

Fourth Quarter 2010 Mutual Fund Commentary RS Mid Cap Growth Fund

Performance

The stock market returned strong performance in the fourth quarter of 2010 as investors appeared to gain more confidence in the economic outlook. Investors also welcomed news of additional government stimulus measures, including an extension of tax cuts, healthy corporate profits, and encouraging early indications on the strength of holiday retail sales. A continued rebound in global economic activity, especially in Asia, also helped to spur continued demand and price increases for most commodities, notably crude oil. Against this backdrop, many investors sought to position themselves for a potential acceleration in economic growth in 2011 by investing in more cyclically sensitive industrial, raw materials, and energy-related shares. Nonetheless, investors also continued to reward many technology and consumer-oriented companies that delivered healthy top-line revenue growth.

For the three-month period ended December 31, 2010, RS Midcap Growth Fund (Class A Shares) returned 15.25%, outperforming a 14.01% return by the benchmark Russell Mid Cap Growth[®] Index¹. The Fund slightly underperformed the benchmark for all of 2010, returning 25.11%, compared with 26.38% return for the benchmark. The Fund's relative performance in the fourth quarter was bolstered by its stock selection across most economic sectors. Raw materials and energy were the only two sectors where the Fund's stock selection proved detrimental for the three-month period, as the secular growth companies we own proved less appealing to investors seeking more immediate cyclical upside potential.

Portfolio Strategy

RS Mid Cap Growth Fund is managed with a team-based approach that calls upon the talents and insights of our full team of growth portfolio managers and analysts. Our team members spend considerable time on the road, visiting portfolio companies in person and seeing how they operate from the ground up. We then confirm our findings through interviews with key suppliers, customers, industry experts, as well as through rigorous financial modeling and scenario testing. For each investment, we establish quantifiable "anchor points," or metrics that will allow us to measure a company's progress towards our investment thesis. The goal of this involved, multi-step process is to identify

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 1.51%. Please refer to the most current Fund prospectus for complete details on expenses including fees. 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. 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. 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 and is available by contacting RS Investments at 800-766-3863 or visiting www.RSinvestments.com.

compelling mid-cap growth stocks selected for their long-term secular growth potential and sustainable competitive advantages

Fourth Quarter Portfolio Review

The Fund's relative performance in the fourth quarter was assisted by several investments in the producer durables area, including Bucyrus (0.00% of holdings as of 12/31/10), and GrafTech International (2.24%). Our long-time interest in Bucyrus was reaffirmed when the maker of surface mining equipment was acquired in an advantageous all-cash offer by heavy equipment manufacturing stalwart Caterpillar (0.00%). GrafTech International is a manufacturer of graphite electrodes used to monitor furnace conditions during the scrap metal recycling process. Earlier in the year, the company faced some uncertainty surrounding its input costs. It has now taken steps to remedy this situation by acquiring a downstream coke producer, expanding its control over its supply chain and input costs. As investors recognized the strategic value of this vertical integration move, they rewarded the stock.

Investors also rewarded a number of the Fund's technology holdings for their exceptional revenue growth performance. Many of the Fund's technology investments are capitalizing on the explosion in high-bandwidth data traffic, as well as on the growing migration to cloud computing, which allows users to remotely access secure software applications over the Internet. These trends have created a "perfect storm" of opportunity for F5 Networks (1.82%), a supplier of equipment that helps data centers better manage their server loads and application requirements. The company continues to deliver impressive revenue growth, progressing toward our "anchor points," and it was one of the top positive contributors for the fourth quarter and for all of 2010.

The Fund's relative performance also continued to benefit from an investment in casino and resort company Wynn Resorts (1.51%), which is capitalizing on a gradual recovery in the Las Vegas tourism market, as well as on the tremendous growth potential tied to its new casino resort on the island of Macau, in China.

On a negative note, a number of the Fund's growth-oriented holdings delivered sluggish performance in the quarter, as investors took profits following very strong returns earlier in the year. Individual detractors included energy services company Core Laboratories (1.95%), one of the Fund's top-performing investments for 2010 overall. Core Laboratories provides highly engineered oil reservoir description solutions, which are in great demand to enhance the safety and efficiency of drilling operations. The company continues to keep pace with our "anchor points," and we remain upbeat on its long-term prospects.

Telecommunications equipment manufacturer Alcatel-Lucent (1.84%) also saw its shares struggle during the period. We invested in Alcatel as a turnaround story, and have been encouraged by the management team's efforts to expand profit margins and revenue growth prospects. Unfortunately, improvement in the company's earnings performance has not been as dramatic or as rapid as some investors would have hoped, and the stock has remained under pressure. Nonetheless, we continue to believe that Alcatel is well positioned to benefit from rising network infrastructure spending going forward.

GSI Commerce (0.98%) was another detractor. GSI Commerce develops and manages online stores for major retailers such as Dick's Sporting Goods (0.00%) and Estee Lauder (0.00%). The company experienced less margin improvement in 2010 than many investors would have hoped, due in part to its investments in several business initiatives that we believe will ultimately benefit the company's revenue growth. First, GSI has been revamping its platform to increase the possibilities for integration between retailers' brick-and-mortar and online stores. The company has also been investing in its Rue La La private sale business, which it acquired late last year. Rue La La runs online sales of an ever-changing array of deeply discounted luxury and branded merchandise.

According to investment bankers, the Rue La La business may be worth anywhere from \$500 to \$750 million on its own, but is assigned no value when incorporated into the overall valuation that Wall Street assigns to GSI Commerce. We believe that both of these initiatives will benefit GSI's revenue growth over the long-term, helping it to gain more recognition from investors.

Annual Portfolio Review

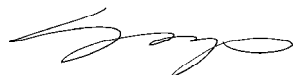
RS Mid Cap Growth underperformed the benchmark for the twelve-month period ended December 31, 2010, with stock selection in the health care sector creating a drag on relative performance. The Funds was aided by stock selection across most sectors, notably technology. F5 Networks, Wynn Resorts, and Core Laboratories were all top-performing investments for the Fund over the twelve-month period. On a negative note, Southwestern Energy (2.14%) was pressured by sluggish demand and pricing metrics in the natural gas industry. Relative performance was also hurt by the Fund's investment in biotech firm Human Genome Sciences (1.16%), which has faced uncertainty as it awaits FDA approval for its lupus drug. Alcatel-Lucent and GSI Commerce also detracted for the Fund's relative performance for the period.

Outlook

Looking ahead, we are encouraged by signs of economic improvement as well as positive trends in corporate credit and profitability. M&A acceleration in 2011 should continue on the heels of stronger corporate balance sheets, improved profitability, and the pursuit of growth. We also see positive signs of the significance of company fundamentals going forward as the unusually high correlations among stocks have begun to subside. Our focus remains on those companies with quantifiable "anchor points" that we believe can offer sustainable growth over the long-term.

We appreciate your continued confidence and support.

Sincerely,



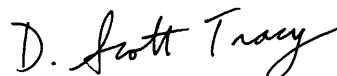
Steve Bishop
Co-Portfolio Manager



Melissa Chadwick-Dunn
Melissa Chadwick-Dunn
Co-Portfolio Manager



Allison Thacker
Co-Portfolio Manager



D. Scott Tracy, CFA
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 mid-size 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.

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 December 31, 2010.

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 Allocation²

(As of 12/31/10)

Consumer Discretionary	21.14%
Technology	20.05%
Producer Durables	17.10%
Health Care	13.50%
Financial Services	9.89%
Energy	8.39%
Materials & Processing	7.92%
Consumer Staples	1.43%
Utilities	0.00%
Cash	0.59%

Top Ten Holdings³

(As of 12/31/10)

Guess?, Inc.	2.34%
Marvell Technology Group Ltd.	2.28%
GrafTech International Ltd.	2.24%
Concho Resources, Inc.	2.23%
Gardner Denver, Inc.	2.15%
Southwestern Energy Co.	2.14%
Cameron International Corp.	2.07%
Gartner, Inc.	1.99%
Core Laboratories N.V.	1.95%
Alexion Pharmaceuticals, Inc.	1.94%

Performance

(Average Annual Total Returns as of 12/31/10)

	Fourth Quarter 2010	1-Year	3-Year	5-Year	10-Year	Since Inception ⁴
RS Mid Cap Growth Fund, Class A (formerly RS MidCap Opportunities Fund)						
without sales charge	15.25%	25.11%	-6.10%	1.27%	2.10%	8.31%
with maximum sales charge	9.75%	19.15%	-7.61%	0.28%	1.61%	7.96%
Russell Midcap [®] Growth Index ¹	14.01%	26.38%	0.97%	4.88%	3.12%	8.02%

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

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¹ The Russell Midcap[®] Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell Midcap[®] Index with higher price-to-book ratios and higher forecasted growth values. (The Russell Midcap[®] Index measures the performance of the 800 smallest companies in the Russell 1000[®] Index, which consists of the 1,000 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, it does not incur fees and expenses.

² 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.

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

⁴ Class A Shares inception date July 12, 1995.

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