

RUSHMORE INVESTMENT ADVISORS, INC.



Equity Market Overview – 2Q09

Each of the Rushmore Investment Advisors portfolios had strong absolute gains in the quarter, although the 2nd quarter rally disproportionately benefited low quality stocks not typically held in our portfolios. Higher beta, lower-credit rated companies significantly outperformed more fiscally sound peers. We don't believe that is sustainable and will correct itself in the 2nd half of the year. We will continue to utilize our bottom-up, quantitative investment process to select companies that we believe will have superior returns over a complete business cycle.

All RIA portfolios benefited from their relative underweight in Consumer Staples, but a similar underweighting in Financials detracted from performance. Individual holdings that stood out included Technology names such as Research in Motion (RIMM), Apple (AAPL), and Synaptics (SYNA). Each holding posted increases above 30% and each are leaders in smart phone technology.

Outlook

In late 2008 and early 2009 companies responded to the deteriorating economic environment by aggressively cutting costs to offset declines in revenue. As the market advanced during the quarter, investors showed a willingness to look beyond the current results and reward companies that had slashed expenses with an eye to earnings growth in late 2009 and beyond. Over the next several quarters, we believe the market will seek continued signs of a recovery but become less willing to give companies the benefit of the doubt. It is relatively easy to layoff workers and cut back production, but only superior organizations are able to be opportunistic and find ways to grow market share and offer products and services with secular growth opportunities.

Inflation projections are expected to play a major role in investor sentiment and will be a factor in which sectors and industries outperform in the coming quarters. Many fear that the massive expansion of the Federal Reserve's balance sheet and increased government spending will lead to unmanageably high inflation. While it is true that in "normal" economic times this would be inflationary, there are several deflationary forces that remain. High unemployment, little to no wage growth, depressed home prices and banks still reluctant to lend are all keeping inflation at bay. In fact, the expansion of bank reserves from \$47 billion in September 2008 to the current \$848 billion will give banks ample funds to lend and spur economic growth.

Despite our view that inflation will not be an issue for at least the next 12 to 18 months, we are optimistic that equities will be a more attractive option compared to the low yield from Treasuries. Additionally, we are favorably biased towards the Energy and Materials sectors; not as a protection from inflation but as sectors

that will benefit from a global economic recovery.

With an economy recovering from a recession, the news headlines will most likely remain negative, detailing the poor state of the economy through lagging indicators like unemployment and last quarter's GDP decline. Conversely, the Conference Board's Leading Economic Index (LEI), which is comprised of ten leading economic indicators improved in both April and May after a long descent from mid-2007. Just as we are within a recession before the National Bureau of Economic Research declares it official, the economy will have emerged from this downturn before we see a newspaper headline announcing the recession is over. As the equity markets are a leading indicator, it is important to remain patient as the economy cycles through the current recessionary environment.

For additional information about Rushmore Investment Advisors, Inc. please call 972-599-9550 or visit our website at www.rushadv.com.

Summary of RIA Portfolio Characteristics

6/30/2009	Large Cap Growth Equity	Small/Mid Cap Growth Equity	Non-US ADR Growth	S&P 500
Wtd Avg Market Cap (\$ in Bn's)	\$45,276	\$2,701	\$38,271	\$71,148
P/E Multiple T4Q (Reported EPS)	14.60x	17.05x	26.31x	16.56x
Forward 12-Month P/E Multiple	15.58x	17.70x	20.37x	15.08x
EPS Growth LFY	17.22%	43.54%	28.06%	10.32%
EPS Growth Rate 5 yrs out	13.03%	15.22%	13.50%	10.74%
Return on Equity T4Q	27.46%	18.45%	28.62%	19.70%
Net Profit Margin T4Q	13.65%	13.65%	16.23%	8.38%

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Performance Summary

Annualized Gross and Net Returns, as of 6-30-2009

Investment Portfolio	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
US Large Cap Growth (Gross)	13.59%	11.99%	-25.20%	-4.45%	2.33%	-0.69%	2.90%
US Large Cap Growth (Net) (Inception Date 5/31/98)	13.41%	11.61%	-25.73%	-5.21%	1.39%	-1.77%	1.78%
Russell 1000 Growth	16.32%	11.53%	-24.50%	-5.45%	-1.82%	-4.18%	-1.13%
US Small / Mid Cap Growth (Gross)	17.85%	13.65%	-34.01%	-8.33%	-0.66%	-	1.69%
US Small / Mid Cap Growth (Net) (Inception Date 12/31/00)	17.54%	13.10%	-34.62%	-9.22%	-1.70%	-	0.56%
Russell 2500 Growth	21.79%	14.52%	-27.29%	-7.71%	-0.65%	-	-0.65%
Non-US / ADR Growth (Gross)	21.15%	9.61%	-38.31%	-5.80%	-	-	1.56%
Non-US / ADR Growth (Net) (Inception Date 3/31/05)	20.98%	9.35%	-38.73%	-6.52%	-	-	0.79%
MSCI EAFE Growth	21.72%	6.73%	-33.36%	-7.02%	-	-	0.20%

Disclosure - RIA is an SEC registered investment advisor. Composite performance results for the RIA products include actual total returns for all full discretion, non-wrap accounts in this strategy. These gross- and net-of-fee composite returns are calculated on an asset-weighted basis and include transaction costs and their investment of dividends. Past performance is no guarantee of future results. Further information on performance is available upon request.

Performance data quoted represents historically achieved results and is no guarantee of future performance. Future investments may be made under different economic conditions, in different securities and using different investment strategies. The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. Investor principal is not guaranteed and investors may not receive the full amount of their investment at the time of redemption if asset values have fallen.

Performance is expressed in US dollars. Actual performance may differ from composite returns, depending on the size of the account, brokerage commissions, investment guidelines and/or restrictions, inception date and other factors. Care should be used when comparing these results to those published by other investment advisors, other investment vehicles and unmanaged indices due to possible differences in calculation methods. Consultants and investors supplied with these performance results are advised to use this data in accordance with SEC guidelines.

RIA claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list and description of RIA composites and/or a presentation that adheres to the GIPS® standards, contact the firm at 1-800-564-8266.