

Third Quarter 2009 Mutual Fund Commentary RS Select Growth Fund

Performance Review

The stock market continued to regain lost ground in the third quarter as investors welcomed signs that global economic conditions were starting to stabilize and, in some sectors, even improve. Share prices also benefited from better-than-expected earnings news from a number of companies, even if these results were measured against reduced expectations. Despite forecasts for a resurgence in economic growth in the second half of the year, economic news remained uneven. Notably, the unemployment rate rose to 9.8% in September, while factory orders unexpectedly fell in August after improving over the previous four months. Despite these mixed signals, investors continued to position themselves for an anticipated recovery, even as they sought bargains among the most heavily discounted shares. Against this backdrop, value stocks well outperformed growth shares. Small cap stocks generally outperformed large caps, with mid cap shares outperforming both.

For the three-month period ended September 30, 2009, RS Select Growth Fund returned 18.08% to outperform a 17.17% gain by the benchmark Russell 2500[®] Growth Index¹. The Fund's relative performance benefited from positive stock selection in the consumer discretionary sector, where the portfolio was overweight relative to the benchmark index. Conversely, stock selection in the technology, health care, financial services, and materials sectors dampened relative performance, as many of our higher quality, higher return-on-equity holdings failed to find favor with bargain-hunting investors. The Fund also outperformed the Russell 2500 Growth Index year-to-date, returning 38.59% for the nine-month period, compared to 34.18% return for the index.

Portfolio Strategy

RS Select Growth Fund invests in a concentrated portfolio of 45 to 60 small- to mid-cap companies that we believe offer exceptional long-term growth potential. The Fund is managed with a team-based approach that calls upon the broad sector expertise and experience of our managers and analysts to identify compelling investment opportunities across a range of industries. Our bottom-up stock selection process utilizes hands-on fundamental research as well as rigorous financial modeling and scenario-based analysis. In selecting investments, we pay particular attention to the quality of a company's management team, as well as to the strength of its competitive advantages and the sustainability of its profit margins.

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 1.72%. 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.

Portfolio Review

The Fund's relative performance during the period benefited from the steps we took earlier in the year to shift the focus of our consumer exposure away from more defensive stocks, such as educational service providers, toward companies we believed would ultimately benefit from improved consumer spending. These included a number of retailers that responded to the weak consumer spending environment by trimming their expense structures, rationalizing their inventories and product lines, and improving their overall operating efficiencies. These measures not only enabled these companies to survive a challenging economic period, they also positioned them for better earnings performance as consumer spending trends started to stabilize over the summer.

One of our top-performing holdings for the period was retailer Urban Outfitters (2.96% of holdings as of 9/30/09), which sells a mixture of apparel and home furnishings through its Urban Outfitters, Anthropologie, Free People, and Terrain stores. We added to the position selectively earlier this year, and were rewarded after the company reported improving sales trends and better-than-anticipated second quarter earnings. We particularly like Urban Outfitter's innovative retailing model. While other retailers might carry two shirt styles in nineteen colors each, Urban Outfitter will carry a wide array of styles in its stores, but stock only a few units of each. For this reason, customers who shop at its stores are much less likely to see six other people with the same shirt, which has fit well with the new trend toward individualism. Moreover, the company also has relatively low market penetration in the United States, which creates potential for growth in its store base.

We also see potential room for store-base expansion with Lululemon Athletica (1.63%), another strong contributor during the period. A Vancouver-based retailer of women's workout and yoga apparel, Lululemon has only 30 stores in the United States, a number that could double or triple as the company builds its brand image. Moreover, Lululemon continues to streamline its operating expenses and inventory management, which has helped it to maintain generous profit margins.

The health care sector was one of the weakest performing sectors during the quarter. Contrary to the conventional wisdom that health care stocks perform defensively in a recession, we have seen the recent economic downturn take a toll on revenues for a variety of health care firms, as cash-strapped consumers delay office visits and prescription refills to avoid copayments. At the same time, investors have been concerned over real or feared cutbacks in insurance reimbursement rates for a variety of medical procedures. While the Fund was underweight in the health care sector, these pressures nonetheless dampened performance by a number of our holdings, including molecular diagnostics company Myriad Genetics (0.99%). While the company continues to report impressive top-line revenue growth, its second quarter results fell below the market's elevated expectations. Nonetheless, we remain constructive on Myriad's long-term outlook, given its strong product pipeline, procedural patents, and its recent efforts to boost sales by marketing directly to consumers as well as through doctor's offices.

A number of the Fund's technology holdings also failed to keep pace with the broader market. Laggards during the period included our position in Internet security services firm McAfee. While the company continues to expand its market share in the Internet security software space, it was perceived as more of a defensive stock and so failed to find favor with investors in the third quarter.

Other detractors included several financial services holdings. IntercontinentalExchange, Inc. (1.53%), an operator of regulated global futures exchanges, was pressured by uncertainty over the changing financial regulatory environment, while property and casualty insurer Tower Group (1.97%) was hindered by concerns over industry pricing and potential payouts stemming from the upcoming fall hurricane season.

Outlook

While we remain moderately optimistic on prospects for economic improvement, we caution that the anticipated recovery will likely be modest as well as uneven. We believe that the companies best positioned to capitalize on economic improvement will be those that have a superior product or service, and strong management to reduce their expenses, pay off their debt, and streamline their operations. For this reason, we are confident that investors will once again reward the kind of disciplined, financially conservative, secular growth companies represented in the Fund. As we monitor our holdings and remain on the lookout for compelling new investment opportunities, we continue to meet frequently with industry contacts and company officials. Also, we continue to rely on our exacting risk management process to flag warning signs that might cause us to lose confidence in any of our existing investments.

Thank you for your investment in the Fund.

Sincerely,



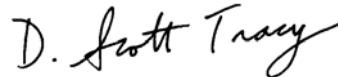
Steve Bishop
Co-Portfolio Manager



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 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, 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.

Sector Allocation³
(As of 9/30/09)

Consumer Discretionary	24.79%
Health Care	18.32%
Technology	16.41%
Financial Services	13.32%
Producer Durables	10.48%
Energy	6.47%
Utilities	2.46%
Materials & Processing	2.36%
Cash	5.39%

Top Ten Holdings⁴
(As of 9/30/09)

Urban Outfitters, Inc.	2.96%
Ross Stores, Inc.	2.61%
Guess?, Inc.	2.58%
Digital River, Inc.	2.55%
United Therapeutics Corp.	2.46%
F5 Networks, Inc.	2.45%
P.F. Chang's China Bistro, Inc.	2.39%
Inverness Medical Innovations, Inc.	2.33%
CyberSource Corp.	2.18%
Akamai Technologies, Inc.	2.13%

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 Select Growth Fund, Class A						
without sales charge	18.08%	3.26%	-1.09%	0.86%	0.87%	9.05%
with maximum sales charge	12.49%	-1.65%	-2.69%	-0.11%	0.38%	8.65%
Russell 2500 [®] Growth Index ¹	17.17%	-3.08%	-2.32%	3.74%	2.63%	5.04%
Russell 2000 [®] Growth Index ²	15.95%	-6.32%	-2.60%	2.91%	1.10%	3.27%

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

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¹ 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.

² 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 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.) 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.

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.

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