



Equity Market Overview – 2Q10

While the 2nd quarter can most assuredly be characterized as having several “potholes” on the road to recovery, we believe there are numerous catalysts likely to emerge over the upcoming quarters that have the potential to spur the market higher in the 2nd half of 2010 and into 2011.

- **Gulf of Mexico Oil Spill Resolution.** Relief wells are expected to be complete by early August possibly allowing for the well to be plugged, and providing psychological relief to Gulf Coast residents as well as the nation as a whole.
- **Passage of Financial Reform legislation.** Like all legislative debates, the uncertainty caused by Congressional haggling pressures the market. With a bill expected to be signed by the President in midsummer, investors will gain greater clarity on the impact from the new regulations.
- **The labor market will slowly continue to improve.** During the worst of the recession companies slashed headcount, cut discretionary spending and hoarded cash. A year later, profits have drastically improved and cash as a percentage of corporate assets remains at a 5-year high of 7%.

Non-financial corporations have \$1.7 trillion in cash earning virtually nothing. A combination of better profit prospects, muted wage inflation, and plenty of capital will encourage employers to start hiring. Everyone would prefer job creation sooner rather than later but it is encouraging the unemployment rate has fallen to 9.5% from over 10% in late 2009.

RIA Portfolio Characteristics & Performance

Each of the Rushmore Investment Advisor’s (RIA) portfolios outperformed their respective benchmarks during the quarter. The

overall direction of the market was discouraging but we are encouraged by the increasing number of investment candidates exhibiting robust growth characteristics. Our investment process includes targeting companies that can consistently grow revenue and earnings as well as exceed Wall Street expectations. In the latest quarter, 89% of Rushmore portfolio holdings met or exceeded analysts’ earnings estimates.

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

| 6/30/2010 | Summary of RIA Portfolio Characteristics | | |
|---------------------------------|--|-----------------|-------------------|
| | Large Cap Growth | SMID Cap Growth | Non-US ADR Growth |
| Wtd Avg Market Cap (\$ in Bn's) | \$49,678 | \$3,554 | \$31,042 |
| P/E Multiple T4Q (Reported EPS) | 19.81x | 29.59x | 19.53x |
| Forward 12-Month P/E Multiple | 14.99x | 21.83x | 15.11x |
| EPS Growth LTM % | 7.71% | 23.45% | 16.46% |
| EPS 5yr Growth % | 15.08% | 17.62% | 14.77% |
| Return on Equity T4Q | 27.02% | 17.30% | 18.64% |
| Net Profit Margin T4Q | 15.78% | 10.51% | 12.29% |

RUSHMORE INVESTMENT ADVISORS, INC.



Performance Summary

Annualized Gross and Net Returns, as of 6-30-2010

| Investment Portfolio | QTD | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
|--|---------|---------|--------|---------|--------|---------|-----------------|
| US Large Cap Growth (Gross) | -10.70% | -6.95% | 11.15% | -7.00% | 2.83% | -0.02% | 3.56% |
| US Large Cap Growth (Net) (Inception Date 5/31/98) | -10.82% | -7.20% | 10.51% | -7.63% | 2.00% | -1.03% | 2.47% |
| Russell 1000 Growth | -11.74% | -7.65% | 13.62% | -6.90% | 0.38% | -5.14% | 0.01% |
| US Small / Mid Cap Growth (Gross) | -8.15% | -4.95% | 7.88% | -12.01% | -1.60% | - | 2.32% |
| US Small / Mid Cap Growth (Net) (Inception Date 12/31/00) | -8.37% | -5.39% | 6.83% | -12.82% | -2.59% | - | 1.20% |
| Russell 2500 Growth | -9.77% | -1.82% | 21.44% | -7.09% | 1.81% | - | 1.47% |
| Non-US/ADR Growth (Gross) | -9.57% | -7.03% | 17.91% | -8.28% | 4.55% | - | 4.49% |
| Non-US/ADR Growth (Net) (Inception Date 3/31/05) | -9.76% | -7.42% | 16.89% | -9.04% | 3.75% | - | 3.68% |
| MSCIEAFE Growth | -12.27% | -10.48% | 8.95% | -11.35% | 2.04% | - | 1.81% |

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.