

HOWE AND RUSLING, INC.

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This brochure provides information about the qualifications and business practices of Howe and Rusling, Inc. If you have any questions about the contents of this brochure, please contact us at 585-325-4140. The information included in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Howe and Rusling, Inc. is registered as an investment adviser with the United States Securities and Exchange Commission. The firm's registration does not imply a certain level of skill or training.

Additional information about Howe and Rusling, Inc. also is available at the SEC's website at www.adviserinfo.sec.gov. Select Investment Adviser Search on the left navigation panel and select Investment Adviser Firm on the Investment Adviser Search page to begin your search.

The information included in this brochure is intended to provide you with information that may be useful to you in evaluating the services that we provide and to compare our services with those of other advisory firms.

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ADVISORY BUSINESS

A. Howe and Rusling, Inc. (H&R) is a registered investment advisor, founded in 1930. Our principal owner is Craig Cairns, President, Chairman, and Chief Compliance Officer.

B. Howe & Rusling primarily offers large cap equity and intermediate fixed income investment management. Howe & Rusling researches security selection, and tactical asset class and sector allocations. Howe & Rusling assists our clients with some financial planning and on occasion uses outside asset managers and ETFs, but mainly specializes in security selection.

Howe & Rusling has three primary equity strategies:

Core Equity Portfolio: A diversified portfolio of approximately 30 large cap equities, Howe & Rusling's primary strategy.

Equity Income Portfolio: A portfolio of approximately 30 higher dividend equities, intended for clients looking to increase their portfolio income, or reduce their portfolio volatility.

Concentrated Equity Portfolio: A non-diversified portfolio holding 6-8 of our core equity positions, intended for smaller and more aggressive investors

Our fixed income analysts use a combination of macroeconomic analysis & forecasting, proprietary modeling, sector-specific research, and financial reporting analysis. All securities are considered based on their yield to maturity, risk/reward profile, their liquidity, their optionality, and how they fit into each portfolio.

Howe & Rusling's primary fixed income expertise is in the Treasury, agency, investment grade corporate, municipal, and agency mortgage-backed sectors; however, Howe & Rusling also has experience in other sectors. Howe & Rusling has robust trading programs and best-execution policies to ensure our clients get competitive pricing, and to maximize their liquidity.

C. We do allow our clients to impose restrictions for certain investments. These restrictions generally regard issues relating to:

- asset mix
- an individual security
- investment characteristics (e.g. debt rating, foreign investments, social issues)

Any investment restrictions placed upon an account are agreed upon in advance with the client and captured on the asset allocation agreement between the client and advisor.

D. We are not a sponsor of "wrap fee" programs. Some clients retain us under wrap fee arrangements offered by broker-dealers. In those cases, the broker-dealers are responsible

for recommending Howe & Rusling as investment advisor to their clients, paying H&R advisory fees for managing client portfolios, monitoring and evaluating H&R performance, executing portfolio transactions without per share commission charge, providing custodial services for the client's assets, or providing any combination of these or other services, all for a single fee paid by the client to the broker-dealer.

The following is a list of wrap fee programs in which we participate as an advisor. The annual advisory fee that is paid to us is listed in parentheses and is a function of variables such as relationship size and client objective. We generally manage our wrap account the same way as our non-wrap accounts excepting that in wrap and directed accounts we do not have the ability to execute through a prime broker. The fee is expressed as a percentage of total asset value.

- Canandaigua National Bank (0.5% to 0.6%)
- FSC Securities (0.25% to 1.2%)
- Merrill Lynch (0.85%)
- Sage Ruddy (0.85%)

E. Howe & Rusling had 1,351 discretionary accounts valued at \$764,794,014 and 24 non-discretionary accounts valued at \$33,695,254 as of December 31, 2013.

FEES AND COMPENSATION

A. We provide investment supervisory services according to the following basic fee schedule. The minimum quarterly fee is \$1500 (the fee for a \$500,000 portfolio).

The standard fee schedule for equity and balanced accounts is as follows:

Portfolio Value	Quarterly Rate	Annualized Rate
First \$500,000	0.30%	1.20%
Next \$500,000	0.25 %	1.00 %
Above \$ 1,000,000	0.20 %	0.80 %

The following fee schedule is for fixed income-only accounts. The minimum quarterly fee is \$1250 (the fee for a \$1,000,000 portfolio).

Portfolio Value	Quarterly Rate	Annualized Rate
First \$ 5,000,000	0.1250 %	0.50 %
Next \$ 15,000,000	0.0750 %	0.30 %
Above \$ 20,000,000	0.0625 %	0.25 %

The following fee schedule is for ETF-only accounts.

Portfolio Value	Quarterly Rate	Annualized Rate
Any	0.20%	0.80%

Fee Schedules for Schwab Referrals

The standard equity and balanced fee schedule for Schwab referrals is as follows, which is the same as our standard fee schedule for equity and balanced accounts (Schwab is paid 0.25% of the annualized fee on all referrals regardless of objective or size):

Portfolio Value	Quarterly Rate	Annualized Rate
First \$500,000	0.30%	1.20%
Next \$500,000	0.25%	1.00%
Above \$1,000,000	0.20%	0.80%

The standard fixed income fee schedule for Schwab referrals is as follows (Schwab is paid 0.25% of the annualized fee on all referrals regardless of objective or size). The minimum quarterly fee is \$1,625 (the fee for a \$1,000,000 portfolio).

Portfolio Value	Quarterly Rate	Annualized Rate
First \$5,000,000	0.1625%	0.65%
Next \$15,000,000	0.0750%	0.30%

Above \$20,000,000	0.0625%	0.25%
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The standard ETF-only account fee schedule for Schwab referrals is as follows:

Portfolio Value	Quarterly Rate	Annualized Rate
Any	0.2125%	0.85%

The management fee, computed using the above schedule, is reduced by 20% for clients that are charitable organizations. Howe & Rusling may, in its discretion, reduce the standard fee. Under certain circumstances, such as multiple relationships within a single family, our fees and minimums may be negotiable. Lower fees for comparable services may be available from other sources. Fixed fees, as opposed to fees based on a percentage of assets under management, may also be negotiated on very rare occasions and on an individual basis due to unusual circumstances.

B. At the start of a client's relationship with us, the client may choose if he/she would like us to send an invoice for our advisory services directly or if he/she would like us to have the fee directly debited from the custodial account. Fees are collected quarterly in advance.

C. Howe & Rusling's schedule of fees does not include any brokerage fees, fund expenses, or transaction costs that the client may incur through investing. Please see "Brokerage Practices" for a discussion of custody and brokerage arrangements.

D. The management fee is billed quarterly in advance in an amount determined by applying the quarterly rate to the portfolio market value on the last day of the calendar quarter immediately preceding the billing date. In the event of termination of the investment agreement by written notice from the client mid-quarter, a rebate for the pro-rated amount of the fee not used is sent by check to the client or back to the brokerage account where the fee was paid.

E. N/A

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Howe and Rusling does not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees).

TYPES OF CLIENTS

We offer investment supervisory services and require a minimum market value to start an account: \$500,000 for basic accounts and \$1,000,000 for fixed income-only accounts. Howe & Rusling may, in its discretion, waive the minimum account size.

We primarily provide investment advice to:

- individuals
- high net worth individuals

However, we also provide investment advice to:

- insurance companies
- investment companies
- pension and profit sharing plans
- trusts, estates, and charitable organizations
- corporations and other businesses

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Howe & Rusling's equity & ETF analysis is based on both "top-down" economic research which includes macroeconomic forecasts and geopolitical analysis, and on "bottom-up" fundamental research which generates investment ideas for individual securities based on our proprietary valuation model, earnings estimates, long-term growth forecasts, and technical analysis. Our top-down research helps determine our tactical, geographic, and sector weightings as well as our risk profile. Our bottom-up research identifies opportunities in stocks which may be undervalued, or whose growth seems overly discounted.

Once we have identified opportunities through our bottom-up analysis, we look at these opportunities within the context of the economic picture painted by our top-down research. We try to identify opportunities whose investment theses are aligned to our overall forecasts and then begin to investigate those companies in greater depth. We read analyst reports, guidance, news headlines, and SEC filings to develop an understanding of the potential upside and risks of each position. We try to build a detailed understanding and thesis of what we think will happen to each position and what we think might go wrong.

Once the analysts have established a compelling thesis and a fair market value for the stock price, the stock is written up and presented to the Equity Committee who debate the stock and vote on it. If the stock is passed and approved for purchase, the portfolio managers review their client restrictions to make sure the stock fits for each client.

Once a position is purchased, the equity analysts monitor the position's movement, performance, and any news/earnings releases which may affect the stock price. Any relevant information is passed on to the Equity Committee in weekly Monday meetings, or inter-week either via email or in a snap meeting if there are time sensitive and urgent issues.

Positions are subjected to ongoing review to examine whether a compelling investment thesis still holds and to try and uncover whether or not subsequent events have changed the position's risk profile. If a position is found to no longer be a compelling investment, either because it has appreciated or because circumstance has moved against us, the position is represented to the Equity Committee, voted on, and sold.

Howe & Rusling's fixed income analysis looks for opportunities in different sectors and positions by analyzing the risk reward structure for interest rate risk, credit risk, and optionality risk. While Howe & Rusling uses a number of analytics in evaluating every risk, the primary tools for evaluating interest rate risk are our proprietary econometric model, yield curve analysis, and analysis of monetary policy. Our analysis of interest rate risk determines our tactical duration target.

Howe & Rusling's credit risk analysis which determines our sector allocations and allocations to different credit qualities, is based on a combination of risk premium / spread analysis, balance sheet analysis, and several other factors.

Howe & Rusling also evaluates optionality risk based on anticipated changes in the yield curve, pricing of embedded options, and liquidity analysis. Howe & Rusling considers liquidity an important factor in pricing every bond, but it is especially

important when dealing with lower credit quality bonds and bonds with embedded options.

Once a bond is purchased, Howe & Rusling observes the positions and performs ongoing analysis to determine whether or not the risk-reward profile of the position has changed, or whether or not our economic outlook has changed. When a position no longer looks attractive for our clients on a risk-reward basis, the position is sold.

Investing in securities involves a risk of loss that one should be able to bear, including the potential loss of one's investment.

B. When investing in stocks, clients must be aware that the performance of any individual stock is going to be tied to the performance of the underlying company. Companies face a diverse set of risks which may cause investments in their stocks to perform poorly or lose money. In an extreme case, should a company become insolvent, or turn out to be fraudulent, the stock may lose all of its value. Howe & Rusling generally buys the stocks of large established firms and tries to mitigate company specific risks by researching and monitoring the operations and news affecting our holdings on an ongoing basis to catch problems before they become too severe.

Stock returns, as well as those of ETFs, may also change with developments in the market, economy, or news. These may be unexpected and may affect many stocks at once. Howe & Rusling does its best to manage these risks by performing top down research and by engaging in ongoing monitoring of the markets.

Bond returns may be affected by interest rate and inflationary changes, changes in demand for risk, and by changes in the fundamental risks of the underlying issuer. Howe & Rusling monitors all of these areas for developments to help insulate our clients from harmful developments. Additionally, bonds are negotiated securities so prices will depend on supply and demand. This makes many bonds subject to liquidity risks; where should we have to exit a position, we may be unable to obtain 'fair' value for the bonds. While Howe & Rusling has a best execution program in place to ameliorate this, in some situations: directed accounts and time sensitive client-directed sales or depending on the size of the bond positions, performance may be materially affected should the client have to exit a position before maturity.

DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Howe and Rusling's advisory business or the integrity of our management.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. N/A

B. N/A

C 3. H&R and SouthernSun Asset Management (formerly Cook Mayer Taylor/CMT) have entered into an investment sub-advisory agreement under which H&R will appoint SouthernSun Asset Management sub-adviser to H&R for specified assets of an H&R client following receipt of written authorization from the client. The written authorization from the client will specify the assets for which SouthernSun Asset Management will act as a sub-adviser and may be revoked at any time. During any period of time that SouthernSun Asset Management is serving as the sub-adviser for specified assets of an H&R client, SouthernSun Asset Management will have full discretion to invest and reinvest such specified assets. SouthernSun Asset Management will provide to H&R information on such assets at least quarterly. The sub-advisory relationship with SouthernSun Asset Management dates back to 2003 and SouthernSun Asset Management has been used for existing clients but is not typically offered as separate account management for new clients because of an increase in SouthernSun's minimum account size. For some new and existing clients, H&R uses SouthernSun's small cap mutual fund.

H&R will remain the adviser to the client, both as to the specified assets for which SouthernSun Asset Management serves as the sub-adviser and as to the remaining assets. SouthernSun Asset Management will receive a sub-advisory fee from H&R for the provision of the advisory services, but no additional fees (other than trading fees and custody fees, if applicable as in a typical H&R relationship) will be charged to the H&R client as a result of this arrangement and no additional expenses will be incurred by the H&R client as a result of this arrangement. H&R will provide a copy of SouthernSun Asset Management's ADV Part II to the H&R client. In 2012, SouthernSun Asset Management decided to raise their portion of the sub-advisory fees for existing H&R clients causing the overall fee to be raised.

H&R and Investment Management of Virginia, LLC (IMVA) have entered into an investment sub-advisory agreement under which H&R will appoint IMVA sub-adviser to H&R for specified assets of an H&R client following receipt of written authorization from the client. The written authorization from the client will specify the assets for which IMVA will act as a sub-adviser and may be revoked at any time. During any period of time that IMVA is serving as the sub-adviser for specified assets of an H&R client, IMVA will have full discretion to invest and reinvest such specified assets. IMVA will provide to H&R information on such assets at least quarterly. The sub-advisory relationship with IMVA began in the fourth quarter of 2012. In 2013, IMVA decided to raise their portion of the sub-advisory fees for existing H&R clients causing the overall fee to be raised.

H&R will remain the adviser to the client, both as to the specified assets for which IMVA serves as the sub-adviser and as to the remaining assets. IMVA will receive a sub-advisory fee from H&R for the provision of the advisory services, but no additional fees (other than trading fees and custody fees, if applicable as in a typical H&R relationship) will be charged to the H&R client as a result of this arrangement and no additional expenses will be incurred by the H&R client as a result of this arrangement. H&R will provide a copy of IMVA's ADV Part II to the H&R client.

Both SouthernSun Asset Management and Investment Management of Virginia are recommended to clients for small cap investment styles, when appropriate, and as desired by the client.

D. N/A

CODE OF ETHICS

A. Howe & Rusling has a Code of Ethics that governs the personal securities investment activities of Howe & Rusling personnel. The three key principles embodied throughout the code are:

- The interests of clients must always be paramount.
- Howe & Rusling personnel may not take inappropriate advantage of their relationship to clients.
- All personal securities transactions should avoid any actual, potential, or apparent conflicts of interest.

A copy of the Code of Ethics is available to clients and prospective clients upon request.

B. N/A

C. In order to follow these principles, we monitor all personal securities transactions of our employees.

Employees are required to:

- Submit copies of their personal brokerage statements and record of the confirmations to the compliance officer for all accounts in which they have a beneficial interest and/or control
- Immediately notify the compliance officer of any new accounts that they open
- Annually certify that they have read and comply with our Code of Ethics
- Complete an annual holdings questionnaire
- Quarterly sign a statement stating that they have no additional accounts or trades to disclose

Beneficial interest is defined as having the opportunity, directly or indirectly, to profit or share in any profit derived from the purchase or sale of securities. In addition to submitting their own personal security information, employees must disclose account information on their spouse, minor children, and any person living in their home or to whose support the employee directly or indirectly contributes.

Employees are allowed to invest in the same securities (including bonds) recommended to clients, but only after our client buy or sell program has been completed. While these securities are being bought or sold for you, they are placed on our restricted list. Employees are prohibited from buying or selling any securities on the restricted list. We also place securities on our restricted list where it is possible for the portfolio managers to obtain non-public information on such companies. Employees must obtain pre-clearance from our compliance officer before completing any qualified transactions. Additional information on our personal securities transaction policies may be obtained by contacting our compliance officer.

D. By restricting our employees from purchase or sale of securities while client trades are being contemplated and executed, we try to avoid any conflicts of interest with clients.

BROKERAGE PRACTICES

A. **Howe & Rusling, Inc.** has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides **Howe & Rusling, Inc.** with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist **Howe & Rusling, Inc.** in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help **Howe & Rusling, Inc.** manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom **Howe & Rusling, Inc.** may contract directly.

Howe & Rusling, Inc. is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

1. Soft Dollars

We utilize a portion of our equity commission dollars only generated from our clients' accounts to purchase research services for client portfolio management. This type of commission business is commonly known in the industry as "soft dollars." Its use may increase client transaction costs. "Soft dollar" commitments are used for the benefit of all our clients. H&R receives a benefit because we do not have to pay actual dollars for the research. The following is a list of the types of research obtained with soft dollars:

- Ned Davis Research, Inc. provides us with Bond Market Strategy research and equity sector research
- ISI (as defined below) provides us with economic research
- Interstate Group provides us with Bloomberg Financial Markets electronic systems (Morgan Keegan)

- Morgan Stanley, Deutsche Bank, JP Morgan and Barclays Capital provide us with institutional research

As with all trading, the factors considered in selecting brokers for soft dollar commissions are:

- ability to obtain efficient execution
- most prompt and accurate reporting
- commission rate
- value to our clients of the research provided

We do not receive any additional benefits other than research from our soft dollar relationships. However, a potential conflict of interest arises between H&R's desire to pay for research through client trades rather than with actual dollars. The Head Trader and Brokerage Committee monitor the relationships carefully for execution quality and quality of the research. Trades and trading volume are tracked.

B. Howe & Rusling may elect to trade with certain brokers in order to receive soft dollar research. When we perform these (or "block") trades where we group many client trades together for a larger volume trade, our clients are generally assessed a "trade away fee," which adds to the actual cost per share of the trade. One of the potential benefits of block trading is better execution of a larger trade over a smaller trade; however, block trading may not always offer the most favorable execution.

C. Our soft dollar practices incur additional trading and may incur higher execution prices which would not be incurred otherwise. While we have brokerage and best execution reviews and written policies in place to monitor execution costs, the fees incurred may raise the total cost of the trade above what the client may have received otherwise. However, even in those instances where the cost to trade is above what the client may have received otherwise, we believe that the value added from receiving the research justifies the costs.

D. The soft dollar research benefits all clients, not just the ones whose soft dollars pay for the systems. As all of our soft dollars go towards research, the benefits are equal to all clients regardless of the soft dollars they generate.

E. We pay for the following research using our soft dollars from equity trading only:

- 1) The two Bloomberg research systems which provide continuous pricing of securities, a trading platform for fixed income, portfolio modeling, news aggregation, access to research reports and analytic systems.
- 2) Research from ISI (International Strategy and Investment), a research firm founded in the early 1990s that provides quality economic, governmental, and sector research that is helpful for our top down research for fixed income and equity management
- 3) Research from Ned Davis who maintains and updates H&R's Bond Market Watch (BMW) that is important to H&R's fixed income research. Additionally, H&R receives sector and technical research from Ned Davis.

4) Research from Deutsche Bank, Barclays Morgan Stanley and JP Morgan, including quality equity research on individual companies that is valuable to make decisions on individual equities or ETFs selected for the portfolio.

F. Howe & Rusling has a Brokerage Committee that includes the Chief Compliance Officer to meet periodically to review, discuss, and approve soft dollar relationships. Additionally, the Brokerage Committee reviews the soft dollar trading volumes and execution of the soft dollar brokers. Prior to a trade, the CCO decides where the trade will be executed based on the volume of each of the soft dollar relationships and occasionally, who might be best suited to execute the trade.

2. A. Howe & Rusling clients currently have custody of their assets maintained by 17 different custodians. Howe and Rusling is able to accept client accounts based on client preference from most custodians. By far the largest custodial relationships H&R clients have are with Schwab and Fidelity: two large, well-known custodians who provide institutional custody at no custodial cost to the client, but with trading fees. If a client is indifferent to where he/she wants to custody assets, H&R recommends either Schwab or Fidelity. After H&R had a well-established relationship with Schwab and Fidelity, both Schwab and Fidelity approached H&R and invited H&R into newly developed referral programs where representatives of Schwab and Fidelity recommend H&R services to Schwab and Fidelity clients where appropriate. This potentially creates a conflict of interest where H&R would refer clients who were not referrals and indifferent to where their assets should be custodied to either Schwab or Fidelity. However, it has been the practice of H&R long before being invited into Schwab and Fidelity referral programs to recommend these two firms. Both Schwab and Fidelity offer platform services and technology that helps Howe & Rusling with back office management, trade execution, account management and asset pricing. It is Howe & Rusling's policy to trade away from Schwab and Fidelity for block equity trades above a certain share amount and to trade at Schwab and Fidelity when trading for Schwab and Fidelity clients individually, or if a client requests a direct trade.

3.

A. N/A

B. We do not restrict clients from using directed brokers, but we discourage it. In the event that a client directs us to use a particular broker or dealer, we may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. This is fully disclosed to clients in the H&R Advisory Agreement that is specific to clients who direct brokerage. Furthermore, if the client is directed, we may not have access to the same quality or scale of inventory on the fixed income side.

In addition, under these circumstances a disparity in commission charges may exist between the commission charged to clients who direct us to use a particular broker or dealer and other clients who do not direct us to use a particular broker or dealer.

Prime Brokerage Services

Clients using the custodial services of Schwab Institutional, a part of Charles Schwab & Co., Inc. ("Schwab") and Fidelity Institutional Wealth Services ("Fidelity") are charged a trade-away fee for transactions placed and executed by broker-dealers other than Schwab or Fidelity. In order to stay above the SEC minimum, our policy states that smaller accounts with a market value of under the custodian minimums are not eligible to take part in the prime brokerage program due to their size. The trades for these accounts must be traded at their custodian. Prices obtained for trades placed in the prime brokerage program will be different (sometimes higher, sometimes lower) than prices obtained for accounts that are required to trade at the custodian.

B. Howe & Rusling will aggregate accounts to place a "block trade" when it is operationally and economically efficient and for the soft dollar reasons stated above. Blocking on the fixed income side enables us to get superior pricing on large allocations because fixed income is a negotiated market and the dealers will accept lower commission rates on large trades. On the equity side, since we generally trade highly liquid large cap stocks, we may achieve greater operational efficiency by trading in a block rather than tying up resources trading accounts individually.

REVIEW OF ACCOUNTS

A. Most equity and fixed income securities in client accounts are reviewed daily by the Director of Equity Research or the Director of Fixed Income Research. In most client accounts, we utilize a manageable number of securities selected and purchased through our equity and fixed income process. In a limited number of accounts, securities may be retained at account inception at Howe & Rusling for a variety of reasons. Occasionally, a client will demand that we purchase a certain security that has not been approved through the H&R equity or fixed income process. Securities held or purchased in this manner are reviewed less frequently. If action is deemed appropriate for a particular security, an account review is initiated. Generally, account reviews take place a few times each quarter to examine the portfolio balance and suitability of the portfolio to the client's needs.

We have four portfolio managers who are involved in portfolio management for approximately 600 client relationships. In addition, other members of the trading department, including our Director of Fixed Income Research, assist in the review process. Bonds are selected according to our fixed income strategy as to quality, type, and maturity, this being formally updated biweekly.

B. Other events triggering a review would include the quarterly client contact, tax planning, client cash needs and changing client circumstances. Client objectives are reviewed during client contact.

C. We furnish quarterly reports to each client summarizing the account holdings and the account's current value. An investment return summary (net of fees) for the previous quarter is also provided in the quarterly report. Occasionally we report more frequently if we deem it advisable or if the client has special needs for extra reporting. In addition to our reports, the client's custodian will also provide monthly or quarterly portfolio reports and general tax information (if applicable).

CLIENT REFERRALS AND OTHER COMPENSATION

A. N/A

B. Howe & Rusling's policy is to pay referral fees to persons for the successful solicitation of clients. The Company will compensate third parties such as accountants, attorneys, and other individuals for referrals ranging from a rate of 25%-40% of our fee for any account that is referred to Howe & Rusling as long as there is an active relationship between the client, Howe & Rusling, Inc. and the referrer. An agreement between Howe & Rusling and the third party solicitor ("solicitation agreement") and an agreement between the third party solicitor and the prospective client ("separate written disclosure document") must be signed prior to the solicitor receiving any fee. Specific referral relationships and payouts including with H&R employees and clients are detailed below:

Employee Referrals

Compensation may be paid to employees of Howe & Rusling if their referrals become clients of our firm.

Rewards will generally equal 60% of an account's first quarterly fees, 30% of an account's second quarterly fees and 20% of an account's third quarterly fees. Employees will receive their reward by check or automatic payroll deposit issued through the Payroll Department. All applicable taxes will be deducted from the gross reward and the net amount will be forwarded to the employee. All Howe & Rusling employees that are paid for referring clients to our firm must have a signed employee solicitation agreement on file before receiving their referral reward.

Referrals from Clients

If a current client refers a new client to Howe & Rusling who engages our services, Howe & Rusling agrees to reduce the client solicitor's, and the new client's management fees by \$250 a quarter for four quarters. The new client must meet Howe & Rusling's minimum account size and both the client solicitor and new client must remain a client for those four quarters in order to obtain the full fee reduction. An agreement between Howe & Rusling and the client solicitor ("solicitation agreement") and an agreement between the client solicitor and the prospective client ("separate written disclosure document") must be signed prior to the solicitor receiving any fee.

Referrals from Fidelity and Charles Schwab

Fidelity Institutional Wealth Services

Howe & Rusling participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which Howe & Rusling receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. Howe & Rusling is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control Howe & Rusling, and SAI has no responsibility or oversight for Howe & Rusling's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for Howe & Rusling, and Howe & Rusling pays referral fees to SAI for each referral received based on Howe & Rusling's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from SAI to Howe & Rusling does not constitute a recommendation or endorsement by SAI of Howe & Rusling's particular investment management services or strategies. More specifically, Howe & Rusling pays the following amounts to SAI for referrals: For a period of 7 years from the date that a referred account is funded with Howe & Rusling, Howe & Rusling shall pay SAI an amount equal to the sum of (a) an annual percentage of 0.10% of any fixed income and cash assets in such account, and (b) an annual percentage of 0.25% of all other assets held in such accounts. Additionally, Howe & Rusling has agreed to pay a minimum annual fee associated with the WAS program. These referral fees are paid by Howe & Rusling and not the client.

To receive referrals from the WAS Program, Howe & Rusling must meet certain minimum participation criteria. H&R may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Howe & Rusling may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and H&R may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Howe & Rusling as part of the WAS Program. Under an agreement with SAI, Howe & Rusling has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, Howe & Rusling has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when Howe & Rusling's fiduciary duties would so require; therefore, Howe & Rusling may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit Howe & Rusling's duty to select brokers on the basis of best execution clients referred through the program.

Charles Schwab & Company Advisor Network Program

We receive client referrals from Charles Schwab & Co., Inc. ("Schwab") through Howe & Rusling's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Howe & Rusling. Schwab does not supervise us and has no responsibility for Howe & Rusling's management of clients' portfolios or our other advice or services. Howe & Rusling pays Schwab fees to receive client referrals through the Service. Howe & Rusling's participation in the Service may raise potential conflicts of interest described below.

Howe & Rusling pays Schwab a Participation Fee of .25% of the account size on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Howe & Rusling is a percentage of the value of the assets in the client's account. Howe & Rusling pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation fee is billed to Howe & Rusling quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by Howe & Rusling and not by the client. Howe & Rusling may charge advisor clients introduced by the Service, fees or costs greater than the fees or costs Howe & Rusling charges its advisory clients who were not introduced by the Service, and who have similar portfolios under management with Howe & Rusling. Howe & Rusling generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Howe & Rusling generally would pay in a single year. Thus, Howe & Rusling will have an incentive to recommend that client accounts remain in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Howe & Rusling clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Howe & Rusling will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Howe & Rusling's fees directly from the accounts.

For Howe & Rusling clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Howe & Rusling's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab will also receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Howe & Rusling may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Howe & Rusling nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Howe & Rusling's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Referrals from Third Party Consultants

Howe & Rusling maintains a relationship with a third party referrer, Capvisor, LLC, based in New Jersey who receives 40% of Howe & Rusling's fees on all accounts they refer to us for as long as the referred client maintains a relationship with H&R.

Howe & Rusling maintains a relationship with Nashville Capital Corporation, an advisor based in Tennessee who receives 25% of Howe & Rusling's fees on all accounts they refer to us for as long as the referred client maintains a relationship with H&R. Howe & Rusling maintains a relationship with the The Waterford Group, LLC, an advisor based in Rochester, NY who receives 25% of Howe & Rusling's fees on all accounts they refer to us for as long as the referred client maintains a relationship with H&R.

Custody

Under government regulations, we are deemed to have custody of client assets if, for example, a client authorizes us to instruct Charles Schwab to deduct our advisory fees directly from client accounts. The client's custodian maintains actual custody of client assets. Clients receive account statements directly from the custodian at least quarterly but typically monthly. Statements are sent to the email or postal mailing address provided us by Schwab. Clients should carefully review those statements promptly when received. We also urge clients to carefully compare their custody statements to the quarterly statements sent to clients by Howe & Rusling.

INVESTMENT DISCRETION

We have the authority to determine the securities and the amount of securities to be bought or sold in a client's account subject to the terms of your client agreement and according to the investment objective discussed and agreed upon by H&R and the client. The terms of the investment discretion and investment objective are specifically spelled out in the client agreement and client investment objective, signed by the client prior to investing. We do allow clients to impose restrictions for certain investments. These restrictions generally regard issues relating to:

- asset mix
- an individual security
- investment characteristics (e.g. debt rating, foreign investments, social issues)

Any investment restrictions placed upon an account are agreed upon in advance with the client and disclosed on the agreement between H&R and the client.

We also have the authority to determine the broker or dealer and commission rates to be used to execute transactions subject to the terms of the client agreement. We have a fiduciary obligation to the client with respect to the management of his/her accounts. The factors considered when selecting brokers are:

- ability to obtain best execution
- prompt and accurate reporting
- reasonableness of charges
- soft dollar relationships

VOTING CLIENT SECURITIES

- A. Howe & Rusling accepts authority to vote client securities. Howe & Rusling will always vote client securities in accordance with client wishes if informed ahead of time. Otherwise, Howe & Rusling follows the following proxy voting procedures: **(See Below B)**
- B. N/A

HOWE AND RUSLING, INC.
PROXY VOTING POLICIES AND PROCEDURES
(Adopted May 29, 2003 and Revised December 31, 2003, March 9, 2011)

Pursuant Securities and Exchange Commission (the “Commission”) Rule 206(4)-6 (17 CFR 275.206(4)-6) and amendments to Rule 204-2 (17 CFR 275.204-2) under the Investment Advisers Act of 1940 as amended (the “Act”), it is a fraudulent, deceptive, or manipulative act, practice or course of business, within the meaning of Section 206(4) of the Act, for an investment adviser to exercise voting authority with respect to client securities, unless (i) the adviser has adopted and implemented written policies and procedures that are reasonably designed to ensure that the adviser votes proxies in the best interests of its clients, (ii) the adviser describes its proxy voting procedures to its clients and provides copies on request, and (iii) the adviser discloses to clients how they may obtain information on how the adviser voted their proxies.

In order to fulfill its responsibilities under the Act, Howe and Rusling, Inc. (hereinafter “we” or “our”) has adopted the following policies and procedures for proxy voting with regard to companies in client portfolios for those clients who have given us permission to vote proxies on their behalf.

KEY OBJECTIVES

The key objectives of these policies and procedures recognize that a company’s management is entrusted with the day-to-day operations and longer term strategic planning of the company, subject to the oversight of the company’s board of directors. While “ordinary business matters” are primarily the responsibility of management and should be approved solely by the corporation’s board of directors, these objectives also recognize that the company’s shareholders must have final say over how management and directors are performing, and how shareholders’ rights and ownership interests are handled, especially when matters could have substantial economic implications to the shareholders.

Therefore, we will pay particular attention to the following matters in exercising our proxy voting responsibilities as a fiduciary for our clients:

- **Accountability.** Each company should have effective means in place to hold those entrusted with running a company’s business accountable for their actions. Management of a company should be accountable to its board of directors and the board should be accountable to shareholders.

- **Alignment of Management and Shareholder Interests.** Each company should endeavor to align the interests of management and the board of directors with the interests of the company's shareholders. For example, we generally believe that compensation should be designed to reward management for doing a good job of creating value for the shareholders of the company.
- **Transparency.** Promotion of timely disclosure of important information about a company's business operations and financial performance enables investors to evaluate the performance of a company and to make informed decisions about the purchase and sale of a company's securities.

DECISION METHODS

We generally believe that the individual analysts that invest in and track particular companies are knowledgeable and well-suited to make decisions with regard to proxy votes. Therefore, we tend to rely on those individuals to assist us with our final decisions on how to cast proxy votes.

No set of proxy voting guidelines can anticipate all situations that may arise. Therefore, in cases needed we may seek insight from our analysts on how a particular proxy proposal will impact the financial prospects of a company and vote accordingly. We will vote proxies of only the securities we actively hold and will vote solely in the interest of its shareholders. To actively hold a security the security must have been voted on by the equity committee and officially reside in one of the Howe and Rusling equity portfolios- that being the Core, Equity Income, ETF, or ETF 2 portfolio. We will not subordinate the interests of any of these portfolios to any unrelated objectives. We will act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

In situations we do not hold a security in one of our core portfolios but it is still held within a client account we will vote with management when presented with a proxy.

VOTING METHODS

We employ the use of Broadridge Financial Solutions, Inc. to manage our client proxies. The majority of our holdings release their proxies through Broadridge who automatically votes the shares with management. We are then notified of the proxy via a hard copy in the mail and on the Broadridge secure website, www.proxyedge.com. In cases we vote against management, we do so through the Broadridge website by obtaining the proxies electronically and switching the votes before the shareholder meeting.

In a few cases, proxies are delivered directly from the custodian (not Broadridge) via hard copies in the mail. In these cases the shares are voted electronically on proxyvote.com using a control number provided on the proxy. Hard copies of the proxy and the voting confirmations are then filed.

SUMMARY OF PROXY VOTING GUIDELINES

Election of the Board of Directors

We believe that good corporate governance generally starts with a board composed primarily of independent directors, unfettered by significant ties to management, all of whose members are elected annually. In addition, key board committees should be entirely independent.

The election of a company's board of directors is one of the most fundamental rights held by shareholders. Because a classified board structure prevents shareholders from electing a full slate of directors annually, we will generally support efforts to declassify boards or other measures that permit shareholders to remove a majority of directors at any time, and will generally oppose efforts to adopt classified board structures.

Approval of Independent Auditors

We believe that the relationship between a company and its auditors should be limited primarily to the audit engagement, although it may include certain closely related activities that do not raise an appearance of impaired independence.

We will evaluate on a case-by-case basis instances in which the audit firm has a substantial non-audit relationship with a company to determine whether we believe independence has been, or could be, compromised.

Equity-based compensation plans

We believe that appropriately designed equity-based compensation plans, approved by shareholders, can be an effective way to align the interests of shareholders and the interests of directors, management, and employees by providing incentives to increase shareholder value. Conversely, we are opposed to plans that substantially dilute ownership interests in the company, provide participants with excessive awards, or have inherently objectionable structural features.

We will generally support measures intended to increase stock ownership by executives and the use of employee stock purchase plans to increase company stock ownership by employees. These may include:

1. Requiring senior executives to hold stock in a company
2. Requiring stock acquired through option exercise to be held for a certain period of time
3. Using restricted stock grants instead of options
4. Awards based on non-discretionary grants specified by the plan's terms rather than subject to management's discretion

While we evaluate plans on a case-by-case basis, we will generally oppose plans that have the following features:

1. Annual option grants that would exceed 2% of outstanding shares
2. Ability to issue options with an exercise price below the stock's current market price
3. Automatic share replenishment ("evergreen") feature

4. Authorization to permit the board of directors to materially amend a plan without shareholder approval
5. Authorizes the re-pricing of stock options or the cancellation and exchange of options without shareholder approval

These are guidelines, and we consider other factors, such as the nature of the industry and size of the company, when assessing a plan's impact on ownership interests.

Corporate Structure

We view the exercise of shareholders' rights, including the rights to act by written consent, to call special meetings and to remove directors, to be fundamental to good corporate governance.

Because classes of common stock with unequal voting rights limit the rights of certain shareholders, we generally believe that shareholders should have voting power equal to their equity interest in the company and should be able to approve or reject changes to a company's by-laws by a simple majority vote.

Because the requirement of a supermajority vote can limit the ability of shareholders to effect change, we will support proposals to remove supermajority (typically from 66.7% to 80%) voting requirements for certain types of proposals and oppose proposals to impose supermajority requirements.

We will generally support the ability of shareholders to cumulate their votes for the election of directors.

Shareholder Rights Plans

While we recognize that there are arguments both in favor of and against shareholder rights plans, also known as poison pills, such measures may tend to entrench current management, which we generally consider to have a negative impact on shareholder value.

We believe the best approach is for a company to seek shareholder approval of rights plans and we generally support shareholder resolutions requesting that shareholders be given the opportunity to vote on the adoption of rights plans.

We will rarely, if ever, support poison pill provisions.

We will, in most cases, support and vote for the removal of such provisions.

RECORDS RETENTION

We will maintain the following records:

- Copies of all policies and procedures written
- A copy of each proxy statement received
- A record of each vote cast (held electronically via Broadridge)
- A copy of any document created that was material to making a decision on how to vote proxies or that memorializes the basis for that decision. We will maintain a copy of each written client request for information on voted proxies and a copy of any written response to any (written or oral) client request for information on how we voted proxies on behalf of the requesting client fund.

We will maintain records of our proxy voting and any document created that was material in determining the vote for at least two years on site and seven years electronically via Broadridge. Broadridge record security information can be found on their website, <http://www.broadridge.com/security/index.asp>, and we will supply this information to clients upon request.

REVIEW VOTING AND GUIDELINES

The Howe and Rusling Chief Compliance Officer will conduct an annual review of the past year's proxy voting as well as the guidelines established for proxy voting. Along with a review of our internal process, an annual review of our proxy management service, Broadridge, will be conducted to ensure proper electronic voting has been upheld. Documentation will be maintained of this review.

CLIENT INFORMATION

A copy of these Proxy Voting Policies and Procedures is available to our clients, without charge, upon request, by calling 1-800-325-4693. We will send a copy of these Proxy Voting Policies and Procedures within three business days of receipt of a request, by first-class mail or other means designed to ensure equally prompt delivery.

When proxies have not been received on behalf of a client, we will make reasonable efforts to obtain missing proxies.

In addition, we will provide to each client that has given us proxy voting authority, without charge, upon request, information regarding the proxy votes cast by us with regard to the client's securities.

FINANCIAL INFORMATION

- A. We do not require or solicit prepayment of fees six months or more in advance.
- B. We have discretionary authority over client accounts, but we do not have any financial condition that will impair our ability to meet contractual commitments to clients.
- C. We have not been the subject of a bankruptcy petition at any time during the past ten years.

REQUIREMENTS FOR STATE-REGISTERED ADVISORS

N/A