends paid on the stocks constituting the index. Unlike the Fund, the index does not incur fees or expenses.

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