

Part 2A of Form ADV: Firm Brochure

Rushmore Investment Advisors, Inc.

4965 Preston Park Blvd., Ste 350

Plano, Texas 75093

Phone: (972) 599-9550

www.rushadv.com

This brochure provides information about the qualification and business practices of Rushmore Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (972) 599-9550 or compliance@rushadv.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. It has been prepared by the principals of our firm in the format mandated by the Securities and Exchange Commission.

Additional information about Rushmore Investment Advisors, Inc. is also available on the Internet at www.advisorinfo.sec.gov.

We refer to ourselves as a “registered investment advisor”. Registration does not imply a certain level of skill or training.

Date: March 12, 2013

Item 2 - Material Changes

This section of the firm brochure is designed to provide a summary of material changes that have occurred within our firm since the last ADV brochure update on March 30, 2013.

The “Fees and Compensation” section was amended to include disclosure because Rushmore invests in exchange-traded funds or mutual funds in order to gain access to certain markets that we would otherwise not have access to, we have provided disclosure to make you aware that those investments may be subject to two layers of investment management fees, Rushmore’s management fee and the other embedded at the security level.

Item 3 - Table of Contents

Item 1. Cover Page	1
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	5
Item 6. Performance-Based Fees and Side-By-Side Management	7
Item 7. Types of Clients	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9. Disciplinary Information	9
Item 10. Other Financial Industry Activities and Affiliations	9
Item 11. Code of Ethics, Participation or Interest in Client Transactions And Personal Trading	9
Item 12. Brokerage Practices	10
Item 13. Review of Accounts	12
Item 14. Client Referrals and Other Compensation	12
Item 15. Custody	13
Item 16. Investment Discretion	14
Item 17. Voting Client Securities	14
Item 18. Financial Information	15
Additional Disclosures – Business Continuity Plan	15
Additional Disclosures – Privacy Policy	15

Item 4 - Advisory Business

Rushmore Investment Advisors, Inc. ("Rushmore") was founded in 1996 for the purpose of providing discretionary investment management services to business and individual clients. Rushmore is an SEC registered investment advisor and is 100% employee owned directly or through employee owned/affiliated entities. The firm's principal owner is JVC Financial LLC (78%), while several key employees of Rushmore own the remaining 22%. John Vann and his family own JVC Financial LLC through their Family Limited Partnership, Vann Family Partners Ltd.

Separate Managed Account Services

Rushmore specializes in a disciplined investment process and manages portfolios for clients whose objectives are long-term growth of equity assets (stocks). While our primary focus is on "Growth" equities, RIA offers a variety of Equity Portfolio options as well as a Fixed Income (Bonds) portfolio option. These services are provided in a separate managed account format. Most clients diversify their investment portfolio among multiple of our portfolio offerings according to their individual investment needs and objectives. The following is a listing of our standard portfolio offerings:

Portfolio	Benchmark Index
-----	-----
US Large Cap Growth (LCG)	Russell 1000 Growth
US Mid Cap Growth (MID)	Russell Mid Cap Growth
Non-US Growth (INTL)	MSCI EAFE Growth
Equity Income (EI)	Russell 1000
Index Advantage (IA)	S&P 500
Fixed Income (FI)	Barclays Muni Bond / Barclays Gov't/Credit Intermediate

Model Platform Services

Rushmore participates in a number of "Model Platforms" wherein we provide the Model Platform Sponsor with portfolio allocations of one or more of our standard portfolio offerings. The Model Platform makes our allocation, as well as allocations of other investment management firms, available to their clients as investment options. Other than providing our portfolio offering allocation(s) and updates thereon, we provide no other services, nor have any other responsibilities / obligations with regards to the Model Platform Sponsor or its clients.

Special Advisory Services

Rushmore provides Special Advisory Services to clients with more complex/specific financial and investment needs. These needs are normally articulated in a request for proposal or in some other formal document. Clients are typically institutions, pensions or other employee benefit plan sponsors, and/or fiduciaries seeking specific services.

Services provided under this program include assistance with investment alternative selection at the Plan level as well as investment selection and allocation at the individual participant level.

Rushmore tailors our advisory services to the individual needs of our clients through portfolio allocation and specific client requests. While a majority of our clients' assets are allocated amongst our standard portfolio offerings with no restrictions, individual client restrictions such as socially responsible investing and/or other restrictions on specific securities or security types are accommodated.

Rushmore participates in a variety of wrap-fee programs under which we act as the discretionary investment manager and/or program sponsor. Accounts maintained under these wrap-programs are managed in the same manner and along-side our non-wrap accounts. In consideration for our investment management services provided under these programs, we receive a portion of the total fee charged to the client by the program sponsor.

As of 12/31/2012, our assets under management were \$872,859,168. Of this amount, \$635,001,930 are assets managed on a discretionary basis and \$237,857,238 were assets managed on a non-discretionary basis.

Item 5 - Fees and Compensation

Rushmore's compensation for individually managed accounts is based on the amount of assets under management for each client. Typically, fees are billed and payable quarterly based on the value of the assets in the client account(s) at the end of each calendar quarter. Accounts placed under management mid-quarter are charged a pro-rata management fee based on the number of days remaining in the calendar quarter in which the account is placed under our management. Significant contributions to existing accounts are handled in similar pro-rata fashion. Unless specifically agreed to otherwise, fees are electronically debited from client accounts on a quarterly basis. Client fee statements are available at any time upon request. Our typical fee structure is listed below:

Individual Fee Schedule:

Equity Portfolios	
<u>Account Value</u>	<u>Fee (Annual Rate)</u>
On The First \$10,000,000	1.00%
On The Next \$10,000,000	0.75%
On Assets Over \$20,000,000	0.625%

Fixed Income Portfolios

<u>Account Value</u>	<u>Fee (Annual Rate)</u>
On the First \$5,000,000	0.50%
On The Next \$5,000,000	0.375%
On The Next \$10,000,000	0.3125%
On Assets Over \$20,000,000	0.25%

Institutional Fee Schedule:

RIA Large Cap Growth	
<u>Account Value</u>	<u>Fee (Annual Rate)</u>
On The First \$25,000,000	0.65%
On The Next \$25,000,000	0.60%
On The Next \$50,000,000	0.55%
On The Next \$100,000,000	0.50%
On Assets Over \$250,000,000	Negotiable
RIA Non-US Growth	
<u>Account Value</u>	<u>Fee (Annual Rate)</u>
On The First \$25,000,000	0.75%
On The Next \$25,000,000	0.70%
On The Next \$50,000,000	0.65%
On The Next \$100,000,000	0.60%
On Assets Over \$250,000,000	Negotiable

Fees are negotiable in certain circumstances. When a client relationship terminates, fees collected in advance are promptly refunded upon client request. The refund amount is calculated on a calendar day basis and prorated to the termination date.

Our management fees are not the only fees a client will incur. Clients will incur transaction costs, referred to as commissions, charged by the brokerage firms executing trades. A more detailed discussion of brokerage items is discussed on page 9.

Client account may invest in mutual funds and exchange-traded funds as part of Rushmore's investment strategy in order to gain access to certain sectors, markets, or securities. Investments in mutual funds and exchange-traded funds, however, generally include an embedded investment management fee paid to the investment adviser of the mutual fund or exchange-traded fund. As such, client account with investments in those types of securities will be subject to two layers of management fees.

Item 7 - Types of Clients

Rushmore provides investment management services to a wide variety of clients including: individuals, institutions, trusts, foundations, state & local retirement funds, etc. Below is a table of our client demographics as of 12/31/2012. The minimum relationship/account size that Rushmore will accept for direct investment management is \$500,000 (individual) and \$1,000,000 (institutional).

Total AUM	4Q12 Total Value
Corporate	\$ 8,937,803.87
Public	\$290,173,827.12
Multi-Employer / Union	\$ 6,576,025.02
Endowments	\$ 3,391,513.32
Foundations	\$ 14,418,717.28
IRA / Defined Contribution	\$177,477,619.29
LP / Trust/ Individuals	\$237,261,411.81
Wrap Fee	\$133,231,475.47
Other	\$ 1,390,774.91
Total	\$872,859,168.09

The minimum relationship/account size that Rushmore will accept for direct investment management is \$500,000 (individual) and \$1,000,000 (institutional).

Many clients come to Rushmore through introducing Brokers that maintain a Platform or Program that provides for the direct or indirect management of a client's portfolio by Rushmore. Account minimums for such Platforms are set by each individual brokerage firm. In these arrangements, the Broker charges a fee to the client for its services including the amount that the brokerage firm pays to Rushmore. The brokerage firm then pays Rushmore a management fee in accordance with a contract between the parties.

Item 8 - Methods of Analysis, Investment Strategies And Risk of Loss

Rushmore's investment strategy is based on the combination of our proprietary quantitative model and the broad skill set of our investment committee. Simply stated, our investment process harnesses the output of our quantitatively-rich model. Our model quickly gathers, analyzes, sorts, and synthesizes vast amounts of global equity data into a manageable list of equity candidates. These candidates are then validated through a fundamental review process and input from our investment committee. Companies identified possess earnings growth potential that has either not been recognized and/or is expected to continue to exceed earnings and revenues expectations for the foreseeable future. These companies typically respond with a predictable and measurable period of outperformance prior to Wall Street analysts recognizing the evolving earnings trend.

The net effect is a portfolio that we believe will exceed a comparable index/benchmark over a full market cycle of 3-5 years. Our investment committee is responsible for all stock selection and portfolio construction within the confines of the investment process. Only stock candidates identified within the investment process can be included in our portfolios.

Rushmore's investment style performs best under market conditions that reflect a consistent up, down or flat trend, with the highest percentage of relative excess returns occurring in accelerating markets. In cases of market inflection or change in market leadership, the performance of our portfolios will tend to track or lag behind the benchmark as our model requires time to see confirmation of a trend. Risk is mitigated by adhering to risk controls within the investment process.

Our Investment process does not use leverage nor do we employ options in our standard portfolio strategies. On occasion, we will engage in covered call writing, put protection, and/or the use of leverage, to accommodate specific client requests. For such services an additional fee is charged on a case-by-case basis. We are not engaged in the sale of insurance or annuities, commodity of futures transactions.

We research and employ a vast number of sources in our portfolio management activities. Aside from periodicals and subscription services we examine annual reports, corporate press releases, filings on the SEC Edgar site, and participate in corporate conference calls.

While our research is thorough, clients must be prepared for the risk of loss. All investments in securities risk the loss of capital.

We have identified four principal types of risk: 1) Risk that the stock market declines or the price of individual securities decline while the true long term value of the company may be unchanged or possibly even higher, 2) Our analysis has been faulty, 3) External events may negatively affect the value of a specific company and 4) Fraud, in which case no amount of analysis could have been sufficient.

Item 9 - Disciplinary Information

Neither Rushmore nor its management members have any disciplinary matters to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

Rushmore is a Registered Investment Advisor with no affiliated broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Rushmore has adopted a Code of Ethics (“Code”) pursuant to SEC Rule 204A-1, which requires each of our employees to comply with all applicable federal and state laws and regulations. In recognition of the trust and confidence placed in us by our clients, our Code is based on the principal and belief that the Client’s interests are paramount. To that end, our Code requires that each employee must place the Client interest before his/her own and must not place one Client’s interest before another. Employees are required to avoid any action that results in a conflict of interest (real or perceived) with the firm and its clients. Our Code prohibits outside business activities without the consent of the Chief Compliance Officer. Employees are prohibited from trading on the basis of material non-public information and are prohibited from accepting extravagant gifts or entertainment from our business relationships. A copy of our Code of Ethics is available upon request.

Rushmore and our representatives do not recommend to clients, nor buy or sell for client accounts, any securities in which we have a material financial interest.

A potential conflict of interest would arise if Rushmore’s employees were to own and trade for their own accounts the same securities that we recommend and buy or sell on our client’s behalf. To resolve any such potential conflict of interest, we have instituted an employee trading policy that restricts our employees’ trading activities. Our employees are allowed to have their accounts professionally managed in one of our portfolios or by an independent 3rd party, or they may alternatively trade only mutual funds or ETF’s on their own behalf. Employees are also prohibited from excessive personal trading. In the event that an employee has an account managed in one of our portfolio offerings, such account would be traded alongside our client’s accounts and receive no favorable treatment. This policy ensures that under no circumstances would our employees be trading against or in conflict with our clients.

Item 12 - Brokerage Practices

Rushmore has a fiduciary and fundamental duty to seek best execution for client transactions. As a matter of policy and practice, we seek to obtain best execution through the selection and utilization of appropriate executing brokers. For this purpose, best execution means seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

Brokerage Selection

In selecting broker/dealers for trade execution we evaluate the cost of brokerage services against their quality, and then determine whether the services are the lowest cost for what they provide. Some of the factors we consider in determining the quality of a broker/dealers execution services are: execution capability and available liquidity; timing and size of particular orders; commission rates; responsiveness; trading experience; reputation, integrity and fairness in resolving disputes.

Soft Dollar Activities

Rushmore does participate in soft-dollar arrangements and we may receive soft-dollar credits attributable to the trading activity in our clients' accounts. In addition to receiving proprietary research from the various broker/dealers we utilize to execute client transactions, we have entered into several soft dollar arrangements with certain broker/dealers. Under these arrangements, we receive a credit for a portion of the commissions charged on some transactions in client accounts. These credits are used to acquire research related products and services of independent third party providers. Examples of products and services obtained during the previous year utilizing soft dollar credits include: NYSE Pricing, Factset Investment Research, Russell Investment Research and Thomson Reuters (Starmin & First Call Estimates).

Rushmore benefits from the use of soft dollar credits generated from client brokerage commissions because we do not have to directly pay for the services obtained therewith. This benefit may give us an incentive to select executing broker/dealers based on our interest in receiving the research related products and services rather than obtaining most favorable execution for our clients. We believe this is not that case, as under our arrangements we do not cause clients to pay commissions in excess of the normal market-driven commission rates.

The research related products and services obtained with soft dollar credits benefits our overall research process as opposed to any specific portfolio or product. Subsequently, all of our clients benefit from the expanded research capabilities obtained through soft dollar credits and cannot be allocated specifically for the benefit of any individual client.

The process for allocating trades amongst our various broker/dealers is driven by our desire to seek best execution, the capabilities of the individual broker/dealers (in general and in relation to the specific trade being contemplated), and the constraints and requirements of our client's custodial selection.

Referrals and Directed Brokerage

Rushmore does not direct brokerage to specific broker/dealers in consideration of client referrals.

A vast majority of the clients that retain Rushmore's services already have an existing broker/dealer or custodial relationship. Many of these relationships are the result of the client's participation in a broker/dealer or Investment Advisor sponsored platform or wrap-fee program. As a general practice, we are willing to work with any client's existing custodial relationship and do not make specific broker/dealer or custodian recommendations. If requested, we will provide clients with a listing of the broker/dealers and custodians utilized by us at the time of the request.

In addition to the accommodation of existing client brokerage and custodial relationships, Rushmore will accept the designated or directed brokerage requests of our clients. When a client directs brokerage to a particular broker/dealer, including in a wrap-fee arrangement, that client may be foregoing certain benefits (including lower commission costs or greater reliability in executing orders) that might be obtained from other broker/dealers for such services. In such instances, we are not able to negotiate brokerage commission with respect to specific transactions executed and we are unable to "batch" such transactions with other RIA clients to achieve savings on execution costs.

Trade Aggregation

As a general practice, Rushmore aggregates client trades whenever possible. It is our belief that trade aggregation is a vital component of best execution and helps ensure that all clients are treated fairly in trade allocation.

Item 13 - Review of Accounts

Generally, clients will select more than one of our portfolio offerings depending on specific investment objectives and risk tolerance. The circumstances in which a client comes to Rushmore, either direct separate account or indirect platform based, determines the level of service and amount of interaction we have with each individual client. If a client is an indirect client of Rushmore's (i.e. platform based), the introducing broker and the client will be responsible for the selection of the portfolios to participate in. If the client is an institutional client, such as a large corporation or pension plan, the client will generally use the services of a consultant to select which of our portfolio offerings to participate in.

For individual direct clients, a representative of Rushmore's Private Client Group will meet with the client at the beginning of the relationship to assist in determining which of our portfolio offerings most fit the client's needs. Factors considered in this decision include items such as age, wealth, risk tolerance and specific investment objectives. Each quarter, each direct client receives a portfolio review that consists of a letter written by our investment committee and reports providing details of their portfolio. Additional reporting is available to meet specific client needs.

Item 14 - Client Referrals and Other Compensation

Rushmore does not accept nor provide gifts or awards in any form to referring brokers, firms, agents or individuals.

In certain circumstances, Rushmore may compensate third parties for client referrals. These arrangements are commonly referred to as "Solicitors Agreements." Compensation under these arrangements shall be a percentage of the collected management fees for the referred client accounts. In these cases, the client will be notified of such arrangement, including the amount of fee to be directed to the referring party. In the event solicitors are utilized, we will ensure that the referring entity and/or individual are appropriately licensed, and that the referral arrangement is conducted in full compliance with applicable state and federal regulations. Presently, we have 4 legacy solicitor agreements in force, details of which are below.

Rushmore manages accounts which originated as referrals from Charles Schwab & Co., Inc. ("Schwab") through RIA's participation in the Schwab Advisor Network® ("the Service"). Although Rushmore no longer actively participates in the Service, we continue to pay residual referral fees on those client accounts originated by the Service. Schwab is a broker/dealer independent of and unaffiliated with Rushmore. Schwab does not supervise Rushmore and has no responsibility for Rushmore's management of clients' portfolios or other advice and services.

Rushmore manages accounts that originated as referrals from TD Ameritrade, Inc. ("TD Ameritrade") through RIA's participation in the TD Ameritrade AdvisorDirect program (the "referral program"). Although Rushmore no longer actively participates in the referral program, we continue to pay residual referral fees on those client accounts originated by the referral program. TD Ameritrade is a broker/dealer independent of and unaffiliated with Rushmore. TD Ameritrade does not supervise Rushmore and has no responsibility for Rushmore's management of clients' portfolios or other advice or services.

Rushmore maintains legacy referral agreements with 3 independent brokers.

Item 15 - Custody

The SEC definition of Custody states that if an advisor "holds, directly or indirectly, client funds or securities or has the authority to obtain possession of them" then an advisor is deemed to have custody of client assets. In certain circumstances, and in accordance with a limited power of attorney executed by our clients, Rushmore has the ability to direct debit fees from client accounts. This authority, although limited, means that Rushmore is deemed to have custody in these circumstances. Irrespective of this designation, all client accounts managed by Rushmore are held with a qualified custodian and at no time do we have physical possession of client assets. Clients will receive account statements directly from their custodian at least quarterly, and we urge our clients to review these statements regularly to insure accuracy. For purposes of review and

client discussions we prepare and deliver to clients account summaries from our internal records that show holdings and realized / unrealized gains and losses. We advise our clients to check these reports against their custodial account statements to ensure that there are no material discrepancies.

Item 16 - Investment Discretion

Through Rushmore's separate managed account services, we maintain sole investment discretion over client accounts. Clients are required to execute an investment advisory agreement that, among other things, grants us the authority to manage their assets on a discretionary basis. Additionally, clients provide their account custodian with an executed Limited Power-of-Attorney which grants us some or all of the following authority: securities trading, fee debit processing and funds disbursement to accounts with identical registrations. These documents provide Rushmore with the authority to conduct transactions on the client's behalf without prior notification.

Clients that wish to restrict us from investing their assets in certain companies or types of companies should provide us with written instructions concerning these restrictions.

Item 17 - Voting Client Securities

As a general practice, and unless specifically agreed to otherwise in writing, Rushmore is delegated the authority and responsibility to vote proxies on behalf of our clients through the execution of our investment advisory agreement. We believe that proxy voting is an integral part of our investment management process, and accordingly this process is conducted with the same degree of prudence and professionalism accorded any fiduciary or other obligation of an investment advisor. If authority has been granted to Rushmore to vote proxies on a client's behalf, clients are not able to direct our vote in a particular solicitation. At any time however, the authority granted to us may be rescinded via written request.

Rushmore has adopted Proxy Voting Policies and Procedures pursuant to SEC Rule 206(4)-6 that we believe are reasonably designed to ensure that proxies are voted in the best interest of our clients. To manage this process, we have retained the services of Institutional Shareholder Services (ISS) as a voting delegate. ISS has developed domestic and global Voting Guidelines designed to advance the interest of individual shareholders through the proxy voting process. Rushmore's policy is to vote in accordance with the recommendations of the applicable domestic or global ISS Voting Guidelines in affect at the time of voting.

In the event that a proxy related conflict of interest arises between Rushmore and a client, we will rely upon the ISS Policies, Procedures and Practices Regarding Potential Conflicts of Interest for a resolution. In any event, it is the desire of Rushmore to ensure that all proxies are voted in the best interest of the client.

Item 18 - Financial Information

Rushmore does not require prepayment of fees 6 months or more in advance and no financial condition exists that would impair our ability to meet our contractual obligation to our clients. Rushmore has not been the subject of a bankruptcy petition at any time.

Additional Disclosures – Business Continuity Plan

Rushmore maintains and tests on a periodic basis a business continuity plan that will enable us to continue operations and maintain communications with clients in the event of a variety of business disruptions. This plan is reviewed and updated annually. A client summary of the plan is provided to clients on an annual basis as well as upon request.

Additional Disclosures – Privacy Policy

RIA is committed to keeping the personal information collected from our potential, current and former clients confidential and secure. The proper handling of personal information is one of our highest priorities. Our privacy policies and procedures are reviewed and updated annually. A Notice of Privacy Policy is provided to clients at least on an annual basis, as well as upon request.