RS|investments

Third Quarter 2009 Mutual Fund Commentary
RS Large Cap Alpha Fund (formerly RS Core Equity Fund)

Performance and Market Commentary

RS Large Cap Alpha Fund (Class A Shares) returned 17.47% versus 18.24% for the Russell 1000® Value Index[1] and 15.61% for the S&P 500® Index[2] during the third quarter period ended September 30, 2009. Calendar year-to-date, the Fund has outperformed both benchmarks, posting a 21.14% increase versus 14.85% for the Russell 1000 Value Index and 19.26% for the S&P 500 Index. A broad-based market rally drove performance during the period as prospects for recovery brightened and investors bid up shares in anticipation of improving economic results, and the Fund largely kept pace with broad market improvements.

The third quarter witnessed a continuation of the “risk trade” that has been in place since the market bottomed in March of this year. Since that time, the best-performing stocks, across all capitalization ranges, have generally been the lowest return on equity companies, many with no earnings or cash flow. Investors familiar with our style shouldn’t be surprised that we have not positioned our shareholders’ capital to maximize returns in this type of environment, as we view this as a “trade” rather than an investment. Instead, we have allocated capital to fundamentally strong businesses and management teams where we can quantify the magnitude of improvement in returns over our investment time frame.

Team Update

Our most successful investments have occurred when we find a company that is able to reinvest organically into high return projects. Over the years, we have applied a similar approach/philosophy to our own business by aggressively reinvesting in our most valuable resource – our people. While many firms in our industry have been forced to retrench through the downturn, we are pleased to announce that Daniel Lang, MD, and Randy Sternke, CFA, joined the RS Value Team during the third quarter.

Daniel Lang, MD, a former cardiologist, will focus on the healthcare sector. Dan spent the past 15 years practicing medicine, building and managing healthcare businesses, and ultimately overseeing a large cap healthcare portfolio for Farallon Capital Management, one of the largest hedge fund managers in the United States. In his medical career, he was a fellow in cardiology at the University of California, San Francisco, and chief medical resident at Mount Sinai Hospital in New York. Dan

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 0.95%. 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.

received a medical degree from Cornell University Medical College after earning his bachelor's degree in chemistry from Cornell, with distinction in all subjects.

Randy Sternke, CFA, joins the RS Value Team after serving as an investment analyst specializing in financial services at Merrill Lynch in San Francisco. Prior to this he was an analyst with A.G. Edwards & Sons, covering banking and media and entertainment. Randy holds a bachelor's degree in business administration, with a concentration in finance and banking from the University of Missouri-Columbia. He is also a member of the San Francisco CFA Society.

We are delighted to welcome Dan and Randy to our team. The hiring of additional research talent reflects our commitment to reinvest in our business and strengthen our already deep investment team. These recent personnel additions were not made to fill a specific void, but rather to enhance our existing coverage universe by bringing additional expertise to our group. Our investment approach and business model are designed such that each investment professional is responsible for just one new investment idea every three to four months. As such, we are able to encourage team members to be extraordinarily thorough in their due diligence and give them the time and resources to be very knowledgable investors in the market. We are firm believers that, in the final analysis, knowledge is the best risk mitigant.

Outlook

The Fund's portfolio positioning and performance are consistent with our more balanced view regarding the current economic outlook and our comparatively muted appetite for risk. We believe that we can continue to buy high quality companies at very attractive valuations that possess the requisite asymmetric risk profile.

We are no longer in an environment where we can purchase the very best companies and management teams using our draconian downside estimate of asset value. That unique opportunity came to an end when it became apparent late in the first quarter that the binary option of "going to zero" was no longer a high probability event. Having said that, we believe that quality remains "cheap," as we continue to find companies with high recurring revenue streams, solid and defensible business models, clean balance sheets, and strong management teams available at discounts to their more highly leveraged peers. We will continue to take advantage of these opportunities as we find them.

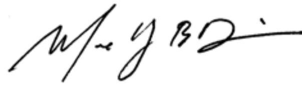
Our core philosophy and process have withstood the test of time and we continue to adhere to the same basic tenets:

1. We are business analysts focused on returns-based investing. We seek to identify structural changes that will drive a sustainable increase in a company's return on invested capital over our three-five year investment time frame.
2. Sector allocations are driven by bottom-up, grass roots research and ultimately reflect our conviction in individual companies.
3. Our 15 investment professionals seek to know our businesses as well as anyone in the market.
4. We engage in team-oriented investing by having at least two professionals dedicated to each potential recipient of our capital. We believe this leads to more thorough analysis and a more objective identification of potential risks.
5. We believe that investment returns are a function of entry price.
6. We focus on downside protection as a means to optimize risk-adjusted returns.

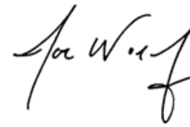
The investment results are and will continue to be entirely a function of our ability to apply this process and philosophy.

As always, we thank you for your support.

Sincerely,



MacKenzie Davis, CFA Co-Portfolio Manager	David Kelley Co-Portfolio Manager	Joseph Mainelli Co-Portfolio Manager



Andrew Pilara Co-Portfolio Manager	Ken Settles, CFA Co-Portfolio Manager	Joe Wolf Co-Portfolio Manager

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. The Fund invests primarily in equity securities and therefore exposes you to the general risks of investing in stock markets. International investing involves special risks, which include changes in currency rates, foreign taxation and differences in auditing standards and securities regulations, political uncertainty and greater volatility.

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, 2009.

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.

Appendix—Stock Examples

Agilent Technologies Inc. (3.57% of holdings as of 9/30/09) provides test and measurement solutions to a broad array of end markets. The company was spun out of HP in 1999 and since then has undergone a significant transformation, restructuring its legacy electronics and semiconductor business units while allocating more capital to its Bio-Analytical (BAM) segment. BAM is Agilent's highest quality business generating 20% after-tax returns and is characterized by long product cycles and limited competition. New products should improve pricing power and result in further improvement in returns on capital. As a result, we expect BAM to account for well over half of Agilent's cash flow over the next several years. The Electronic Measurement (EM) business has also been rationalized. By reorienting EM toward more R&D applications and shrinking Semiconductor, capital intensity should decrease while margins improve.

The initial opportunity to invest was a function of two concerns in the market: (1) the impact of pharma consolidation on overall research and development budgets, which would reduce capital available for equipment purchases, and (2) the challenging outlook for the more cyclical Electronic Measurement (EM) business unit. After considerable work analyzing Agilent's product positioning

and dissecting aggregate R&D budgets, we were comfortable that even under a draconian scenario, the downside risk to BAM's cash flow was negligible. In addition, we did not believe that the price we paid in the market reflected any value for the EM business. As a result, we established our initial position in the company with the expectation that we had a reasonable safety net to protect us from a short-term outlook that remains challenging. In March of this year, management proactively re-sized the EM business, allowing the business to generate attractive returns at a 30% lower revenue run-rate. While the stock traded up on this announcement, we deployed more capital into Agilent as our main downside risk – the inability of EM to generate reasonable free cashflow – had been addressed.

As value investors we prefer to buy attractive businesses at ever cheaper prices; however, when the facts change, so too must our investment decisions. In July, Agilent purchased a smaller competitor, Varian. We believe this acquisition will achieve a return well above Agilent's cost of capital within a reasonable time period, given the target's strong life science franchise and the unique vertical integration opportunities presented by the business combination. Agilent remains a core holding and we are enthusiastic about the long-term outlook for our investment in the company.

The broader equity markets looked to sell safety in order to buy risk in the third quarter and, given its defensive characteristics, this resulted in a small decline in the share price of **Advance Auto Parts** ("AAP", 1.27%) during the quarter. Notwithstanding this temporary sell-off, we continue to be attracted to AAP's strong longer-term business fundamentals and a management team that is executing on its initiatives to expand margins. By way of background, Advance Auto Parts (AAP) is the number two auto parts retailer in the United States behind AutoZone. The Company sells primarily non-discretionary automotive parts, such as car batteries, spark plugs and mufflers, servicing both the do-it-yourself customer and local garages. We initiated a small position in AAP after the Company undertook a thorough review of its business and communicated a much clearer focus on improving returns on its invested capital. Coinciding with this internal operations review, AAP's Board of Directors made a management change at the CEO level, which is instrumental for the Company in executing its new strategy and achieving its goals.

Our analysis of the Company showed AAP's operating margins trailed the margins of its primary competitor, AutoZone, by 300-400 basis points. Our due diligence around this margin differential showed significant room for improvement at AAP on both the Cost-Of-Goods-Sold and SG&A expense lines. COGS should be lowered through initiatives to improve product sourcing and leveraging the Company's purchasing power; SG&A could be lowered by eliminating unnecessary in-store spending. In addition, the Company's sales productivity could be improved by implementing initiatives to increase hard parts availability. Finally, AAP's new store development should show improving returns on invested capital as the Company slightly decreases individual store square footage and locates more new stores in areas with less costly real estate.

The selection of Best Buy's former CFO Darren Jackson to become AAP's new CEO gave us confidence that the opportunity for margin improvement at the Company could be achieved. As an AAP board member, Mr. Jackson was the architect of the Company's profit improvement plan and he has an outstanding track record from his tenure at Best Buy. Like many retailers, AAP's share price initially suffered because of concerns regarding weakened consumer spending. However, this problem is mitigated somewhat by the fact that 70% to 75% of its business relates to non-discretionary purchases (e.g., car batteries, spark plugs, mufflers). We are quite selective about owning retail names in the current economic environment, but we believe that our investment in AAP provides us with both the requisite asymmetrical risk profile and significant downside protection that we require.

In addition, there are several structural changes that support AAP's longer-term business prospects. With new car sales down, the age of the US fleet is increasing rapidly. As this occurs, repairs

become both more necessary and frequent. In addition, with more vehicles off warranty, increasing numbers of repairs are conducted by do-it-yourselfers and/or small local garages, the two groups that AAP serves directly. Moreover, with more car dealers going out of business every month, this trend is expected to continue. AAP also has the chance to increase its exposure to the small commercial garage segment (currently 30% vs. 70% to do-it-yourself segment). By growing its commercial segment, AAP should be able to increase its sales per square foot, as this business is run out of the existing stores and requires very little additional overhead beyond a phone, computer and delivery truck. The company has hired 5 senior managers from Best Buy, including the head of the supply chain. AAP is focused on improving its supply chain, sourcing select parts from Asia, renegotiating many of its leases and other initiatives to help drive its operating margins from 9% toward 11-12%. Despite all of these positives, AAP's stock price underperformed during the third quarter as the market became increasingly fixated on higher Beta names. We used this period of time to add to our position in AAP as we remain highly constructive on AAP's unique confluence of defensive characteristics combined with robust prospects for enhanced returns on capital.

Sector Allocation[3]
(As of 9/30/09)

Sector	%
Financial Services	29.95%
Energy	13.71%
Consumer Discretionary	13.22%
Health Care	11.10%
Materials & Processing	9.07%
Consumer Staples	6.24%
Producer Durables	5.76%
Technology	4.19%
Utilities	3.93%
Cash	2.83%

Top Ten Holdings[4]
(As of 9/30/09)

Holding	%
Fidelity National Information Services,Inc	3.71%
Occidental Petroleum Corp.	3.63%
Agilent Technologies, Inc.	3.57%
JPMorgan Chase & Co.	3.48%
eBay, Inc.	3.42%
Pfizer, Inc.	3.23%
XTO Energy, Inc.	3.11%
Covidien PLC	3.09%
Liberty Global, Inc.	2.74%
Aflac, Inc.	2.66%

Performance

(Average Annual Total Returns as of 9/30/09)

	Third Quarter 2009	1-Year	3-Year	5-Year	10-Year	Since Inception[5]
RS Large Cap Alpha Fund, Class A (formerly RS Core Equity Fund)						
without sales charge	17.47%	0.42%	1.24%	5.22%	-0.48%	11.83%
with maximum sales charge	11.88%	-4.36%	-0.38%	4.20%	-0.96%	11.68%
Russell 1000® Value Index[2]	18.24%	-10.62%	-7.87%	0.90%	2.59%	N/A
S&P 500® Index[1]	15.61%	-6.91%	-5.43%	1.02%	-0.15%	9.68%

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

The Fund is the successor to the Guardian Park Avenue Fund, a mutual fund with substantially similar investment objective, strategies, and policies. The performance of the Fund provided in the chart includes that of the predecessor fund prior to October 9, 2006. 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 0.95%. 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 4.75% that became effective on October 9, 2006. 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, is available by contacting RS Investments at 800-766-3863 or visiting www.RSinvestments.com.

1 The Russell 1000® Value Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 1000® Index (which consists of the 1,000 largest U.S. companies based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values. Index results assume the reinvestment of dividends paid on the stocks constituting the index. Unlike the Fund, the index does not incur fees or expenses.
2 The S&P 500® Index is an unmanaged market capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. 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 and expenses.
3 The sector allocation represents the Global Industry Classification Standard (GICS), which was developed by Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P). The Fund's holdings are allocated to each sector based on their GICS classification. 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 June 1, 1972.

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.
©2009 RS Investment Management Co. LLC

CO941QL_LCA