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Fourth Quarter 2011 Mutual Fund Commentary
RS Money Market Fund

Performance
(Average Annual Total Returns as of 12/31/2011)
RS Money Market Fund (Class A –GCMXX)

	Fourth 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[1]	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 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 to slow growth in the U.S. going forward, as the U.S. economy looks more solid. However, there is tail risk to U.S. economic growth from Europe, where the debt crisis and the threat of recession loom large despite some progress by leaders in addressing the issues.
- The Federal Reserve Board (the “Fed”) reiterated in December that it expects to keep the federal funds rate exceptionally low through at least mid-2013 based on anticipated economic conditions that include low rates of resource utilization and a subdued outlook for inflation over the medium run.
- The Fed expects moderate growth in early 2012 with strains in global markets continuing to pose significant downside risks to the economic outlook.

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.

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 December 13th, 2011 meeting[2], the Federal Open Market Committee (FOMC) said that the economy has been expanding moderately. 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 0 to ¼ % until at least mid-2013.

Fund Commentary

Performance

As of December 31, 2011, the effective seven-day net annualized yield[3] for the RS Money Market Fund (Class A shares) (the “Fund”), was 0.06%. The Fund’s seven-day yield reflects distributions of prior year undistributed net income. In contrast, the effective 7-day annualized yield of Tier One money market funds as measured by iMoneyNet, Inc. was 0.01%[4]; 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

At the beginning of 2011, the U.S. economy was continuing to improve at a moderate rate, with annualized real GDP growth of about 2% in the first quarter[5] in spite of sluggish consumer spending and persistent weakness in the housing market. But starting in the second quarter and continuing throughout the year, the U.S. and global economies encountered a series of headwinds that created challenges for money market investors.

In the U.S., the problems included an unemployment rate that reached 9.2% by June[6], rising energy prices, limited access to credit for consumers and small businesses, disruptions to supply chains due to the earthquake and tsunami in Japan, belt-tightening by both consumers and government, the downgrade of U.S. sovereign debt, and political gridlock over key economic issues. In Europe, the sovereign debt crisis spread beyond Greece, Ireland and Portugal to Italy, the third-largest economy in Europe. The crisis brought with it the threat of European, or perhaps even global recession, and the potential to splinter the eurozone.

As a result of these factors, liquidity and funding in money markets deteriorated over the summer as money managers hung onto cash and shunned some commercial paper issues they deemed less creditworthy.

Key among these were European banks, which managers feared were heavily exposed to the most distressed victims of the sovereign crisis. While prime money funds have minimal direct exposure to the banks of the most troubled countries, they hold commercial paper and certificates of deposit issued by large European banks that are exposed to these distressed countries. Fitch Ratings reported that half of all prime money funds had exposure to European banks as of the end of May.[7]

Investors took little comfort in efforts by governments and central banks to address the European crisis through financial aid packages for troubled eurozone countries and U.S. dollar liquidity swap arrangements intended to maintain adequate dollar funding for non-U.S. banks. Managers moved swiftly to reduce eurozone positions throughout the second half of the year.

In the U.S., the Fed remained concerned about the potential reverberations from Europe as it continued and expanded its efforts to support the U.S. economic recovery. By the end of June, the Fed had completed the second round of the $600 billion asset purchase program it launched in 2010, which Chairman Ben Bernanke said had lowered longer-term interest rates by approximately 10 to 30 basis points, a reduction he equated to a 40 to 120 basis point reduction in the federal funds rate[8]. The recovery had lost some steam by then, and the Fed responded with Operation Twist and its plan to keep the federal funds rate near zero[9]. The Fed also said it would begin publishing its forecasts for the federal funds rate[2].

In December, at its final meeting of the year the FOMC noted that the U.S. economy was again expanding, albeit moderately, and it projected that this modest expansion would continue in 2012. [2] However, in light of the Fed's commitment on the federal funds rate through at least mid-2013, the coming year is likely to again provide a challenging environment for money market investors.

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/finance names. In the final 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 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 2011. The fed funds rate target range of 0-0.25% continued to reduce available returns. Maturing funds across the entire money market space 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.[10] Money market funds that operate under SEC Rule 2a-7 procedures must meet more restrictive daily and weekly liquidity requirements. The Fund operates under the stricter duration and credit exposure limits than are required by the rule.

Outlook

Overall, U.S. growth looks to be moderate in 2012, despite recent improvements in economic activity. We expect some improvement in the labor market and moderate consumption growth. We believe the eurozone crisis and concerns that the eurozone may not survive in its current form continue to pose tail risk to U.S. growth despite some progress in the form of the stabilization plan and central banks' aggressive moves to provide liquidity to banks.

We will seek to avoid exposure to those credits that we believe will come under stress in the current economic environment. Our 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 December 31, 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.

Security Type (As of 12/31/2011)	% **Fund**
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%

Top Ten Holdings[11] **(As of 12/31/2011)**	**Coupon Rate**	**Maturity Date**	% **Fund**
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%

Portfolio Statistics[3]

(As of 12/31/2011)	% **Fund**
Average Maturity (days)	26
Current 7-day Yield	
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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[1]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.

[2] Source: Federal Open Market Committee Meeting, December 13, 2011. www.federalreserve.gov.

[3] 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.

[4] Source: Imoney.net report as of December 31, 2011.

[5] Source: Bureau of Economic Analysis. www.bea.gov.

[6] Source: Bureau of Labor Statistics. www.bls.gov.

[7] Source: Fitch Ratings, US Money Fund Exposure to European Banks Remain Significant, June 21, 2011.

[8] Source: Semiannual Monetary Policy Report to the Congress, July 13, 2011. www.federalreserve.gov.

[9] Source: Federal Reserve Press Release, November 30, 2011. www.federalreserve.gov.

[10] Source: J.P. Morgan, US Fixed Income Strategy, Short-Term Fixed Income Weekly Analytics Package, 1/1/2012.

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