



RS Investment Management Co. LLC

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This brochure provides information about the qualifications and business practices of RS Investment Management Co. LLC (“RS Investments”). If you have any questions about the contents of this brochure, please contact us at (415) 591-2700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about RS Investments also is available on the SEC’s website at www.adviserinfo.sec.gov.

An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This brochure dated September 9, 2015 serves as an update to the brochure dated June 12, 2015. There have been no material changes to the brochure since its last annual update on March 31, 2015. Among other routine changes, this brochure has been updated since the last annual update to provide additional information about RS Investments' compliance policies discussed in Items 6, 10, 11, and 12 herein.

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Item 4. Advisory Business

RS Investment Management Co. LLC (“RS Investments”) is a Delaware limited liability company that provides investment advisory services predominantly to institutional investors, pooled investment vehicles, and high net worth individuals. RS Investments (through its predecessor firms) was founded in 1986. Guardian Investor Services LLC (“GIS”), a wholly owned subsidiary of The Guardian Life Insurance Company of America (“Guardian”), is the majority owner of RS Investments. No other person owns 25% or more of the interests in RS Investments.

RS Investments’ investment teams provide investment advice to separately managed accounts and pooled investment vehicles across a range of investment strategies and styles. In addition to providing advice with respect to a suite of value and growth domestic strategies and emerging markets and international developed markets equity strategies, RS Investments also oversees the management of fixed-income and natural resources equity pooled investment vehicles, which are sub-advised by other investment advisers.

RS Investments may agree to manage a separately managed account subject to restrictions imposed by the client, including (without limitation) restrictions on: the market-capitalization of investments held in the account, cash levels permitted in the account, the purchase of foreign securities, or the types of investments or techniques that may be used in managing the account.

RS Investments may from time to time, subject to applicable law, discuss with clients or potential clients (upon a client’s or potential client’s request) one or more issuers (public or private) which it does not then hold in any portfolio managed by it, and which it may or may not be considering for investment. Any such discussions are solely for the information and convenience of a client or potential client, and are not intended to constitute investment advice (except to the extent such discussions are investment advisory services specifically contemplated by the investment advisory agreement between RS Investments and a client). Such discussions may include, among other things, the views of an investment team at RS Investments regarding the issuer or its securities, the issuer’s financial condition or prospects, or the merits generally of an investment (or non-investment) in that issuer or any industry or sector of which that issuer is a part. RS Investments is under no obligation to enter into such discussions with any client or all clients, and may have such discussions only with certain clients in its sole discretion. RS Investments shall not, as a result of any such discussion, be limited in any way from purchasing or selling investments of any such issuer, including investments that may be or appear to be inconsistent with the views expressed in such discussion.

As of December 31, 2014, RS Investments managed, on a discretionary basis, assets totaling approximately \$20.4 billion, including assets for which RS Investments acts as adviser but which are managed by a sub-adviser.

Item 5. Fees and Compensation

RS Investments generally is paid an asset-based fee for its advisory services, at rates which vary, primarily based on the type of strategy and the type of account. In some cases, RS Investments also receives a fee based on the performance of the account.

Funds that are series of RS Investment Trust and RS Variable Products Trust (the “RS mutual funds”) pay RS Investments advisory fees that range from 0.25% to 1.25% per annum of the average daily net asset value of the relevant mutual fund. Each RS mutual fund’s full fee schedule is included in its prospectus, as updated from time to time.

Separately managed accounts (including separately managed accounts for privately and publicly-offered U.S. and non-U.S. pooled investment vehicles for which RS Investments serves as the sub-adviser) typically pay RS Investments asset-based advisory fees at rates that are negotiated by RS Investments. These rates typically include breakpoints (reductions in the rate of the advisory fee for assets under management by RS Investments over specified levels). RS Investments makes all decisions relating to aggregation of accounts for purposes of determining a client’s assets under management. Separately managed accounts for affiliates of RS Investments, and privately and publicly offered U.S. and non-U.S. pooled investment vehicles that are sub-advised by RS Investments may pay fees at lower rates than the typical advisory fee rates described below.

The typical annual advisory fee rate for separately managed accounts managed using RS Investments’ value investment strategies (“Value Strategies”) ranges from 0.50% to 1.00% of the account’s assets.

The typical annual advisory fee rate for separately managed accounts managed using RS Investments’ growth investment strategies (“Growth Strategies”) ranges from 0.50% to 1.00% of the account’s assets.

The typical annual advisory fee rate for separately managed accounts managed using RS Investments’ emerging markets investment strategies (“Emerging Markets Strategies”) ranges from 0.60% to 1.25% of the account’s assets.

The typical annual advisory fee rate for separately managed accounts managed using RS Investments’ international and global investment strategies (“International Developed Markets Strategies”) ranges from 0.50% to 0.80% of the account’s assets.

The typical annual advisory fee rate for separately managed accounts managed using RS Investments’ alternative strategies (“Alternative Strategies”) ranges from 0.50% to 1.25% of the account’s assets.

Typically, the effective fees paid by clients will fall within the foregoing fee rate ranges. Fees may be reduced by breakpoints over negotiated asset levels based on assets under management by RS Investments.

Certain separately managed accounts pay RS Investments an advisory fee structured as a performance-based fee which is a modification of RS Investments' standard asset-based fee. This means that when a client's account underperforms relative to a specified benchmark, RS Investments' fee is reduced, and when a client's account outperforms relative to the benchmark, RS Investments' fee is increased. Performance for purposes of calculating the performance-based fee is evaluated on a multi-year basis. Under certain circumstances a client whose account is subject to a performance-based fee may pay RS Investments an increased fee, even though the performance of both the account and the benchmark is negative, if the decline in the performance of the benchmark is greater than the decline in the account's net performance. Separately managed accounts that pay RS Investments an advisory fee structured as a performance-based fee may pay a reduced asset-based fee.

Certain privately offered pooled investment vehicles for which RS Investments serves as the subadviser ("private pooled investment vehicles") generally pay RS Investments an asset-based fee or a combination of an asset-based fee and a performance fee. The annual asset-based advisory fee rate is typically 1.00% of the pooled investment vehicle's assets.

For private pooled investment vehicles that also pay a performance fee, RS Investments is paid a fee equal to a percentage (for example, 20%) of the vehicle's return in excess of that of its benchmark over a specified period or of the amount by which the net asset value of a unit of the vehicle exceeds the highest net asset value used for calculation of a previous performance fee. A description of the performance fee paid by a pooled investment vehicle is included in that vehicle's offering documents and this summary is qualified in its entirety by the description in the offering documents. Please see Item 6, "Performance-Based Fees and Side-by-Side Management," for more information regarding performance fees.

Asset-based advisory fees and performance fees may be waived or reduced for investors who are affiliates of RS Investments, employees of RS Investments or its affiliates (or family members of such employees), and certain other investors as determined by RS Investments, in its sole discretion. Different investors in other pooled investment vehicles may be charged different asset-based advisory fee rates or performance fees.

Asset-based advisory fees payable by the RS mutual funds are accrued daily and paid monthly in arrears.

RS Investments typically bills clients with separately managed accounts (excluding any pooled investment vehicles) quarterly. A client may pay fees directly or instruct its custodian to pay fees from the client's account.

RS Investments typically bills other pooled investment vehicles for which it serves as the subadviser on a periodic basis (ranging from monthly to semi-annually).

RS Investments or its affiliates typically bill performance fees, if applicable, in arrears on a quarterly or annual basis.

Clients pay brokerage commissions and any other costs associated with the trading, maintenance, and operations of their accounts. Please see Item 12, “Brokerage Practices,” for additional information.

Clients with separately managed accounts typically engage their own custodians and are responsible for fees and other charges associated with their custodians.

Pooled investment vehicles, including the RS mutual funds, pay interest expense, taxes, custodian fees and charges, professional fees, dividend expense on short sales (where applicable), and administrative service fees incurred in connection with the operation of their accounts. In addition, the RS mutual funds pay other fees and expenses, including, but not limited to, distribution fees, transfer agent fees, registration fees, fees related to the preparation of shareholder reports, fees of the funds’ independent trustees, and insurance expenses. Information regarding these fees and expenses is included in the RS mutual fund prospectus and statement of additional information.

Certain separately managed accounts and pooled investment vehicles pay their advisory fees in advance. If a client with a separately managed account terminates its advisory contract with RS Investments before the end of the period through which the advisory fee has been paid, the fee previously paid is prorated based on the number of days elapsed in that period prior to the termination, and the unearned portion is refunded by RS Investments to the client. If an investor withdraws from a pooled investment vehicle that pays its fees in advance, the investor does not receive a refund with respect to the portion of the pooled investment vehicle’s advisory fee that is attributable to the investor’s assets.

Item 6. Performance-Based Fees and Side-By-Side Management

As described in Item 5, “Fees and Compensation,” RS Investments receives performance-based fees from certain clients. Because a performance fee is based on an account’s net performance, including unrealized appreciation, it creates an incentive for RS Investments to cause the accounts that pay a performance-based fee to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of those accounts. In addition, RS Investments may have a conflict of interest in allocating limited opportunity investments between client accounts that pay a performance-based fee and clients that do not pay a performance-based fee, if it perceives that it may receive more favorable compensation with respect to the accounts that pay a performance-based fee. To address these conflicts, RS Investments follows procedures with respect to the allocation of investment opportunities among its clients, including procedures with respect to the allocation of limited opportunities, and regularly reviews trades for consistency with RS Investments’ allocation procedures. Pursuant to these procedures, RS Investments generally allocates investments *pro rata* based on the current total net assets of each account. However, there may be variances in the allocation to a particular account in order to achieve the desired target weight in that account, consistent with the account’s investment objectives and guidelines, or in cases where a full *pro rata* allocation would result in certain clients receiving a *de minimis* amount. In addition, given the allocation of securities among accounts involves some

element of judgment, at times it may be appropriate or necessary to deviate from the *pro rata* allocation procedures. An investment team may enter orders into RS Investments' order management system that will cause the system to allocate on a basis that is not fully *pro rata* based on the following factors:

- Client's liquidity requirements and reserves;
- Client's diversification requirements;
- Amount of capital available for investment by client as well as client's projected future capacity for investment;
- Client's targeted rate of return;
- Composition of client's portfolio;
- Client's risk considerations;
- Client's cash flow considerations;
- Asset class restrictions imposed by client;
- Client-specific industry and other allocation targets;
- Client's minimum and maximum investment size requirements;
- Client's tax considerations;
- Legal, contractual, or regulatory constraints specific to a client; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents of a client.

RS Investments allocates limited opportunity investments *pro rata* based on the current total net assets of each eligible client account (determined based on the client's investment guidelines) for whom the investment team has indicated in writing that it wishes such client account to receive an allocation. The RS Investments Trading Compliance Officer reviews limited opportunity allocations prior to submitting the trade for execution for consistency with RS Investments' limited opportunity allocation procedures. In addition, RS Investments reviews the performance of accounts within a strategy for dispersion of performance between accounts with and without performance fees.

Item 7. Types of Clients

RS Investments provides investment advisory services primarily to mutual funds, institutions (including, but not limited to, corporations, government and corporate

pension plans, foundations and endowments), private pooled investment vehicles, and high net worth individuals. For separately managed accounts, RS Investments generally requires a minimum account size of \$10,000,000, but reserves the right, in its discretion, to impose a higher minimum or to waive this minimum.

The RS mutual funds generally require a minimum initial investment of \$2,500, although minimum investments vary by share class and method of investment. Additional information regarding investment minimums is included in the RS mutual fund prospectus.

RS Investments manages certain accounts which are wholly or partially comprised of assets of RS Investments or its affiliates.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

RS Investments offers Value Strategies, Growth Strategies, Alternative Strategies, Emerging Markets, and International Developed Markets Strategies. RS Investments also oversees the management of the Fixed Income Strategies and Natural Resources Strategy (offered through the RS mutual funds); sub-advisers manage the day-to-day investment programs of these Strategies. Descriptions of strategies offered through pooled investment vehicles are qualified in their entirety by the information in such vehicle's offering materials. Descriptions of strategies offered through separately managed accounts are qualified in their entirety by reference to the applicable investment advisory agreement and related investment guidelines.

Value Strategies

RS Small Cap Value Strategy

The RS Small Cap Value Strategy invests principally in equity securities of small-cap companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities. The Strategy will likely hold a limited number of securities.

In evaluating investments for the Strategy, the Strategy's investment team conducts fundamental research to identify companies with improving returns on invested capital. The investment team's research efforts seek to identify the primary economic and value drivers for each company. Research focuses on a company's capital deployment strategy, including decisions about capital expenditures, acquisitions, cost-saving initiatives, and share repurchase/dividend plans, as the Strategy's investment team seeks to understand how returns on invested capital may improve over time. Valuation is considered an important part of the process. The investment team seeks to invest in companies based on the investment team's assessment of risk (the possibility of permanent capital impairment) and its assessment of reward (the future value of the enterprise).

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Small and Mid-Sized Companies Risk; Overweighting Risk;

Underweighting Risk; Limited Portfolio Risk; Foreign Securities Risk; Cash Position Risk; Liquidity Risk; and Focused Investment Risk.

RS Mid Cap Value Strategy

The RS Mid Cap Value Strategy invests principally in equity securities of mid-cap companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities. The Strategy will likely hold a limited number of securities.

In evaluating investments for the Strategy, the Strategy's investment team conducts fundamental research to identify companies with improving returns on invested capital. The investment team's research efforts seek to identify the primary economic and value drivers for each company. Research focuses on a company's capital deployment strategy, including decisions about capital expenditures, acquisitions, cost-saving initiatives, and share repurchase/dividend plans, as the Strategy's investment team seeks to understand how returns on invested capital may improve over time. Valuation is considered an important part of the process. The investment team seeks to invest in companies based on the investment team's assessment of risk (the possibility of permanent capital impairment) and its assessment of reward (the future value of the enterprise).

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Small and Mid-Sized Companies Risk; Overweighting Risk; Underweighting Risk; Foreign Securities Risk; Cash Position Risk; Liquidity Risk; Focused Investment Risk; and Limited Portfolio Risk.

RS Large Cap Value Strategy

The RS Large Cap Value Strategy invests principally in equity securities of large-cap companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities. The Strategy will likely hold a limited number of securities.

In evaluating investments for the Strategy, the Strategy's investment team conducts fundamental research to identify companies with improving returns on invested capital. The investment team's research efforts seek to identify the primary economic and value drivers for each company. Research focuses on a company's capital deployment strategy, including decisions about capital expenditures, acquisitions, cost-saving initiatives, and share repurchase/dividend plans, as the Strategy's investment team seeks to understand how returns on invested capital may improve over time. Valuation is considered an important part of the process. The investment team seeks to invest in companies based on the investment team's assessment of risk (the possibility of permanent capital impairment) and its assessment of reward (the future value of the enterprise).

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Overweighting Risk; Underweighting Risk; Foreign Securities

Risk; Cash Position Risk; Liquidity Risk; Focused Investment Risk; Limited Portfolio Risk; and Mid-sized Companies Risk.

RS Concentrated All Cap Value Strategy

The RS Concentrated All Cap Value Strategy is a concentrated portfolio that invests principally in equity securities of small-, mid- and large-cap companies that the Strategy's investment team believes are undervalued. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest any portion of its assets in foreign securities. The Strategy will likely hold a limited number of securities.

In evaluating investments for the Strategy, the Strategy's investment team conducts fundamental research to identify companies with improving returns on invested capital. The investment team's research efforts seek to identify the primary economic and value drivers for each company. Research focuses on a company's capital deployment strategy, including decisions about capital expenditures, acquisitions, cost-saving initiatives, and share repurchase/dividend plans, as the Strategy's investment team seeks to understand how returns on invested capital may improve over time. Valuation is considered an important part of the process. The investment team seeks to invest in companies based on the investment team's assessment of risk (the possibility of permanent capital impairment) and its assessment of reward (the future value of the enterprise).

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Small and Mid-Sized Companies Risk; Overweighting Risk; Underweighting Risk; Foreign Securities Risk; Portfolio Turnover Risk; Limited Portfolio Risk; Cash Position Risk; Liquidity Risk; and Focused Investment Risk.

Growth Strategies

RS Small Cap Growth Strategy

The RS Small Cap Growth Strategy invests principally in equity securities of small-cap companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities.

The Strategy's investment team employs both fundamental analysis and quantitative screening to identify potential investment candidates that the investment team believes will produce sustainable earnings growth over a multi-year horizon. Investment candidates typically exhibit some or all of the following key criteria: strong organic revenue growth, expanding margins and profitability, innovative products or services, defensible competitive advantages, growing market share and experienced management teams. The investment team seeks to categorize each potential investment based on its view of a company's stage of development on a spectrum that identifies companies as promising, developing, or proven. Valuation is an integral part of the investment process and purchase decisions are based on the investment team's expectation of the potential reward relative to risk of each security based on the investment team's proprietary earnings calculations.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Small Companies Risk; Overweighting Risk; Underweighting Risk; Focused Investment Risk; Portfolio Turnover Risk; Cash Position Risk; Liquidity Risk; and Foreign Securities Risk.

RS Small/Mid Cap Growth Strategy

The RS Small/Mid Cap Growth Strategy is a concentrated portfolio that invests principally in equity securities of small and mid-cap growth-oriented companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities.

The Strategy's investment team employs both fundamental analysis and quantitative screening to identify potential investment candidates that the investment team believes will produce sustainable earnings growth over a multi-year horizon. Investment candidates typically exhibit some or all of the following key criteria: strong organic revenue growth, expanding margins and profitability, innovative products or services, defensible competitive advantages, growing market share and experienced management teams. Valuation is an integral part of the investment process and purchase decisions are based on the investment team's expectation of the potential reward relative to risk of each security based on the investment team's proprietary earnings calculations.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Small and Mid-sized Companies Risk; Limited Portfolio Risk; Overweighting Risk; Underweighting Risk; Focused Investment Risk; Portfolio Turnover Risk; Cash Position Risk; Liquidity Risk; and Foreign Securities Risk.

RS Mid Cap Growth Strategy

The RS Mid Cap Growth Strategy invests principally in equity securities of mid-cap companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities.

The Strategy's investment team employs both fundamental analysis and quantitative screening to identify potential investment candidates that the investment team believes will produce sustainable earnings growth over a multi-year horizon. Investment candidates typically exhibit some or all of the following key criteria: strong organic revenue growth, expanding margins and profitability, innovative products or services, defensible competitive advantages, growing market share and experienced management teams. Valuation is an integral part of the investment process and purchase decisions are based on the investment team's expectation of the potential reward relative to risk of each security based on the investment team's proprietary earnings calculations.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Mid-sized Companies Risk; Overweighting Risk; Underweighting Risk; Focused Investment Risk; Portfolio Turnover Risk; Cash Position Risk; and Foreign Securities Risk.

RS Large Cap Growth Strategy

The RS Large Cap Growth Strategy invests principally in equity securities of large-cap companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities.

The Strategy's investment team employs both fundamental analysis and quantitative screening to identify potential investment candidates that the investment team believes will produce sustainable earnings growth over a multi-year horizon. Investment candidates typically exhibit some or all of the following key criteria: strong organic revenue growth, expanding margins and profitability, innovative products and services, defensible competitive advantages, growing market share and experienced management teams. Valuation is an integral part of the investment process and purchase decisions are based on the investment team's expectation of the potential reward relative to risk of each security based on the investment team's proprietary earnings calculations.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Mid-sized Companies Risk; Overweighting Risk; Underweighting Risk; Focused Investment Risk; Foreign Securities Risk; Portfolio Turnover Risk; and Cash Position Risk.

RS Technology Strategy

The RS Technology Strategy invests principally in equity securities of technology and technology-related companies. The Strategy typically invests most of its assets in securities of U.S. companies but may also invest in foreign securities.

The Strategy's investment team performs in-depth analysis in search of what it believes are innovative companies that drive market share gains in technology, leading to sustainable earnings growth and long-term stock price appreciation. The Strategy's investment team employs both fundamental analysis and quantitative screening to identify potential investment candidates that the investment team believes have greater earnings potential than expected by the market. Investment candidates typically exhibit some or all of the following key criteria: strong organic revenue growth, expanding margins and profitability, defensible competitive advantages, growing market share and experienced management teams. Valuation is an integral part of the investment process and purchase decisions are based on the investment team's expectation of the potential reward relative to risk of each security based on the investment team's proprietary earnings calculations.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Concentration Risk; Overweighting Risk; Underweighting Risk; Technology Investment Risk; Foreign Securities Risk; Portfolio Turnover Risk; Cash Position Risk; Liquidity Risk; and Small and Mid-sized Companies Risk

Alternative Strategies

RS Growth Focused Opportunities Strategy

The Growth Focused Opportunities Strategy invests principally in a diversified portfolio of growth-oriented equity securities selected by RS Investments using a fundamental stock selection process. The Strategy will take short positions in an attempt to eliminate or reduce specific investment or risk exposures within the portfolio and to focus the Strategy's potential for investment return on the most desirable opportunities presented by its portfolio of investments.

The Strategy's portfolio management team employs fundamental analysis to identify companies that can produce sustainable earnings growth over a multi-year horizon. Those companies typically exhibit some or all of the following key characteristics: strong organic revenue growth, expanding margins and profitability, innovative products or services, defensible competitive advantages, growing market share, and experienced management teams. Valuation is an integral part of the investment process and purchase decisions are based on the portfolio management team's expectation of the potential reward relative to risk of each security based in part on the investment team's proprietary earnings calculations. The portfolio management team also applies a quantitative analytical model to evaluate overall portfolio construction and investment themes within the portfolio. RS Investments currently expects that the Strategy will typically hold between 40 and 70 equity securities in long positions. The Strategy may hold any number of short positions, and the number and aggregate investment exposure of the Strategy's short positions at any time may be greater than the number and aggregate exposure of the Strategy's long positions. The Strategy may use derivatives transactions, including options, total return swaps, futures, and contracts for differences, to gain long or short exposure to equity securities, as an alternative to direct positions in those securities. Although short positions will be used primarily to reduce specific risk exposures in the Strategy's portfolio, RS Investments will generally attempt to enter into short positions on securities it expects to decline in value, attempting to create over time an incremental total return, or "alpha," to the Strategy.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Small and Mid-sized Companies Risk; Limited Portfolio Risk; Short Sale Risk; Derivatives Risk; Leverage Risk; Overweighting Risk; Underweighting Risk; Focused Investment Risk; Portfolio Turnover Risk; Cash Position Risk; Prime Brokerage Risk; Liquidity Risk; and Foreign Securities Risk.

RS Focused Opportunities Strategy

The Focused Opportunities Strategy invests principally in a diversified portfolio of equity securities of U.S. companies that RS Investments considers to be high quality companies. The Strategy will take short positions in an attempt to eliminate or reduce specific investment or risk exposures within the portfolio and to focus the Strategy's potential for

investment return on the most desirable opportunities presented by its portfolio of investments.

The domestic equity research team at RS Investments, made up of members of both the Growth and Value investment teams at RS Investments, identifies companies for investment by the Strategy using a fundamental stock selection process. The process seeks to identify companies with, among other things, attractive relative valuations, strong and stable growth, increasing return on invested capital, and improving market sentiment. The portfolio management team also uses a quantitative analytical model, taking into account many of the same factors, to evaluate individual securities and to aid in the portfolio construction process. RS Investments currently expects that the Strategy will typically hold between 40 and 70 equity securities in long positions. The Strategy may hold any number of short positions, and the number and aggregate investment exposure of the Strategy's short positions at any time may be greater than the number and aggregate exposure of the Strategy's long positions. The Strategy may use derivatives transactions, including options, total return swaps, futures, and contracts for differences, to gain long or short exposure to equity securities, as an alternative to direct positions in those equity securities. Although short positions will be used primarily to reduce specific risk exposures in the Strategy's portfolio, RS Investments will generally attempt to enter into short positions on securities it expects to decline in value, attempting to create over time an incremental total return, or "alpha," to the Strategy.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Small and Mid-sized Companies Risk; Limited Portfolio Risk; Short Sale Risk; Derivatives Risk; Leverage Risk; Overweighting Risk; Underweighting Risk; Focused Investment Risk; Portfolio Turnover Risk; Cash Position Risk; Prime Brokerage Risk; Liquidity Risk; and Foreign Securities Risk.

Short Positions (Equity Strategies)

In the management of any of the equity Strategies described above, RS Investments may, in accordance with the investment guidelines of the account in question, take short positions to eliminate or reduce actual or anticipated investment or risk exposures within the portfolio. For example, RS Investments might take a short position on a basket of equity securities or index of equity securities to reduce broad equity market risk. It might also take a short position on one or a small number of equity securities in order to eliminate more specific investment elements, such as risks of investments in particular industries or sectors, or certain risks the portfolio management team identifies as potentially affecting a number of the strategy's portfolio investments. RS Investments may create short positions for an account by entering into short sales of specific equity securities or groups of securities, or by entering into derivatives transactions providing short exposure to one or more equity securities or indices of equity securities. RS Investments may also enter into short sales or otherwise establish short positions for an account in order to take advantage of anticipated declines in the values of the securities in question, and not necessarily in order to eliminate or reduce risk exposures with the account.

Material Risks (see below for additional information): Derivatives Risk; Short Sale Risk

Emerging Markets Strategies

Emerging Markets Strategy

The Emerging Markets Strategy invests in securities, including common stocks, preferred stocks or other securities convertible into common stock, issued by emerging market companies. The Strategy defines an emerging market country as one whose economy or markets are considered by the International Finance Corporation and the World Bank to be emerging or developing, as well as any country classified by the United Nations as developing. The Strategy defines an emerging market company as one that is organized under the laws of, or has its principal office in, an emerging market country; that derives 50% or more of its revenue from goods produced, services performed, or sales made in emerging markets countries; or for which the principal securities market is located in an emerging market country.

The Strategy's investment team employs both fundamental analysis and quantitative screening in seeking to identify companies that the investment team believes can sustain above-average earnings growth relative to their peers. Valuation is an integral part of the process. Fundamental, bottom-up research focuses on companies that rank highly within the investment team's quantitative screen, with particular emphasis placed on a company's earnings growth, business strategy, value creation, competitive position, management quality, market position, and political and economic backdrop. The investment team monitors market and sovereign risk as part of the overall investment process.

Material Risks (see below for additional information): Equity Securities Risk; Foreign Securities Risk; Currency Risk; Emerging Market Risk; Small Companies Risk; Liquidity Risk; Cash Position Risk; Portfolio Turnover Risk; Overweighting Risk; and Underweighting Risk.

Emerging Markets Small Cap Strategy

The Emerging Markets Small Cap Strategy invests in securities issued by small-capitalization emerging market companies. The Strategy defines an emerging market country as one whose economy or markets are considered by the International Finance Corporation and the World Bank to be emerging or developing, as well as any country classified by the United Nations as developing. The Strategy defines an emerging market company as one that is organized under the laws of, or has its principal office in, an emerging market country; that derives 50% or more of its revenue from goods produced, services performed, or sales made in emerging market countries; or for which the principal securities market is located in an emerging market country.

The Strategy's investment team employs both fundamental analysis and quantitative screening in seeking to identify companies that the investment team believes can sustain above-average earnings growth relative to their peers. Valuation is an integral part of the

process. Fundamental, bottom-up research focuses on companies that rank highly within the investment team's quantitative screen, with particular emphasis placed on a company's earnings growth, business strategy, value creation, competitive position, management quality, market position, and political and economic backdrop. The investment team monitors market and sovereign risk as part of the overall investment process.

Material Risks (see below for additional information): Equity Securities Risk; Foreign Securities Risk; Currency Risk; Emerging Market Risk; Small Companies Risk; Liquidity Risk; Cash Position Risk; Portfolio Turnover Risk; Overweighting Risk; and Underweighting Risk.

China Strategy

The China Strategy invests in securities, including common stocks, preferred stocks or other securities convertible into common or preferred stock, issued by China companies. The Strategy currently defines a China company as (i) a company that has securities that are traded primarily on any stock exchange in China or Hong Kong; (ii) a company that the Strategy's investment team considers to derive 50% or more of its revenue or profits from goods produced, services performed, or sales made in China or Hong Kong; (iii) a company that is organized under the laws of, or has its principal office in China or Hong Kong; or (iv) a company that the Strategy's investment team determines has a majority of its physical assets located in China or Hong Kong. The Strategy's investment team employs both fundamental analysis and quantitative screening in seeking to identify companies that the investment team believes can sustain above-average earnings growth. Valuation is an integral part of the process. Fundamental bottom-up research focuses on companies that rank highly within the investment team's quantitative screen, with particular emphasis placed on a company's earnings growth, business strategy, value creation, competitive position, management quality, market position, and political and economic backdrop. The investment team monitors market and sovereign risk as part of the overall investment process.

Material Risks (see below for additional information): Equity Securities Risk; Foreign Securities Risk; China Risk; Currency Risk; Emerging Market Risk; Focused Investment Risk; Small Companies Risk; Liquidity Risk; Cash Position Risk; Portfolio Turnover Risk; Overweighting Risk; and Underweighting Risk.

International Developed Markets Strategies

International Strategy

The International Strategy normally invests in common stocks and convertible securities issued by companies that are organized, domiciled, or have a principal office outside of the United States, companies which primarily trade in a market located outside of the United States, or companies which do a substantial amount of business outside of the United States.

The Strategy's investment team employs both fundamental research and quantitative screening in seeking to identify companies across the market capitalization spectrum that it believes can sustain long-term growth. Valuation is also an integral part of the investment process. The investment team seeks to identify companies that it believes possess strong earnings quality, operational efficiency, sound management; favorable growth characteristics, attractive valuations, and that enjoy favorable market sentiment. The Strategy's investment team monitors macroeconomic and political trends, as well as risk exposures, as part of the overall investment process.

Material Risks (see below for additional information): Equity Securities Risk; Foreign Securities Risk; Currency Risk; Small Companies Risk; Emerging Market Risk; Liquidity Risk; Cash Position Risk; Overweighting Risk; Underweighting Risk; and Portfolio Turnover Risk.

Global Strategy

The Global Strategy invests in securities, including common stocks, preferred stocks or other securities convertible into common or preferred stock, issued by companies of any size wherever they may be in the world.

The Strategy's investment team employs both fundamental research and quantitative screening in seeking to identify companies across the market capitalization spectrum that it believes can sustain long-term growth. Valuation is also an integral part of the investment process. The investment team seeks to identify companies that it believes possess strong earnings quality, operational efficiency, sound management; favorable growth characteristics, attractive valuations, and that enjoy favorable market sentiment. The Strategy's investment team monitors macroeconomic and political trends, as well as risk exposures, as part of the overall investment process.

Material Risks (see below for additional information): Equity Securities Risk; Foreign Securities Risk; Currency Risk; Emerging Market Risk; Small Companies Risk; Liquidity Risk; Cash Position Risk; Overweighting Risk; and Underweighting Risk.

Fixed Income Strategies

Investment Quality Bond Strategy

The Investment Quality Bond Strategy normally invests in different kinds of investment grade debt securities, such as corporate bonds, mortgage-backed and asset-backed securities, zero-coupon bonds, loans and obligations of the U.S. government and its agencies and instrumentalities.

The Strategy's investment team allocates the Strategy's investments among various sectors of the debt markets by analyzing the overall economic conditions within and among these sectors. The Strategy normally allocates its assets broadly among the debt securities markets but may emphasize some sectors over others based on what the investment team believes to be their attractiveness relative to one another. The Strategy

seeks to maintain an intermediate duration (between three and 10 years) but may lengthen or shorten its duration within the intermediate range to reflect changes in the overall composition of the investment-grade debt markets.

Material Risks (see below for additional information): Debt Securities Risk; Foreign Securities Risk; Mortgage- and Asset-backed Securities Risk; High-yield/Junk Bond Risk; Liquidity Risk; Portfolio Turnover Risk; Derivatives Risk; Currency Risk; Loan Risk; and Credit Derivatives Risk.

Low Duration Bond Strategy

The Low Duration Bond Strategy normally invests in different kinds of debt securities such as corporate bonds, mortgage-backed and asset-backed securities, loans and obligations of the U.S. government and its agencies and instrumentalities. The Strategy tends to have an average duration within a range of one to three years, with an average maturity between one and three years.

The Strategy's investment team allocates the Strategy's investments among various sectors of the debt markets by analyzing overall economic conditions within and among these sectors. The Strategy normally allocates its assets broadly among the debt securities markets but may emphasize some sectors over others based on what the investment team believes to be their attractiveness relative to one another.

Material Risks (see below for additional information): Debt Securities Risk; Foreign Securities Risk; Mortgage- and Asset-backed Securities Risk; High-yield/Junk Bond Risk; Portfolio Turnover Risk; Liquidity Risk; Derivatives Risk; Currency Risk; Loan Risk; and Credit Derivatives Risk.

High Yield Strategy

The Strategy normally invests in debt securities, including high yield corporate bonds, convertible bonds and other debt securities, that, at the time of purchase, are rated below investment grade.

The Strategy's investment team considers several factors relating to the issuer in purchasing and selling securities relative to the price of the security, such as earnings patterns, the financial history, the management structure and the general prospects of the issuer.

Material Risks (see below for additional information): High-yield/Junk Bond Risk; Debt Securities Risk; Liquidity Risk; Foreign Securities Risk; Mortgage- and Asset-backed Securities Risk; Derivatives Risk; Currency Risk; Loan Risk; Portfolio Turnover Risk; and Credit Derivatives Risk.

Tax-Exempt Strategy

The Tax-Exempt Strategy is primarily invested in investment-grade municipal obligations, the interest of which is, in the opinion of the issuer's bond counsel, exempt from federal income tax. Up to 20% of the value of the Strategy's net assets may be invested in bonds that pay interest subject to federal income tax, including bonds subject to the federal alternative minimum tax.

Material Risks (see below for additional information): Debt Securities Risk; Municipal Obligations Risk; High-yield/Junk Bond Risk; Liquidity Risk; Derivatives Risk; and Credit Derivatives Risk.

High Income Municipal Bond Strategy

The High Income Municipal Bond Strategy is primarily invested in tax-exempt municipal obligations. The Strategy may invest up to 100% of its assets in high yield, lower-rated fixed-income securities, including securities that are rated below investment grade commonly known as "high yield" or "junk" bonds. The Strategy may invest any portion of its assets in obligations that pay interest subject to the federal alternative minimum tax.

Material Risks (see below for additional information): Debt Securities Risk; Municipal Obligations Risk; High-yield/Junk Bond Risk; Liquidity Risk; Derivatives Risk; and Credit Derivatives Risk.

Floating Rate Strategy

The Floating Rate Strategy normally invests in floating rate loans and other floating rate investments. The Strategy's investment team expects that most or all of the Strategy's investments will typically be below investment grade. The Strategy's investment team considers several factors in purchasing and selling investments for the Strategy, such as fundamental analysis of the issuer, the credit quality of the issuer and any collateral securing the investment, the issuer's management, capital structure, leverage and operational performance, and the business outlook for the industry of the issuer. The Strategy has the ability to invest up to 100% of its assets in obligations of foreign issuers, including sovereign and private issuers.

Material Risks (see below for additional information): Debt Securities Risk; High-yield/Junk Bond Risk; Liquidity Risk; Loan Risk; Foreign Securities Risk; Derivatives Risk; Currency Risk; and Credit Derivatives Risk.

Strategic Income Strategy

The Strategic Income Strategy may invest in fixed-income obligations of any kind, including, by way of example, U.S. and foreign investment-grade and below investment-grade securities and cash instruments, and of any maturity. Allocation of these (and other) types of obligations will be based on detailed analysis of market, economic,

political, and other factors, and of the potential for the various obligations to provide high current income and/or capital appreciation.

Material Risks (see below for additional information): Debt Securities Risk; High-yield/Junk Bond Risk; Liquidity Risk; Derivatives Risk; Mortgage- and Asset-backed Securities Risk; Foreign Securities Risk; Emerging Market Risk; Municipal Obligations Risk; Currency Risk; Loan Risk; Portfolio Turnover Risk; and Credit Derivatives Risk.

S&P 500 Index Strategy

The S&P 500 Index Strategy usually invests at least 95% of the total value of the Strategy's assets in the stocks of companies included in the S&P 500[®] Index. The S&P 500[®] Index is an unmanaged index of 500 common stocks selected by Standard & Poor's as representative of a broad range of industries within the U.S. economy, including foreign securities. It is comprised primarily of stocks issued by large-capitalization companies.

Material Risks (see below for additional information): Equity Securities Risk; Index Risk; and Derivatives Risk.

Natural Resources Strategies

RS Global Natural Resources Strategy

The RS Global Natural Resources Strategy invests principally in equity securities of issuers that the Strategy's investment team considers to be principally engaged in natural resources industries anywhere in the world. The Strategy will likely hold a limited number of securities.

In evaluating investments for the Strategy, the Strategy's investment team conducts fundamental analysis focused on the following factors: supply cost curve of a given commodity, asset location along that curve to identify "advantaged assets," inventory of future projects which provide the basis for future value creation, management team quality to determine capital allocation discipline and history of value creation, and country risk. "Advantaged assets" are the low cost producers of a given commodity that the investment team believes offer a competitive advantage in the form of achieving above cost of capital returns. The investment team believes that investments in the securities of advantaged producers run by capable management teams can create value for long-term investors independent of commodity prices. Valuation is an important part of the investment process. The investment team seeks to purchase securities in companies with these characteristics when the investment team believes the price reflects a limited possibility of permanent capital impairment.

Companies in natural resources industries include companies that the Fund's investment team considers to be principally engaged in the discovery, development, production, or distribution of natural resources; the development of technologies for the production or efficient use of natural resources; or the furnishing of related supplies or services.

Natural resources may include, for example, energy sources, precious and other metals, forest products, real estate, food and agriculture, and other basic commodities.

Material Risks (see below for additional information): Equity Securities Risk; Investment Style Risk; Natural Resources Investment Risk; Small and Mid-Sized Companies Risk; Concentration Risk; Underweighting Risk; Foreign Securities Risk; Cash Position Risk; Liquidity Risk; Overweighting Risk; Limited Portfolio Risk; and Currency Risk.

Material Risks

Any investment in securities involves risk of loss that clients should be prepared to bear. The value of an investment in a Strategy changes with the values of that Strategy's investments. Many factors can affect those values. The factors that RS Investments believes are most likely to have a material effect on a particular Strategy's portfolio as a whole are called "material risks." The material risks of each Strategy are identified in the foregoing Strategy summaries and are described in this section. Risks not identified for a particular Strategy may, however, still apply to some extent to that Strategy at various times. In addition, each Strategy may be subject to risks in addition to those described below because the type of investments made by each Strategy can change over time.

There is no guarantee that a Strategy will achieve its objective, and you may lose money by investing in a Strategy. The analysis of a Strategy's investment team can be incorrect, and its selection of its investments can lead to a Strategy's underperforming other strategies with similar investment objectives or strategies. The Strategy's investment team may not properly ascertain the appropriate mix of investments for any particular economic cycle. Also, the timing of movements from one type of investment to another could have a negative effect on the overall investment performance of a Strategy. The performance of an investment in certain types of securities may be more dependent on an investment team's analysis than would be the case for other types of securities.

Many of the equity investment strategies managed by RS Investments and their portfolio investments differ from those of equity strategies of other investment advisers. A Strategy's investment team may aggressively seek to identify favorable securities, economic and market sectors, and investment opportunities that other investors and investment teams may not have identified. A Strategy's investment team may devote more of a Strategy's assets to pursuing an investment opportunity than many other investment advisers might; it may buy or sell an investment at times different from when most other investment advisers might do so; and it may select investments for the Strategy that would be inappropriate for other strategies. This approach to investing may make an RS Investments Strategy a more volatile investment than similar strategies offered by other investment advisers and cause a Strategy to perform less favorably than strategies offered by other investment advisers under similar market or economic conditions.

Cash Position Risk

To the extent the Fund holds assets in cash and cash equivalents, the ability of the Fund to meet its objective may be limited.

China Risk

Investments in the China region are subject to special risks, such as less developed or less efficient trading markets, currency fluctuations or blockage, nationalization of assets, limits on repatriation, and the effects of governmental control of markets. The Chinese economy and financial markets have experienced high levels of growth in recent years; any actual or perceived reduction or curtailment in those levels of growth in the future would likely have a substantial adverse impact on the values of Chinese companies. Investments in securities of Chinese companies are subject to China's heavy dependence on exports. A small number of companies and industries represent a relatively large portion of the Chinese market as a whole. Monsoons and other natural disasters may cause substantial adverse economic effects.

Concentration Risk

Concentrating investments in a particular market or economic sector (which may include issuers in a number of different industries) increases the risk of loss because the stocks of many or all of the companies in the sector may decline in value due to developments adversely affecting the market or sector.

Credit Derivatives Risk

A Strategy may enter into credit derivatives, including credit default swaps and credit default index investments. A Strategy may use these investments (i) as alternatives to direct long or short investment in a particular security, (ii) to adjust a Strategy's asset allocation or risk exposure, or (iii) for hedging purposes. The use by a Strategy of credit default swaps may have the effect of creating a short position in a security. These investments can create investment leverage and may create additional investment risks that may subject a Strategy to greater volatility than investments in more traditional securities.

Currency Risk

Investments in foreign securities are often denominated and traded in foreign currencies. The value of a Strategy's assets may be affected favorably or unfavorably by currency exchange rates, currency exchange control regulations, and restrictions or prohibitions on the repatriation of foreign currencies. To attempt to protect against changes in currency exchange rates, a Strategy may, but will not necessarily, engage in forward foreign-currency exchange transactions. The use of foreign exchange transactions to reduce foreign-currency exposure can eliminate some or all of the benefit of an increase in the value of a foreign currency versus the U.S. dollar.

Debt Securities Risk

The value of a debt security or other income-producing security changes in response to various factors, including, by way of example, market-related factors (such as changes in interest rates or changes in the risk appetite of investors generally) and changes in the actual or perceived ability of the issuer (or of issuers generally) to meet its (or their) obligations.

Derivatives Risk

Derivatives transactions can create investment leverage and may be highly volatile. It is possible that a derivative transaction will result in a loss greater than the principal amount invested, and a Strategy may not be able to close out a derivative transaction at a favorable time or price. The counterparty to a derivatives contract may be unable or unwilling to make timely settlement payments, return the Strategy's margin, or otherwise honor its obligations.

Emerging Market Risk

To the extent that a Strategy invests in emerging markets, there are special risks in addition to the general risks of investing abroad. These risks include, among others, greater political and economic instability, greater volatility in currency exchange rates, less developed securities markets, possible trade barriers, currency transfer restrictions, a more limited number of potential buyers, an emerging market country's dependence on revenue from particular commodities or international aid, less governmental supervision and regulation, unavailability of currency hedging techniques, differences in auditing and financial reporting standards, and less developed legal systems.

Equity Securities Risk

The value of a company's stock may decline in response to factors affecting that particular company or stock markets generally.

Focused Investment Risk

Focusing investments in a particular market or economic sector (which may include issuers in a number of different industries) increases the risk of loss because the stocks of many or all of the companies in the market or sector may decline in value to developments adversely affecting the market or sector.

Foreign Securities Risk

Foreign securities are subject to political, regulatory, and economic risks not present in domestic investments. In addition, when the Strategy buys securities denominated in a foreign currency, there are special risks such as changes in currency exchange rates and the risk that a foreign government could regulate foreign exchange transactions. In

addition, to the extent that investments are made in a limited number of countries, events in those countries will have a more significant impact on the Strategy.

High-yield/Junk Bond Risk

Lower-quality debt securities can involve a substantially greater risk of default than higher quality debt securities, and their values can decline significantly over short periods of time. Lower-quality debt securities tend to be more sensitive to adverse news about the issuer, or the market or economy in general.

Index Risk

There is no assurance that a Strategy will track the performance of an index. A Strategy's ability to track the index may be affected by Strategy expenses, the amount of cash and cash equivalents held in the Strategy's portfolio, and the frequency and timing of investments and redemptions of assets. The index may not contain the appropriate mix of securities for any particular economic cycle, and the timing of movements from one type of security to another in seeking to replicate the index could have a negative effect on a Strategy. Unlike with an actively managed Strategy, the Strategy's portfolio managers do not use techniques or defensive strategies designed to lessen the effects of market volatility or to reduce the impact of periods of market decline. This means that based on market and economic conditions, the Strategy's performance could be lower than other strategies that may actively shift their portfolio assets to take advantage of market opportunities or to lessen the impact of a market decline.

Investment Style Risk

A Strategy investing principally in growth or value style stocks may at times underperform other strategies that invest more broadly or that have different investment styles.

Limited Portfolio Risk

To the extent a Strategy invests its assets in a more limited number of issuers than many other strategies, a decline in the market value of a particular security held by the Strategy may affect its value more than if it invested in a larger number of issuers.

Liquidity Risk

Lack of a ready market or restrictions on resale may limit the ability of a Strategy to sell a security at an advantageous time or price. In addition, a Strategy, by itself or together with other accounts managed by its adviser or sub-adviser, as the case may be, may hold a position in a security that is large relative to the typical trading volume for that security, which can make it difficult for the Strategy to dispose of the position at an advantageous time or price.

Loan Risk

Investments in loans are generally subject to the same risks as investments in other types of debt securities, including, in many cases, investments in high-yield/junk bonds. They may be difficult to value and may be illiquid. If a Strategy holds a loan through another financial institution, or relies on a financial institution to administer the loan, its receipt of principal and interest on the loan may be subject to the credit risk of that financial institution. It is possible that any collateral securing a loan may be insufficient or unavailable to the Strategy, and that the Strategy's rights to collateral may be limited by bankruptcy or insolvency laws. There may be limited public information available regarding the loan. Transactions in loans may settle on a delayed basis, and the Strategy may not receive the proceeds from the sale of a loan for a substantial period of time after the sale.

Mortgage- and Asset-backed Securities Risk

During periods of falling interest rates, mortgage- and asset-backed securities may be called or prepaid, which may result in a Strategy having to reinvest proceeds in other investments at a lower interest rate. During periods of rising interest rates, the average life of mortgage- and asset-backed securities may extend, which may lock in a below-market interest rate, increase the security's duration, and reduce the value of the security. Enforcing rights against the underlying assets or collateral may be difficult, or the underlying assets or collateral may be insufficient if the issuer defaults.

Municipal Obligations Risk

Issuers, including governmental issuers, may be unable to pay their obligations as they come due. The values of municipal obligations that depend on a specific revenue source to fund their payment obligations may fluctuate as a result of changes in the cash flows generated by the revenue source or changes in the priority of the municipal obligations to receive the cash flows generated by the revenue source. In addition, changes in federal tax laws or the activity of an issuer may adversely affect the tax-exempt status of municipal obligations. Loss of tax-exempt status may cause interest received by the Strategy to be taxable and may result in a significant decline in the values of such municipal obligations.

Natural Resources Investment Risk

Investment in companies in natural resources industries can be significantly affected by (often rapid) changes in supply of, or demand for, various natural resources. They may also be affected by changes in energy prices, international political and economic developments, environmental incidents, energy conservation, the success of exploration projects, changes in commodities prices, and tax and other government regulations. Investments in interests in oil, gas or mineral exploration or development programs, including pipelines, may be held through master limited partnerships ("MLPs") which are generally subject to many of the risks that apply to partnerships and may also be subject to certain tax risks.

Overweighting Risk

Overweighting investments in an industry or group of industries relative to a Strategy's benchmark increases the risk that the Strategy will underperform its benchmark because a general decline in the prices of stocks in that industry or group of industries will affect the Strategy to a greater extent than its benchmark.

Portfolio Turnover Risk

Frequent purchases and sales of portfolio securities may result in higher expenses.

Prime Brokerage Risk

A Strategy may utilize one or more prime brokers. A prime broker is a third-party broker-dealer or bank that may extend credit to an account in connection with its investment activities and maintains physical possession of a portion of the account's assets. In the event of a default, insolvency, or failure of the prime broker, there is no guarantee that the account would be able to retrieve its assets from the prime broker. In such a scenario, the account could potentially experience: (i) a delay in recovering assets, (ii) a freezing of its positions, (iii) market loss during the time the positions are frozen, or (iv) the loss of assets. It is likely that a prime broker will rehypothecate a portion of its customers' assets. In the event of a default, insolvency, or failure of the prime broker, this may result in an inability on the part of the prime broker to meet its obligations to return all of those assets to its customers, and the Strategy may as a result incur a loss. In the event of a default, insolvency, or failure of the prime broker, if an account's assets were held outside of the United States, either directly or with an affiliate of the prime broker, the account may also be subject to other risks that could adversely impact recovery, as foreign jurisdictions do not necessarily have protections available under U.S. law and judicial systems may be less certain.

Short Sale Risk

When RS Investments establishes a short position in a Strategy, the Strategy may make a profit or incur a loss depending upon whether the market price of the security decreases or increases between the date when the position is established and the date when it is terminated. An increase in the value of a security over the price at which it was sold short will result in a loss to the Strategy, and there can be no assurance that RS Investments will be able to close out the position at any particular time or at an acceptable price. The loss from a short position is potentially unlimited. A Strategy's use of short sales will likely result in the creation of leverage in the Strategy. If the Strategy enters into short sales of securities, it will likely use one or more prime brokers. The Strategy will typically be required to maintain with a prime broker the proceeds of its short sales and additional margin; the Strategy's ability to recover these amounts will depend on the ability of the prime broker to perform its obligations at the time. See "Prime Brokerage Risk." Regulatory authorities in various jurisdictions may adopt (and in certain cases, have adopted) regulations requiring investors to report their short positions; such reporting requirements could have an adverse impact on the ability of the Strategy to

implement any short-selling strategy successfully. A Strategy may take short positions through various derivatives transactions, including futures transactions, and will be subject to the various risks described in “Derivatives Risk” in respect of those transactions.

Small and Mid-Sized Companies Risk

Small and mid-sized companies may be subject to a number of risks not associated with larger, more established companies, potentially making their stock prices more volatile and increasing the risk of loss.

Technology Investment Risk

Investments in technology companies may be highly volatile. Their values may be adversely affected by such factors as, for example, rapid technological change, changes in management personnel, changes in the competitive environment, and changes in investor sentiment. Many technology companies are small or mid-sized companies and may be newly organized.

Underweighting Risk

If a Strategy underweights its investment in an industry or group of industries relative to the Strategy’s benchmark, the Strategy will participate in any general increase in the value of companies in that industry or group of industries to a lesser extent than the Strategy’s benchmark.

Item 9. Disciplinary Information

None.

Item 10. Other Financial Industry Activities and Affiliations

A. Certain of RS Investments’ officers and directors are registered representatives of RS Funds Distributor LLC (“RSFD”), a wholly-owned subsidiary of RS Investments and registered broker-dealer.

B. Neither RS Investments nor its management persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C.

Broker-dealers: RSFD, a wholly-owned subsidiary of RS Investments, is a registered broker-dealer. RSFD serves as the distributor of the RS mutual funds. While RS Investments does not have discretionary authority to invest clients’ assets in the RS mutual funds, RS Investments may recommend that clients invest in the RS mutual funds. RSFD, in its role as the distributor to the RS mutual funds, may benefit from investments

by RS Investments' clients in the RS mutual funds as a result of receiving additional compensation (e.g., including 12b-1 fees, sales loads, or contingent deferred sales charges) from the RS mutual funds. See Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," below.

Investment companies or other pooled investment vehicles: RS Investments acts as investment adviser to the RS mutual funds. Certain of RS Investments' officers also serve as officers and trustees of the RS mutual funds. An officer of Guardian may also serve as a trustee of the RS mutual funds. From time to time, Guardian or its affiliates may own a significant interest in one or more of the RS mutual funds.

Other investment advisers: Park Avenue Institutional Advisers LLC, a wholly owned subsidiary of GIS, is a registered investment adviser, and serves as sub-adviser of RS mutual funds with Fixed Income and S&P 500 Index Strategies.

RS Investments (UK) Limited, RS Investment Management (Singapore) Pte. Ltd., and RS Investments (Hong Kong) Limited, wholly-owned subsidiaries of RS Investments, are non-U.S. investment advisers ("Non-U.S. Advisers"). In rendering investment advisory services to its clients, including RS mutual funds, RS Investments uses the resources of the Non-U.S. Advisers to provide discretionary or non-discretionary investment advice, research, analysis, or such other investment-related activities as RS Investments may request or instruct from time to time. Each of the Non-U.S. Advisers is a "Participating Affiliate" of RS Investments as that term is used in relief granted by the staff of the SEC allowing U.S. registered advisers to use investment advisory and trading resources of unregistered advisory affiliates subject to the regulatory supervision of the registered adviser. Each Participating Affiliate and any of its respective employees who assist RS Investments as described above is considered to be an "associated person" of RS Investments as that term is defined in the Investment Advisers Act of 1940, as amended, for purposes of RS Investments' required supervision. The Participating Affiliates have agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services they provide for any RS Investments clients. Please see [Appendix A](#) for the names and biographical information of the employees from each Participating Affiliate who is deemed to be an "associated person" of RS Investments.

Insurance company: Guardian, the parent company of GIS, is a mutual insurance company. From time to time, Guardian engages RS Investments to provide investment advisory services to its general account and its pension trust. In addition Guardian's subsidiary, The Guardian Insurance & Annuity Company, Inc., is the issuer of variable annuity contracts and variable life insurance policies funded by insurance company separate accounts that invest in series of RS Variable Products Trust. RS Investments personnel may utilize certain resources and facilities of Guardian.

When making investment decisions for its clients, RS Investments may have an incentive to favor Guardian's general account and pension trust or RS mutual funds in which Guardian or its affiliates own a significant interest. To address these conflicts, RS

Investments follows procedures with respect to the allocation of investment opportunities among its clients, including procedures with respect to the allocation of limited opportunities, and regularly reviews trades for consistency with RS Investments' allocation procedures. A description of these procedures is set forth immediately below under the heading "RS Investments' allocation procedures."

Assets of RS Investments and affiliates: RS Investments may manage accounts where all or substantially all of the assets of the account are assets of RS Investments or its affiliates ("RS Accounts"). When making investment decisions and in allocating investment opportunities, RS Investments may have an incentive to favor RS Accounts over other client accounts. In order to minimize any effect of these conflicts, RS Investments follows procedures with respect to the allocation of investment opportunities among its clients, including procedures with respect to the allocation of limited opportunities, and regularly reviews trades for consistency with RS Investments' allocation procedures. RS Investments' procedures do not permit ownership of the account to be taken into consideration in connection with the allocation of investment opportunities. A description of these procedures is set forth immediately below under the heading "RS Investments' allocation procedures."

RS Investments' allocation procedures: Pursuant to RS Investments' allocation procedures, RS Investments generally allocates investments *pro rata* based on the current total net assets of each account. However, there may be variances in the allocation to a particular account in order to achieve the desired target weight in that account, consistent with the account's investment objectives and guidelines, or in cases where a full *pro rata* allocation would result in certain clients receiving a *de minimis* amount. In addition, given the allocation of securities among accounts involves some element of judgment, at times it may be appropriate or necessary to deviate from the *pro rata* allocation procedures. An investment team may enter orders into RS Investments' order management system that will cause the system to allocate on a basis that is not fully *pro rata* based on the factors set out under Item 6, "Performance-Based Fees and Side-by-Side Management."

RS Investments allocates limited opportunity investments *pro rata* based on the current total net assets of each eligible client account (determined based on the client's investment guidelines) for whom the investment team has indicated in writing that it wishes such client account to receive an allocation. The RS Investments Trading Compliance Officer reviews limited opportunity allocations prior to submitting the trade for execution for consistency with RS Investments' limited opportunity allocation procedures.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

RS Investments has adopted a Code of Ethics (the “Code”) in accordance with Rule 17j-1 under the Investment Company Act of 1940, as amended, and Rule 204A-1 under the Advisers Act that is applicable to all RS Investments’ employees. The Code is designed to limit the effect of any conflicts of interest that may exist between RS Investments’ clients and employees. For example, the Code restricts certain persons related to RS Investments, including its officers, advisory personnel, and certain employees (“Access Persons”), from acquiring any beneficial ownership in any security (with limited exceptions) in an initial public offering under any circumstances, or in a private placement without prior approval from RS Investments Compliance Department. In addition, the Code sets forth pre-clearance requirements for trades in certain securities and requires periodic reporting of brokerage transactions and portfolio holdings by Access Persons. In addition, the Code prohibits certain transactions by Access Persons, with limited exceptions. These prohibited transactions generally include, but are not necessarily limited to, (i) transactions during certain “blackout” periods by members of the investment teams and other personnel aware of the investment teams’ intentions in securities being considered for purchase or sale in client accounts, (ii) options on securities (with limited exceptions), (iii) short sales of securities (with limited exceptions), and (iv) short term trading (i.e., selling a security at a gain within 60 days of purchase) (with certain exceptions). A copy of the Code is available to clients and prospective clients upon request by contacting RS Investments’ Chief Compliance Officer at (415) 591-2700 or cco@rsinvestments.com.

RS Investments and its related persons may recommend that clients purchase securities in which RS Investments or its related persons have a material financial interest. As a result, RS Investments and its related persons may be directly or indirectly benefitted as a result of investments by clients in those securities. For example, while RS Investments does not have discretionary authority to cause clients to invest in the RS mutual funds, RS Investments may recommend that clients invest in the RS mutual funds. RS Investments will benefit if clients invest in the RS mutual funds because RS Investments or its affiliate receives asset-based advisory fees from the RS mutual funds. In addition, certain employees of RS Investments have an incentive to recommend investments in the RS mutual funds because RS Investments compensates employees based on actual sales of interests of the RS mutual funds and for the servicing of investor accounts. RS Investments and its related persons also may have material ownership interests in the RS mutual funds and may benefit as a result of investments in the RS mutual funds made by RS Investments’ clients. RS Investments and its related persons may purchase or otherwise acquire securities in which RS Investments and its related persons have a material financial interest on terms different from, and more favorable than, those available to RS Investments’ clients. RS Investments, when making investment decisions, may have an incentive to favor accounts in which it or its related persons have material financial interests. To address these conflicts, RS Investments follows procedures with respect to the allocation of investment opportunities among its clients, including procedures with respect to the allocation of limited opportunities, as further

described in Item 6, “Performance-Based Fees and Side-by-Side Management.” RS Investments regularly reviews trades for consistency with RS Investments’ allocation procedures.

RS Investments and its related persons may invest in securities that RS Investments purchases for, or that are held by, clients, and RS Investments and its related persons may own securities that are subsequently purchased for clients. The prices or terms on which RS Investments and its related persons invest may be more favorable than the prices or terms on which a client may subsequently invest or previously have invested in such securities. RS Investments and its related persons also may buy or sell a specific security for their own accounts that they do not buy or sell for clients. In addition, RS Investments and its related persons, for themselves or their clients, may take a conflicting position in a security in which RS Investments has invested client assets. For example, RS Investments and its related persons, on behalf of themselves or their clients, may sell a security that a client of RS Investments continues to hold, or may buy a security that RS Investments has sold for a client. This may be the case whether or not RS Investments or its related persons are aware of such contrary positions. As described above, the Code seeks to limit the effects of conflicts that arise as a result of personal trading. In addition, with respect to investments being made for clients, including clients that are affiliated with RS Investments, RS Investments follows procedures with respect to the allocation of investment opportunities among its clients, including procedures with respect to the allocation of limited opportunities. RS Investments regularly reviews trades for consistency with RS Investments’ allocation procedures.

In addition to the foregoing conflicts, because RS Investments engages in an investment advisory business and manages more than one account, including RS Accounts, there may be conflicts with respect to the time RS Investments allocates to managing any one account and the allocation of investment opportunities among all accounts RS Investments manages. RS Investments is not obligated to acquire for any account any security that RS Investments and its related persons may acquire for their own accounts or for the account of any other client. In addition, RS Investments may give advice and take action with respect to any of its clients that differs from or conflicts with advice given, or the timing or nature of action taken, with respect to any other client. For example, RS Investments may take actions for one client that differ from the actions it takes for another client because of differences in the clients’ objectives, interests, and timeframe for investment. As a result, RS Investments may, in its discretion, cause one account that it manages to hold a security after RS Investments has caused another similarly managed account to sell the same security; or RS Investments may, in its discretion, cause one account that it manages to buy a security before RS Investments causes another similarly managed account to buy the same security. In either case, the difference in the time of sale or purchase may result in less favorable investment performance for one of the accounts. Actions taken by RS Investments for one client may disadvantage another client. In addition, RS Investments may hold a long investment position in a security for a client account (including an RS Account) and hold a short investment position in the same security for another client or RS Account.

RS Investments is subject to conflicts of interest when allocating limited investment opportunities among clients (including RS Accounts) including, without limitation, conflicts arising from the fact that it receives greater fees or compensation from some clients than others and, therefore, may have an incentive to allocate opportunities to clients that pay higher fees.

RS Investments attempts to resolve conflicts in a manner that is generally fair to all of its clients in the specific case or over time. It is RS Investments' policy, to the extent practicable, to allocate investment opportunities over time on what it considers to be a fair and equitable basis. RS Investments has established procedures regarding the allocation of investment opportunities among its clients (including RS Accounts), including the allocation of limited opportunities.

Item 12. Brokerage Practices

RS Investments' agreements with its clients generally allow RS Investments to determine the brokers or dealers that RS Investments uses to effect securities transactions for a client's account and to determine the commission rate or compensation paid to the broker or dealer effecting each transaction.

RS Investments seeks best execution on its clients' portfolio transactions, taking into account a variety of factors, including, for example:

- Experience of the broker-dealer.
- Evaluations of execution quality by consultants.
- Size of the order, nature of the market for the security and timing of the transaction (promptness).
- Broker-dealer's access to markets and investment capabilities.
- Broker credit worthiness, reputation and integrity.
- Clearance and settlement capabilities.
- Confidentiality provided by the broker-dealer.
- Competitiveness of commission rates and spreads.
- Research capabilities of the broker-dealer.
- Broker-dealer's willingness and ability to commit capital.
- Broker-dealer's ability to place difficult trades.
- Information and service provided by the broker-dealer.
- Access to new issues for client accounts.
- Number of trading errors committed by the broker-dealer and its ability to correct errors in a prompt and efficient manner.
- Sophistication of the broker-dealer's trading facilities.

Transactions on exchanges may be executed with a broker-dealer on an agency or principal basis. Broker-dealers serving as primary market makers may be compensated by commission or from the purchase price proceeds. Purchases of underwritten public

offerings or private placements include a commission or a concession paid by the issuer to a member of the underwriting syndicate or selling group.

In certain cases, as permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), RS Investments may, on behalf of a client, effect a securities transaction through a broker or dealer that provides “brokerage and research services” (as defined in the Exchange Act) to RS Investments that results in a client paying an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if RS Investments determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or RS Investments’ overall responsibilities to the client and to other client accounts over which RS Investments exercises investment discretion. Such research services include proprietary research created internally by a broker or by a third-party provider (and made available to RS Investments by a broker) such as, for example, individual stock information and research, industry and sector analysis, and discussions with individual stock analysts.

In addition, certain brokers accumulate credits for RS Investments’ account and use them to purchase brokerage and research services at RS Investments’ discretion and based on RS Investments’ determination of the relative benefits of the various services available for purchase. These arrangements are commonly known as “commission sharing arrangements.” Accordingly, RS Investments’ clients may be deemed to be paying for research and these other eligible services with “soft” or commission dollars. RS Investments also may receive soft dollar credits based on certain “riskless” principal securities transactions with brokerage firms. With respect to certain products and services used for both research/brokerage and non-research/brokerage purposes, RS Investments allocates the costs of such products and services between their research/brokerage and non-research/brokerage uses, and uses soft dollars to pay only for the portion allocated to research/brokerage uses.

Research furnished by brokers or dealers or pursuant to credits accumulated at brokers or dealers through commission sharing arrangements may be used in servicing any or all of RS Investments’ clients and may be used for client accounts other than those that pay commissions to the broker or dealer providing the research.

RS Investments’ relationships with brokerage firms that provide soft dollar services to RS Investments (including brokerage firms that participate in commission sharing arrangements) may influence RS Investments’ judgment and create conflicts of interest, both in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. When RS Investments uses client brokerage commissions to obtain research or other products or services, RS Investments receives a benefit because it does not have to produce or pay for such research, products, or services. As such, RS Investments has an incentive to select or recommend a broker-dealer based on RS

Investments' interest in receiving the research or other products or services, rather than on RS Investments' clients' interest in receiving most favorable execution. Client trades executed through these brokers or any other brokerage firm may not be at the lowest price otherwise available, but RS Investments believes that these relationships are beneficial generally to both RS Investments and its clients. RS Investments maintains policies and procedures designed to address such conflicts.

RS Investments maintains detailed information regarding the services and products it receives from brokers (including services and products received through commission sharing arrangements) and periodically evaluates the nature and quality of these services and products by means of a quarterly internal voting process during which RS Investments' portfolio managers and research analysts rank brokers based on the nature and quality of the services and products they have provided. Taking into account RS Investments' obligation to seek best execution, traders may consider such evaluations when allocating orders, as well as on their own quarterly review of broker-dealer capabilities.

RS Investments aggregates client sale and purchase orders for securities (which may include sale and purchase orders for RS Accounts), with similar orders being made simultaneously for other clients, if, in RS Investments' reasonable judgment, such aggregation is reasonably likely to result generally in reduced market impact and/or lower per-share brokerage commission costs. In many instances, the purchase or sale of securities for some of RS Investments' clients will be effected simultaneously with the purchase or sale of like securities for other of RS Investments' clients. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. Pursuant to RS Investments' policies regarding the aggregation of transactions for clients' accounts, each client may be charged or credited, as the case may be, the average transaction price of all securities purchased or sold in such transactions. As a result, the transaction price may be more or less favorable to a client than it would have been if similar transactions were not being executed concurrently for other accounts or if the client paid the actual (as opposed to average) transaction price for its purchase/sale.

If an order is only partially filled, it is allocated among the participating accounts pro rata based upon each account's portion of the original order amount. Orders that result in small allocations can under certain circumstances cause a client's account to incur additional trade ticket charges from its custodian bank if it receives multiple partial allocations. In seeking best execution, RS Investments does not consider fees that may be assessed by a client's custodian.

Some broker-dealers have entered into agreements with RSFD, the RS mutual funds' distributor, to sell shares of the RS mutual funds to the broker-dealers' clients. Based on RS Investments' interest in a broker-dealer's continued sale of shares of the RS mutual funds, RS Investments may have an incentive to select these broker-dealers to execute transactions for RS Investments' clients, rather than selecting broker-dealers based on a client's interest in receiving best execution. RS Investments has adopted procedures designed to prevent RS Investments' traders from taking into account a broker-dealer's

promotion or sale of RS mutual fund shares when selecting broker-dealers to effect transactions.

RS Investments and its affiliates, including RSFD, at their own expense and out of their own assets, may provide compensation to financial intermediaries (including broker-dealers and/or affiliates of broker-dealers who execute transactions for RS Investments' clients) in connection with sales of RS mutual fund shares or in connection with the servicing of shareholders or shareholders accounts. Such compensation may include, but is not limited to, financial assistance to financial intermediaries in connection with conferences, sales, or training programs for their employees, seminars for the public, advertising or sales campaigns, or other financial intermediary-sponsored special events. In some instances, this compensation may be made available only to certain financial intermediaries whose representatives have sold or are expected to sell significant amounts of shares of RS mutual funds. Dealers may not use sales of the RS mutual funds' shares to qualify for this compensation to the extent prohibited by the laws or rules of any self-regulatory agency, such as the Financial Industry Regulatory Authority. The compensation provided by RS Investments and its related persons to these financial intermediaries may create an incentive for the financial intermediaries to recommend the RS mutual funds over other products.

RS Investments does not permit clients to direct brokerage; however, RS Investments permits clients to impose limited restrictions on the brokers that RS Investments may use to execute transactions for a client's portfolio. When RS Investments is subject to such restrictions, it may not be able to achieve most favorable execution for the client.

RS Investments does not execute transactions for non-discretionary clients and, in situations in which RS Investments has discretionary and non-discretionary clients invested in the same strategy, RS Investments will execute transactions for its discretionary clients before providing advice to its non-discretionary clients.

Subject to applicable law, RS Investments may cause a client to buy or sell securities directly from or to another client, if such a "cross-transaction" is in the interests of both such clients. Because RS Investments represents the interests of both the buyer and the seller in such transactions, it may have an incentive to treat more favorably the client that pays RS Investments higher fees. To address this conflict, RS Investments follows procedures with respect to "cross-transactions." RS Investments will not engage in "cross-transactions" between RS Accounts and other client accounts.

Errors may occur in connection with RS Investments' management of a client account, and RS Investments has policies and procedures that address the identification and correction of transaction errors. RS Investments generally considers a transaction error to have occurred if there has been a deviation from the applicable standard of care in the placement, execution, or settlement of a trade for a client account resulting in a loss or gain to the account that is determined by RS Investments, in its sole discretion and pursuant to its transaction errors procedures, to be the fault of RS Investments. RS Investments makes its determinations regarding transaction errors on a case-by-case

basis. Not all mistakes or other issues will be considered transaction errors, and not all mistakes or other issues will be considered compensable to the client account. When RS Investments determines that a transaction error has occurred, RS Investments will determine the amount of any reimbursement to an affected client account, in its discretion. The calculation of the amount of any loss will depend on the particular facts surrounding the transaction error, and the methodology used by RS Investments to calculate the loss may vary. RS Investments may net a client's gains and losses from a single transaction error or a series of transactions related to a transaction error and compensate the client account for the net loss. If RS Investments determines there has been a loss as a result of a transaction error, but the amount of loss is under \$100, such loss may be considered *de minimis* and may not be reimbursed.

Item 13. Review of Accounts

A portfolio manager regularly reviews the portfolios of each account managed by RS Investments to determine whether to take any actions for that portfolio, based on its investment objectives, policies, and assets, and more generally, based on RS Investments' review of economic and market conditions.

RS Investments' Compliance Department also monitors portfolios and reviews potential violations of investment objectives and policies for each portfolio on a daily basis.

Members of the portfolio management teams for each of the RS mutual funds regularly report to the Boards of Trustees of the Trusts regarding the funds' performance. In addition, each of the RS mutual funds provides shareholders with a semi-annual written report containing performance and financial information, as required by applicable law. The RS mutual funds also file with the SEC an annual report regarding the funds' proxy voting records and a quarterly report regarding the funds' portfolio holdings.

RS Investments generally provides separate account clients with monthly and quarterly written reports. Monthly reports include a performance report (including attribution) and, if requested, a portfolio appraisal. Quarterly reports contain portfolio commentary, a portfolio appraisal, transaction reports, and a realized gain and loss report.

Item 14. Client Referrals and Other Compensation

RS Investments may engage solicitors to perform market research, engage in strategic planning, and market RS Investments' advisory services. RS Investments may pay a solicitor a cash retainer fee, a cash referral fee, a combination of both types of fees, or a portion of the advisory fee (typically calculated based on assets under RS Investments' management) paid by the client who was referred to RS Investments by the solicitor. To the extent applicable, RS Investments complies with the requirements of Rule 206(4)-3 under the Advisers Act.

Item 15. Custody

Clients should expect to receive quarterly, or more frequent, account statements from their custodians. RS Investments generally provides separate account clients with monthly and quarterly written reports. Monthly reports include a performance report (including attribution) and, if requested, a portfolio valuation report. Quarterly reports contain portfolio commentary, a portfolio valuation report, transaction reports, and a realized gain/(loss) report. Clients should compare the account statements received from their custodians with the reports received from RS Investments.

Item 16. Investment Discretion

RS Investments accepts discretionary authority to manage securities accounts on behalf of its clients. Before accepting discretionary authority, RS Investments generally enters into a written agreement with clients which, in the case of a client with a separately managed account, typically includes investment guidelines, the client's investment objective, any restrictions on RS Investments' management of the account, and a benchmark. See Item 4, "Advisory Business," for examples of the types of restrictions that a client may impose. Certain investment restrictions may limit RS Investments' ability to execute the strategy and, as a result, may reduce performance. RS Investments exercises discretionary authority with respect to pooled investment vehicles for which it serves as the subadviser in accordance with the objective, strategy, restrictions, and benchmark set forth in each pooled vehicle's offering documents.

Item 17. Voting Client Securities

RS Investments has adopted policies and procedures ("Proxy Voting Policies") that govern how it votes proxies ("Proxies") relating to securities owned by clients who have delegated voting authority and discretion to RS Investments. The Proxy Voting Policies do not apply to securities held by any client that has not delegated to RS Investments voting authority and discretion with respect to securities held in the client's account.

When voting on matters submitted to security holders, RS Investments seeks to act in a manner consistent with the best interests of its clients, without subrogating the clients' interests to those of RS Investments. RS Investments has adopted detailed proxy voting guidelines (the "Guidelines") that set forth how RS Investments plans to vote on specific matters presented for shareholder vote. In most cases, the Guidelines state specifically how Proxies will be voted and whether Proxies will be voted by RS Investments for or against a particular type of proposal.

In certain circumstances, however, a conflict of interest may exist between RS Investments and its clients with respect to a matter that is submitted to shareholders. Because the Guidelines have been pre-established by RS Investments, voting of Proxies in accordance with the Guidelines is intended to limit the possibility that any conflict of interest might motivate RS Investments' voting decision with respect to a proposal. However, RS Investments is permitted to override the Guidelines (an "Override") with respect to a particular shareholder vote when RS Investments believes the Override to be

in a client's best interest. In addition, there may be situations involving matters presented for shareholder vote that are not governed by the Guidelines (any such vote being a "Special Vote"). In connection with any Override or Special Vote, a determination is made by RS Investments' chief compliance officer and/or an internal committee of senior management and compliance personnel responsible for the administration of the Proxy Voting Policies (the "Proxy Policy Committee") as to whether there is any material conflict of interest between RS Investments, on the one hand, and the relevant clients, on the other. For example, conflicts may arise because RS Investments provides services or products to the company on whose behalf Proxies are being solicited or as a result of personal shareholdings of RS Investments' personnel in the company on whose behalf Proxies are being solicited. Following consideration of any conflicts, the chief compliance officer and/or the Proxy Policy Committee makes a determination as to whether to permit an Override or Special Vote. As noted in Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," RS Investments, on behalf of its clients, may make different decisions for different clients with respect to the same security. As a result, it is possible that RS Investments may, in an Override or Special Vote, direct that a Proxy with respect to the same security be voted differently for different clients.

In general, RS Investments will vote on behalf of any RS Account in accordance with the Guidelines on the same basis as any other client account, except that, in any case where an RS Account holds a short position in a security that any other client account holds long, or holds long a security in which any other client account holds a short position, then (i) the Proxy Policy Committee shall specifically take into account the RS Account position in considering conflicts of interest between RS Investments and its other clients under its proxy voting procedures, and (ii) RS Investments shall either abstain from voting with respect to any shares it might be entitled to vote for the RS Account or shall vote them in the same manner as it will vote for all other client accounts that are not RS Accounts (or in the same manner as it will vote for the majority of such other client accounts, if it is not casting the same vote for all such accounts).

RS Investments has retained a service provider to handle the operational aspects of voting Proxies for client accounts. The service provider monitors the accounts and their holdings for purposes of confirming that all Proxies have been received and votes are cast. In addition, the RS Investments' compliance department regularly monitors matters presented for shareholder votes and tracks the voting of the Proxies.

A client may obtain a copy of the Proxy Voting Policies and information regarding how RS Investments voted securities held in the client's account by contacting RS Investments' Chief Compliance Officer at (415) 591-2700 or cco@rsinvestments.com. Clients also may view the Proxy Voting Policies, which are included as an exhibit to the Trusts' Statements of Additional Information, (i) without charge, upon request, by calling 1-800-766-FUND (3863); (ii) on RS Investments' website at <http://www.rsinvestments.com>; and (iii) on the SEC's website at <http://www.sec.gov>.

A client that has authorized RS Investments to vote Proxies on its behalf may direct RS Investments to vote on a particular solicitation. Such clients may contact RS Investments' Chief Compliance Officer at (415) 591-2700 or cco@rsinvestments.com to direct RS Investments' vote on a particular proposal or with questions regarding proposals.

Clients that have not delegated proxy voting authority and discretion to RS Investments should arrange to receive proxy solicitation materials directly from their custodians (or transfer agents). Such clients may contact RS Investments' Chief Compliance Officer at (415) 591-2700 or cco@rsinvestments.com to discuss any questions about a particular solicitation.

The Proxy Voting Policies are subject to change at any time without notice.

Item 18. Financial Information

RS Investments does not require or solicit prepayment of fees six months or more in advance and its financial condition is not such that it is reasonably likely to impair its ability to meet contractual commitments to clients.

Appendix A

RS Investments Associated Persons

Michael Ade, CFA, is a Portfolio Manager at RS Investment Management (Singapore) Pte. Ltd. Prior to joining the firm in 2012, he worked at Principal Global Investors (Singapore) Limited as a portfolio manager for eight years. He previously worked as an analyst at Principal Global Investors (USA). Mr. Ade holds a bachelor's degree in finance from the University of Wisconsin.

Antonio Alvarez, CFA, is an Analyst at RS Investment Management (Singapore) Pte. Ltd. Prior to joining the firm in 2012, he worked at Principal Global Investors (Singapore) as a research analyst and member of the emerging markets team. He previously worked at Principal Global Investors (UK) as a financial analyst, and at Oxford Analytica Ltd (UK) as a consultant. His background also includes a position as head of the macroeconomic analysis department for the Ministry of Finance, Mexico. Mr. Alvarez holds a master's degree in economics from the University of Oxford.

Tammy Belshaw, CFA, is Head of Emerging Markets Research at RS Investments (UK) Limited. Prior to joining the firm in 2012, she worked at Principal Global Investors as a research analyst and member of the emerging markets team, and at Citigroup Asset Management as a research analyst. She previously worked at Watson Wyatt as an investment consultant and equity research manager. Ms. Belshaw holds a master's degree in economics from Cambridge University.

Zoe Chow is an Analyst at RS Investment Management (Singapore) Pte. Ltd. Prior to joining the firm in 2012, she worked at Principal Global Investors (Singapore) Limited as a research analyst and member of the emerging markets team, coordinating quantitative analysis and portfolio analytics for Diversified Emerging Markets and Asian Equity portfolios. Ms. Chow holds a bachelor's degree in finance from Singapore Management University and is a CFA Level 3 candidate.

Tony Chu, CFA, is a Portfolio Manager and Analyst at RS Investments (Hong Kong) Limited. Prior to joining the firm in 2012, he worked at Principal Global Investors (HK) Limited as a portfolio manager. He previously worked at Principal Asset Management (Asia) Limited as a portfolio manager, and at INVESCO Hong Kong Limited as an investment analyst and associate portfolio manager. Mr. Chu holds a bachelor's degree in commerce from the University of Queensland and a master's degree in commerce from the University of New South Wales.

David Horie, CFA, is an Analyst at RS Investments (Singapore) Limited. Prior to joining the firm in 2013, he worked at JG Partners, Nomura Research, and Wellington Management as an equity research analyst. He previously held roles at McKinsey & Company and the Japan Department of Treasury. Mr. Horie holds an MS in finance from the University of London and an MBA from the University of California, Los Angeles.

Roy Law, CFA, is an Analyst at RS Investments (Hong Kong) Limited. Prior to joining the firm in 2012, he worked at Principal Global Investors (HK) Limited as an analyst on the emerging markets team. He previously worked at Motorola Asia Pacific Limited as an assistant engineer. Mr. Law holds a bachelor's degree in electronic & communications engineering from the University of Hong Kong.

Peter Luo, CFA, is a Portfolio Manager at RS Investments (Hong Kong) Limited. Prior to joining the firm in 2012, he was an associate portfolio manager and research analyst at Principal Global Investors for the emerging markets team. He previously held roles at the University of Iowa Hospital Neurosurgery Research Lab China Unicom. Mr. Luo holds a bachelor's degree in electrical engineering from Zhongshan University, a master's degree in electrical and computer engineering from the University of Iowa, and an M.B.A. from the University of Iowa.