

RUSHMORE INVESTMENT ADVISORS, INC.



Equity Market Overview – 4Q09

What a difference a year makes. Last year at this time the S&P 500 was down over 38%, the country was gripped by fears that our financial system was in peril, and the S&P 500 was on track to post its first quarterly aggregate earnings loss ever. Fast forward twelve months and not only have the financial markets reversed course but consumer and business sentiment is trending higher, and a number of indicators show the economy continues to recover from what was one of the most serious recessions since the 1930's.

All of the Rushmore Investment Advisors portfolios posted strong positive returns in the 4th quarter and for the year. Similar to previous quarters in 2009, junk stocks continued to outperform quality stocks, albeit to a lesser degree. Companies with debt ratings B minus and below posted gains averaging 11.2% in the quarter, twice the returns of companies with single - A and above grade debt.

It is not surprising that holdings in those sectors with the greatest leverage to an improving economy, such as the Energy and Consumer Discretionary sectors, benefited RIA portfolios in the quarter and the entire year. Holdings such as Nordstrom (JWN), the high-end retailer, rose 191% in 2009, while Massey Energy (MEE) grew 208%.

Rushmore's Non-US ADR Growth portfolio had a particularly strong 2009. The portfolio was up 10.8% in the 4th quarter and higher by 39.2% for the full year. This compares to MSCI EAFE Growth Index returns of 4.20% for the quarter and 29.9% in 2009. The portfolio's outperformance was driven by investments in emerging markets such

as China and Brazil, as well as Material sector holdings.

Outlook

We continue to be optimistic that equity markets will advance in 2010 as the economy continues to recover. In a survey conducted by Russell Investments, 79% of investment managers expect equity markets to increase in 2010, the highest level since the survey was started in 2005.

Economists from the major investment banks are forecasting the S&P 500 to climb almost 10% to 1,223. Furthermore, a Morgan Stanley survey of stock analysts reported that 72% believe there is greater potential for earnings estimates to be revised upward in 2010. There are many indicators validating the analyst's positive sentiment, including rising consumer confidence, improving employment environment, and a rosier manufacturing sector.

Globalization is not a new phenomenon but it will also play an important role in providing growth for U.S. businesses. Approximately 40% of the net income of S&P 500 company's is derived outside the U.S. With many countries such as China and Brazil expected to have expanding GDPs leading the global economy, both large and small U.S.-based companies with exposure to these areas of growth will similarly experience improved earnings.

In summary, we see increased business spending, low- inflation, steep yield curve, robust international demand, and a healthier consumer as important ingredients of a "virtuous-cycle" that will drive a sustained economic recovery.

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

12/31/2009	Summary of RIA Portfolio Characteristics			
	Large Cap Growth	SMID Cap Growth	Non-US ADR Growth	S&P 500
Wtd Avg Market Cap (\$ in Bn's)	\$55,969	\$2,995	\$33,610	\$83,091
P/E Multiple T4Q (Reported EPS)	19.19x	18.63x	19.90x	21.81x
Forward 12-Month P/E Multiple	16.62x	17.50x	15.58x	26.76x
EPS Growth LTM %	5.24%	20.31%	13.61%	7.35%
EPS 5yr Growth %	12.85%	16.28%	13.20%	14.03%
Return on Equity T4Q	26.77%	15.52%	34.62%	17.98%
Net Profit Margin T4Q	10.62%	9.99%	13.64%	7.88%

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Performance Summary

Annualized Gross and Net Returns, as of 12-31-2009

Investment Portfolio	QTD	1 Year	3 Year	5 Year	10 Year	Since Inception
US Large Cap Growth (Gross)	6.84%	33.78%	-1.50%	4.34%	0.05%	4.36%
US Large Cap Growth (Net) (Inception Date 5/31/98)	6.69%	32.91%	-2.22%	3.43%	-1.00%	3.24%
Russell 1000 Growth	7.94%	37.21%	-1.88%	1.63%	-3.98%	0.70%
US Small / Mid Cap Growth (Gross)	5.80%	28.87%	-5.94%	-0.61%	-	3.02%
US Small / Mid Cap Growth (Net) (Inception Date 12/31/00)	5.55%	27.59%	-6.82%	-1.64%	-	1.88%
Russell 2500 Growth	5.57%	41.66%	-3.13%	1.99%	-	1.76%
Non-US / ADR Growth (Gross)	10.67%	39.06%	-3.50%	-	-	6.59%
Non-US / ADR Growth (Net) (Inception Date 3/31/05)	10.44%	38.06%	-4.30%	-	-	5.77%
MSCI EAFE Growth	4.20%	29.91%	-4.41%	-	-	4.41%

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.