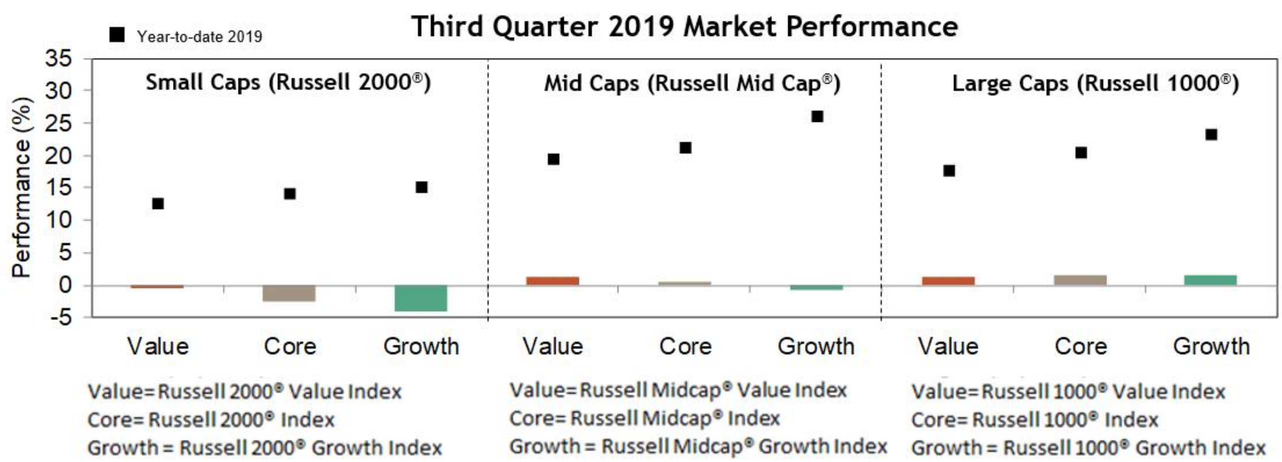
RS SMALL/MID CAP GROWTH STRATEGY
QUARTERLY COMMENTARY

As of September 30, 2019

Quarterly Highlights

- The RS Small/Mid Cap Growth Strategy returned -2.52% gross (-2.71% net) for the three months ended September 30, 2019, outperforming the Russell 2500™ Growth Index,[1] which returned -3.18%.
- The Strategy's outperformance relative to the benchmark was driven by stock selection within the Technology, Producer Durables, Consumer Discretionary, and Materials & Processing sectors; stock selection in the Financial Services and Utilities sectors offset a portion of the outperformance.
- The Russell 2500™ Growth Index experienced challenging results in the third quarter, following a strong bounce back in the first half of the year from a tough Q4 2018.
- Strong earnings and a supportive macro environment drive our positive outlook for the category, while valuations remain attractive vs. history as measured by forward price-to-earnings of the index vs. its history.
- Small- and mid-cap growth stocks have now outperformed their small- and mid-cap value counterparts over 3, 5, 10, and 15 years, per Russell.

Market Performance / Fundamentals Snapshot



Market Commentary

U.S. equity market performance was mixed in the third quarter of 2019, with the broad Russell 3000® Index[2] registering gains of approximately 1.16%. The move higher supports our contention that underlying fundamentals can continue to drive performance despite the political rhetoric and headline fears that often capture the attention of investors. Growth-oriented stocks, as measured by the Russell 3000® Growth Index,[3] were up 1.10%, underperforming value-oriented stocks, as measured by the Russell 3000® Value Index,[4] which increased 1.23% during the quarter. The performance represents the 15th quarter in the last 16 that returns of the Russell 3000® Growth Index have been positive. Mid- and large-cap stocks outperformed small-cap stocks during the quarter, as measured by the Russell family of indices, a continuation of the trend seen since the beginning of 2018. Meanwhile, large-cap growth-versus-value outperformance continued during the third quarter of 2019 as well, and growth has now outperformed value across market caps over 3-, 5-, 10-, 15-year, and even a 30-year time frame.

Broader returns were mixed among U.S. equity styles, as large-cap stocks delivered positive returns, with the Russell 1000® Index[5] returning 1.42%, while small-cap stocks disappointed with a -2.40% return for the Russell 2000® Index.[6] We believe this reflects the shorter-term preference by investors for the perceived stability of larger-cap bellwether companies given uncertainty surrounding reduced fiscal stimulus and mixed forecasts for global growth. Despite this consensus, we continue to find attractive fundamentals among companies across market caps, while the relative valuation of small-cap stocks, as measured by forward price-to-earnings, is now at decade-wide attractive levels relative to large-cap stocks.

We expect the market to benefit from an accommodative Fed that is once again in easing mode, and our continued base case is that there will be a constructive resolution to ongoing trade disputes. The relative strength in both the U.S. economy and labor market, as well as reduced expectations for inflation to impact monetary policy, have reinforced our view that earnings for growth stocks will remain attractive. This supports our view that the U.S. equity market can continue to rise despite headline concerns for U.S. growth, as gross domestic product (GDP) increased 2.3% year-over-year the second quarter, the 11th consecutive quarterly period of greater than 2% year-over-year growth. Looking ahead to the remainder of 2019 and 2020, economic growth looks to remain steady and, coupled with the continuation of the longest job growth streak in history, supports our constructive outlook for U.S. growth stocks.

Investment Strategy

The RS Small/Mid Cap Growth Strategy is guided by our philosophy that sustainable earnings growth drives long-term share price appreciation. Our investment process is focused on finding innovative companies whose core business can grow from a small-cap company to a mid- or even large-cap company over time.

The team seeks companies with products and services that are growing organically, creating new markets or taking market share from existing companies. We are focused on finding companies whose business values can appreciate regardless of the underlying market environment. The Strategy is led by the team's chief investment officer, Scott Tracy, along with portfolio managers Steve Bishop, Melissa Chadwick-Dunn, Chris Clark, and Paul Leung. The five co-portfolio managers, as well as four research analysts, serve as sector specialists and are supported by three associates, drawing on strong relationships with industry experts and company management teams.

Together, we conduct over 2,000 company meetings each year through in-person meetings, conference calls, and trade shows. We then back up our findings through discussions with industry leaders and third-party sources. We are long-term investors and seek to establish definable "anchor points," which are quantifiable metrics that help determine a company's potential long-term growth trajectory. Anchor points arise from our analysis of a company's long-term capabilities and performance goals over three to five years. These long-term anchor points serve as guideposts to help us measure a company's progress as it executes its business strategy, regardless of what is taking place in the overall market, and help prevent distraction caused by short-term stock price movements and inevitable market volatility.

Performance Review

The RS Small/Mid Cap Growth Strategy returned -2.52% gross (-2.71% net) for the three months ended September 30, 2019, outperforming the Russell 2500™ Growth Index,[1] which returned -3.18%. The Strategy's outperformance relative to the benchmark was driven by stock selection within the Technology, Producer Durables, Consumer Discretionary, and Materials & Processing sectors; stock selection in the Financial Services and Utilities sectors offset a portion of the outperformance.

Top Contributing Sector: Technology

Within the Technology sector, the largest driver of relative outperformance was Telecommunication holding RingCentral, Inc. (3.43% ending weight). RingCentral is a provider of software-as-a-service solutions for businesses to support modern communications. RingCentral's outperformance was driven by strong execution, as the company reported revenue that materially beat expectations in their most recent quarter as subscriptions grew 32% year-over-year, driving wider than expected margins. The outlook for the company remains strong, driven by their continued march upmarket to the larger enterprise market and by the company's attractive anticipated growth rate.

Top Detracting Sector: Financials

Within the Financials sector, the largest driver of relative underperformance was the Consumer Finance and Credit Services industry, led by the underperformance of Euronet Worldwide (3.57% ending weight). Euronet provides payment and transaction processing and distribution solutions to financial institutions, retailers, service providers, and individual consumers worldwide. The stock performed very well in 2018 and continued to do well to start 2019, given the windfall following a rule change regarding Visa-enabled machines that will allow Euronet to offer a wider range of services to customers, increasing the revenue-generating capability of existing machines, but the stock was challenged in this two-month period given reduced guidance by analysts following a slowdown in money transfer growth.

Market and Strategy Outlook

Our focus remains on companies that can grow earnings through innovation and by taking market share, characteristics of small-and mid-cap growth stocks. We view the recent outsized fluctuations in the market as noise, preferring to focus on how our investments perform relative to the fundamental anchor points that track the progress of our long-term growth stories. Instead of fearing these periods, we prefer to use this heightened volatility to add to some of our favorite investments or to initiate new investments at attractive prices when markets sell off and upgrade outsized winners when markets rally faster than underlying fundamentals. We believe that this environment works to our strengths as stock pickers as we work to uncover companies with high-quality growth stories that now appear to have valuations well below recent levels.

We prefer companies with strong balance sheets, healthy cash flows, and/or what we view to be long-term growth candidates supported by unique competitive advantages and attractive market positioning. We remain as committed as ever to disciplined risk management and spend extensive time on the road, visiting companies in person and seeing their operations from the ground up. We stress-test every investment we own, even as we maintain close contact with company managers, suppliers, and customers in our efforts to closely monitor each company's progress relative to our anchor points. We combine these efforts with our own financial modeling and risk-management tools designed to capture market upside while attempting to minimize downside risks. Working cohesively as a team helps us identify visionary and disciplined companies that we believe will be able to tap new markets and grow their revenues at a healthy pace, regardless of the environment.

Thank you for your continued investment.

D. Scott Tracy, CFA CIO, Co-Portfolio Manager	Steve Bishop Co-Portfolio Manager	Melissa Chadwick-Dunn Co-Portfolio Manager	Chris Clark, CFA Co-Portfolio Manager	Paul Leung, CFA Co-Portfolio Manager

Sector Allocation[7] – Representative Account
As of September 30, 2019

Sector	% of Portfolio
Technology	28.7%
Health Care	22.7%
Consumer Discretionary	13.3%
Producer Durables	11.8%
Financial Services	11.1%
Materials & Processing	5.5%
Consumer Staples	3.4%
Utilities	1.3%
Energy	0.8%
Cash	1.4%

Top 10 Holdings[8] – Representative Account
As of September 30, 2019

Holding	% of Portfolio
Euronet Worldwide, Inc.	3.57%
RingCentral, Inc. Class A	3.43%
Black Knight, Inc.	2.92%
Neurocrine Biosciences, Inc.	2.57%
Interxion Holding N.V.	2.37%
Exact Sciences Corporation	2.35%
FirstCash, Inc.	2.25%
Cooper Companies, Inc.	2.17%
Ligand Pharmaceuticals Incorporated	2.13%
Paycom Software, Inc.	2.12%

Performance
Average Annual Returns as of September 30, 2019

RS Small/Mid Cap Growth Composite	Third Quarter 2019	1-Year	3-Year	5-Year	10-Year	Since Inception (04/30/07)
Gross of fees	-2.52%	-3.02%	12.58%	10.53%	14.51%	10.19%
Net of fees	-2.71%	-3.88%	11.49%	9.46%	13.27%	8.86%
Russell 2500™ Growth Index[1]	-3.18%	-4.11%	12.33%	10.22%	13.48%	8.78%

Returns include reinvestment of dividends and capital gains Performance returns for periods of less than one year are not annualized.
Please keep in mind that any high double-digit returns are highly unusual and cannot be sustained.

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Performance quoted represents past performance and does not guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value. There is no assurance the investment process will lead to successful investing.

Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and net of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting one-twelfth of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part II of its Form ADV.

Index returns are provided to represent the investment environment during the periods shown. The index is fully invested, including the reinvestment of dividends and capital gains. Index returns do not include transaction costs, management fees or other costs. Non-US indices are net of withholding taxes, if any.

Performance may have been meaningfully impacted by investments in initial public offerings (IPOs). There is no guarantee that any positive impact on performance will be repeated or that the strategy will participate in any future IPOs. The prices of IPO securities may fluctuate more than prices of equity securities of companies with longer trading histories. Investing in IPOs entails special risks, including limited operating history of companies, limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company, and high portfolio turnover.

1 The Russell 2500™ Growth Index measures the performance of those Russell 2500™ companies with higher price-to-book ratios and higher forecasted growth values. Index results assume the reinvestment of dividends paid on the stocks constituting the index. You may not invest in the index, and, unlike the Strategy, the index does not incur fees or expenses.

2 The Russell 3000® Index is an unmanaged market-capitalization-weighted index that measures the performance of the 3,000 largest U.S.-traded stocks.

3 The Russell 3000® Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 3000® Index (which consists of the 3,000 largest U.S. companies based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

4 The Russell 3000® Value Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 3000® Index (which consists of the 3,000 largest U.S. companies based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

5 The Russell 1000® Index is an unmanaged market-capitalization-weighted index that measures the performance of the 1,000 largest U.S.-traded stocks.

6 The Russell 2000® Index is an unmanaged market-capitalization-weighted index that measures the performance of the 2,000 smallest-cap companies in the Russell 3000® Index, which is made up of 3,000 of the largest U.S. stocks.

7 The Strategy's holdings are allocated to each sector based on the Russell Global Sectors Standard (RGS). If a holding is not classified by Russell, it is assigned a Russell designation by RS Investments. Cash includes short-term investments and net other assets and liabilities.

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

9 The Russell 2000® Growth Index is an unmanaged market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with higher price-to-book ratios and higher forecasted growth values. (The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which consists of the 3,000 largest U.S. companies based on total market capitalization.) Index results assume the reinvestment of dividends paid on the stocks constituting the index. You may not invest in the index, and, unlike the Strategy, the index does not incur fees and expenses.

The opinions are those of the authors as of 2019 and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes.

The RS Small/Mid Cap Growth Composite invests principally in small- and mid-capitalization growth companies.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines, and other factors. The representative account is believed to most closely reflect the current portfolio management style.

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