



Equity Market Overview – 3Q10

Over the past several quarters we have characterized the equity market as the “Missouri Show-Me” market, as well as a “Stair-Step” market. Both descriptions continue to be appropriate in that investors are clearly reluctant to allocate cash to equities, resulting in a market that responds quickly to sentiment changes followed by range bound trading activity.

The market rebounded in 2009 due to government stimuli, albeit weak and misapplied. The economy is now pausing between the government stimuli stage and the corporate investing stage. Investment grade bond yields reached a record low 3.7%. Corporations are taking advantage of the extremely low borrowing costs to fund acquisitions, increase dividends, and buy back stock. All are strong indicators that corporate leaders are indeed optimistic. Additionally, corporate default rates are down to pre-crisis levels and the credit market remains highly accommodative. The corporate investing stage has definitely begun and will likely drive the market in another powerful post mid-term election move.

Outlook

We remain optimistic that the economy will stay on track with its moderate but

steady recovery. The case for a bullish equity market is predicated on the following factors:

- Corporate earnings have continued to post strong growth and exceed analyst’s expectations.
- We are in an ideal inflationary environment.
- Net outflows from equity funds are expected to reverse and become positive, resulting in a tailwind for equities.
- We are entering an election cycle which has historically led to strong equity market returns.

RIA Portfolio Characteristics & Performance

Each of the Rushmore Investment Advisors (RIA) portfolios had strong absolute performance during the quarter. While high market correlations have been a challenge, we would expect correlations to fall to a more normalized level as the macroeconomic picture improves and tax legislation is finalized. As the market correlations begin to fall, investors will rely on fundamental characteristics to distinguish superior companies.

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			
	Large Cap	SMID Cap	Non-US ADR
9/30/2010	Growth	Growth	Growth
Wld Avg Market Cap (\$ in Bn's)	\$47,749	\$5,658	\$35,521
P/E Multiple T4Q (Reported EPS)	23.23x	32.36x	23.08x
Forward 12-Month P/E Multiple	17.60x	25.82x	19.77x
EPS Growth LFY %	17.37%	16.93%	25.05%
EPS 5yr Growth %	16.37%	17.66%	15.09%
Return on Equity T4Q	27.45%	16.34%	20.83%
Net Profit Margin T4Q	16.47%	10.98%	13.95%

RUSHMORE INVESTMENT ADVISORS, INC.



Performance Summary

Annualized Gross and Net Returns, as of 9-30-2010

Investment Portfolio	MTD	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Incept
US Large Cap Growth (Gross)	11.54%	11.98%	4.25%	11.34%	-5.52%	3.76%	1.43%	4.42%
US Large Cap Growth (Net) (Inception Date 5/31/98)	11.54%	11.83%	3.83%	10.73%	-6.13%	2.95%	0.43%	3.35%
Russell 1000 Growth	10.65%	13.00%	4.36%	12.65%	-4.36%	2.06%	-3.44%	1.01%
US Small / Mid Cap Growth (Gross)	11.34%	10.11%	4.71%	10.72%	-9.72%	-0.77%	-	3.27%
US Small / Mid Cap Growth (Net) (Inception Date 12/31/00)	11.34%	9.84%	3.96%	9.67%	-10.56%	-1.76%	-	2.14%
Russell 2500 Growth	13.25%	13.15%	11.09%	17.27%	-3.40%	3.09%	-	2.72%
Non-US/ADR Growth (Gross)	7.72%	13.08%	5.08%	16.37%	-6.95%	4.81%	-	6.65%
Non-US/ADR Growth (Net) (Inception Date 3/31/05)	7.72%	12.81%	4.39%	15.37%	-7.70%	4.03%	-	5.83%
MSCIEAFE Growth	10.64%	16.62%	4.39%	8.78%	-8.01%	3.14%	-	4.61%

Disclosure

RIA Large Cap Growth Equity Composite is composed of portfolios predominantly invested in domestic large capitalization growth equity securities. Prior to 9/30/2003, this investment style was referred to as RIA Core Equity Portfolios. For comparison purposes, these composite portfolios are measured against the Russell 1000 Growth Index. Composite creation date: 5/31/98.

RIA Small/Mid-Cap Growth Equity Composite is composed of portfolios predominantly invested in more aggressive domestic small and medium capitalization growth equity securities. For comparison purposes, these composite portfolios are measured against the Russell 2500 Growth Index. Composite creation date: 9/30/03.

RIA Non-US ADR Growth Equity Composite is composed of portfolios invested in multiple global/international equity, equity instruments and/or fixed income ETFs, or mutual funds. Prior to 12/31/07, this investment style was referred to as RIA International Equity. For comparison purposes, these composite portfolios are measured against the MSCI EAFE Growth Index. Composite creation date: 3/31/05.

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.

As an SEC registered investment advisors, Rushmore Investment Advisors, Inc is required to provide you, our client, with an annual offering of our firm's updated Form ADV Part II and related Schedules (our "Disclosure Brochure"). This form is updated regularly, as needed, and a copy is available upon request. To receive a copy of our current Disclosure Brochure, please contact Briton Chamberlain via phone (800) 564-8266 or e-mail brit.chamberlain@rushadv.com.