

## Form ADV Part 2A Brochure

**WINDSOR SECURITIES, INC.**  
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This brochure provides information about the qualifications and business practices of WINDSOR SECURITIES, INC. ("Windsor" or the "Firm"). If you have any questions about the contents of this brochure, please contact us by phone or email. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

WINDSOR SECURITIES, INC. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about WINDSOR SECURITIES, INC. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

DATED: MAY 30, 2012

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**Item 2 - Material Changes****Annual Update**

The Material Changes section of this brochure will be updated no less often than annually or when material changes occur since the previous release of the Firm Brochure.

Please note that the SEC requires that we send clients a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure whenever we have changes to report or new information, without charge.

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative "plain English" format. The final rule specifies mandatory sections and organization. This is the first version of Windsor's ADV Part 2A since that rule went into effect.

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## **Item 4 - Advisory Business**

### **Firm Description**

Windsor Securities, Inc. (hereinafter "Windsor") has been owned by the Prusky family since 1973. Steven Prusky, who joined the firm in 1982 and was Executive Vice President from 1990, purchased Windsor in 2005, and is the sole owner.

Windsor is currently registered with the Securities and Exchange Commission as an Investment Adviser. Such registration does not imply any certain level of training, although Mr. Prusky previously held NASD/FINRA Series 7, 24 and 65, and currently holds Series 3.

Windsor provides discretionary investment advisory services to its clients. Specifically, Windsor uses a timing strategy based on technical analysis to frequently reallocate client assets among mutual funds and variable insurance products' sub-accounts. (Hereinafter, unless otherwise noted, we shall refer to all such vehicles under the umbrella of "mutual funds".) We limit client accounts to mutual funds, as described above. Windsor does not provide financial planning or other similar services.

Windsor's management of a client's account is based on an evaluation of his/her responses to our "New Account Form and Suitability Questionnaire." Windsor's clients may choose from a number of pre-existing models or an interpretive trading strategy. Windsor's client's accounts are held by each client in that client's name at the sponsoring (mutual fund or insurance) company (hereinafter referred to as "Sponsor" or "Sponsoring Company"). All client accounts within a given strategy will be traded identically.

An initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which money-management services may be beneficial to the client.

All client accounts are managed on a discretionary basis using a limited trading authorization agreement which each client signs and approves when an account is opened with the Sponsoring Company or Windsor is added as an Advisor to an existing account. As of May 1, 2012 we managed approximately \$100m of client assets on a discretionary basis, more than half of which represents assets belonging to Firm principals or their relatives.

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## Item 5 - Fees and Compensation

Windsor's compensation is solely from fees paid directly by the clients. Windsor does not currently participate in any wrap fee programs.

For its current clients, Windsor assesses its fee based either a fixed percentage of assets of 0.5% of Average Daily Balance (as defined below) per calendar quarter ("Fixed Fee").

For new clients, Windsor may charge a "Variable Fee", as long as such clients meet the definition of "Qualified Clients" as defined in Rule 205-3 of the Advisers Act.

The Variable Fee comprises a "Base Fee" and a "Performance Fee" based on gains in a client account. The "Base Fee" is by convention 0.25% annually (assessed monthly) of the average daily balance (ADB, as defined below), and is credited towards 25% of any gains. This Base Fee shall be deducted regardless of the performance of the Account. The second part, the "Performance Fee", is 25% of any gains in the account. This fee is deducted from the account at Windsor's sole discretion following any month where the client account ended that month with a new high in the year-to-date Total Return Index ("TRI", defined below). Windsor will credit any Performance Fees against any Base Fees or Performance Fees already assessed in that calendar year. The above Variable Fee arrangement is available to all clients with (initial) accounts of 1 million dollars or more. Under limited circumstances, other types of performance fee arrangements may be possible.

Such fees may be higher for accounts with assets of less than \$1m, and are subject to negotiation. Unless otherwise arranged, all such fees are deducted from client accounts at the Sponsoring Company. For fees that are deducted, we send clients an invoice, showing the fee calculation. The Sponsoring Company receives a fee statement. It is the client's responsibility to verify the accuracy of the fee calculation. For clients who pay the management fee by check, the fee is due within 22 days of the date of the invoice. A late fee of 1.5% per month is charged on accounts whose management fees have become delinquent.

Windsor's clients' assets, as noted, are invested either in mutual funds or variable insurance sub-accounts. In addition to paying Windsor's management fee, clients invested in these products bear a proportionate share of the operating expenses of the funds they are invested in, including management fees that are paid to the funds' advisers. Variable insurance products also contain an embedded mortality and expense charge, which is usually, but not always, built in to the unit price of each share. Windsor's fees are assessed on values of and gains on the account after all such fees have been assessed.

Windsor's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Clients are responsible for any taxes incurred on gains.

Windsor and its employees do not receive any compensation for the sale of securities or other investment products, including mutual funds.

Management fees are payable in arrears on a monthly basis and calculated based on an Average Daily Balance ("ADB") calculated by Windsor and defined as the average balance for any period as calculated by summing the balances for every day in that period for which Windsor calculates a Total Return Index ("TRI") (described below), and dividing the number of days in that period.

As more fully explained in the firm's investment management agreement, the TRI is calculated by Windsor: (1) as of the end of each day on which there is trading activity; **and** (2) on the first and last tradable days of each month during the term of the agreement with the client; **and** (3) on any day in which the client account shows a capital change, defined as capital contribution (including dividends) or capital withdrawal (including fee deduction); **and** (4) any additional day which Windsor finds practicable. The TRI reflects the percentage change in the market value of the client's account since the end of the immediately preceding TRI calculation. Capital contributions or withdrawals, and fees or charges paid to the Sponsoring Company or Windsor, are disregarded for purposes of this calculation, i.e., capital changes do not affect the TRI. In addition to the individual (trade) TRIs described above, Windsor maintains month-to-date TRIs, and year-to-date TRIs for each client account.

Generally, a client may terminate an investment management agreement upon five business days' written notice unless otherwise mutually agreed upon. If an arrangement is terminated, the fees are prorated unless otherwise specified in the Investment Management Agreement.

In the event a client withdraws more than 25% of the current account balance during the calendar year, the terms of the investment advisory agreement state that Windsor has the sole right to assess any fees at the time of withdrawal rather than in the following month. If not deducted from the client's account, such fees are immediately due and payable upon receipt of an invoice unless deferred by Windsor, and will be credited against the variable fee assessed at calendar year end. Under no circumstances, however, will such credit reduce the Variable Fee at calendar year-end below zero dollars (\$0).

In its sole discretion, Windsor may defer a portion of its fee. Any deferred fee will become immediately due and payable upon invoicing or termination of the investment advisory agreement with its client. The agreement specifically authorizes payment to Windsor of any fee due, including without limitation any deferred fee not yet invoiced by Windsor, with such payment being made using assets in the account before the assets in the account are transferred to or by the client in connection with termination of the advisory agreement.

Clients with deferred fees will receive an invoice the amount(s) currently and previously deferred prominently noted.

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**Item 6 - Performance-Based Fees and Side-by-Side Management**

As noted, existing clients are charged a fixed fee, based on a percentage of assets under management. Except where otherwise negotiated, new clients that meet the definition of Qualified Client will operate under a Variable Fee, consisting of a base fee and a performance based fee (see Item 5 for more detail that fee is calculated). Depending on the circumstances, Windsor may negotiate fees that differ from those described herein. Under no circumstances will the type of fee influence Windsor's trading strategy.

As a general matter, orders for all client accounts managed under a particular strategy at the same location are placed at the same time. Mutual fund buy/sell orders execute at the end of each trading day, receiving the closing NAV of the funds.

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**Item 7 - Types of Clients**

Generally speaking, Windsor's clients are Qualified Clients, as such term is defined under Rule 205-3 of the Advisers Act of 1940, comprising high net worth individuals and trusts and charitable organizations; Windsor has previously managed, and remains open to, accounts for pension plans, endowments, and other entities with significant net worth and whose investment directives are compatible with Windsor's management style.

Unless otherwise negotiated, Windsor's minimum account size for mutual funds is \$1m, and for variable insurance products \$500,000.

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**Item 8 - Methods of Analysis, Investment Strategies, and risk of Loss**

Windsor uses technical analysis to gauge probabilities for market movement over 1-day horizons. In the case of our models, such analysis is algorithm-based, and models are overridden infrequently in Windsor's sole discretion. Under interpretative management, Windsor will deploy many of the same algorithms and others, but will subjectively interpret them daily.

Windsor uses proprietary financial and technical indicators to anticipate short-term (1-day) price movements in financial markets. It then invests client assets in broad-based index funds to capture anticipated market moves to the upside, and broad-based inverse index funds to capture anticipated declining market moves. The allocation strategies involve multi-layered analyses based on pattern recognition, momentum, trend following and short-term reversion, relative strength, volatility, and other breadth and volume indicators. All strategies make daily trading decisions, and all can be invested 100% in money market funds.

Windsor invests in instruments which replicate broad-market indexes, including the Dow Jones Industrials, the Standard & Poors 500, the Nasdaq 100, the Standard & Poors Mid Cap 400, the Russell 2000, and US Treasuries. Windsor may take positions in vehicles that move proportionate to such indexes (and so gain in value when these indexes gain, and lose value when these indexes lose) and Windsor may take positions in vehicles which move inversely to these indexes (and so lose value when these indexes advance, and gain value when these indexes decline). Windsor may take positions in instruments which move up to twice as much as the underlying indexes, so magnifying potential gains or losses. Accordingly, client assets may grow or shrink in a fashion non-correlated to US equities.

The following strategies are subject to name changes:

**Windsor Non-Correlated Reduced Volatility Strategy (WRV)**

The oldest and least volatile of our strategies, WRV averages less market exposure, may take positions in bond funds when not fully invested in equity funds. For equity funds, it invests only in index funds for Nasdaq 100, S&P 500, and Russell 2000.

**Windsor Non-Correlated Opportunistic Strategy (WOS)**

Our second-oldest strategy, we consider Windsor Opportunistic Strategy our second-most conservative. It tends to be invested 100% in money market funds more of the time than WRV, but when invested takes greater exposure to equities.

**Windsor Non-Correlated All Class Growth Strategy (WAG)**

Arguably medium to aggressive. The All Class Growth Strategy invests equally in all five equity index funds (long or short), with exposures ranging from 0.5 beta across all five indexes to 2.0 beta.

**Windsor Non-Correlated All Class Aggressive Growth Strategy (WAAGG)**

Arguably medium to aggressive and investing equally in five equity index funds (long and short), its exposure to equities ranges from 0.75 beta across invested indexes to 2.0 beta.

**Windsor Enhanced Growth Strategy (WEGS)**

Perhaps our most aggressive model, Windsor Enhanced Growth Strategy invests in anywhere from one to five of the major indexes, with total exposure from 0.5 beta in the invested indexes to 2.0 beta -- though it has never been 2.0 in a single index (fund).

**Risks**

Investing in any securities involves a risk of loss which clients should be prepared to bear. There is no assurance that the Windsor's investment strategies will achieve their objectives. Windsor makes no guarantees for any investment gain and acknowledges that clients could lose a substantial portion of their capital under management.



**Money Market Funds:** Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the US Government, US corporations, and state and local governments. Money market funds try to keep their net asset value (NAV)—which represents the value of one share in a fund—at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why "inflation risk"—the risk that inflation will outpace and erode investment returns over time—can be a potential concern for investors in money market funds

**Index Funds:** An index fund is a type of mutual fund whose investment objective typically is to achieve approximately the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, or the Russell 2000 Index. An index fund will attempt to achieve its investment objective primarily by investing in the securities (stocks or bonds) of companies that are included in a selected index. Some index funds may also use derivatives (such as options or futures) to help achieve their investment objective. Some index funds invest in all of the companies included in an index; other index funds invest in a representative sample of the companies included in an index. The management of index funds is more "passive" than the management of non-index funds because an index fund manager only needs to track a relatively fixed index of securities. This usually translates into less trading of the fund's portfolio, more favorable income tax consequences (lower realized capital gains), and lower fees and expenses than more actively managed funds. Because the investment objectives, policies and strategies of an index fund require it to purchase primarily the securities contained in an index, the fund will be subject to the same general risks as the securities that are contained in the index. Those general risks are the same as any stock funds and bond funds. In addition, because an index fund tracks the securities on a particular index, it may have less flexibility than a non-index fund to react to price declines in the securities contained in the index.

**Inverse Index and Leverage Index Funds:** Windsor may use (leveraged) inverse or leveraged index mutual funds. Leveraged mutual funds seek to deliver multiples **on a daily basis** of the performance of the index or benchmark they track (due to compounding, such funds do not replicate index performance over the longer term. Inverse index mutual funds seek to deliver the opposite of the performance of the index or benchmark they track **on a daily basis**. Leveraged index funds are riskier than non-leveraged index funds because the funds magnify the performance of the benchmark of an investment.

Most leveraged and inverse mutual funds have one-day investment objectives. They aim to provide, before fees and expenses, a multiple (like 2x or -1x) of the return of a benchmark for a single day and for no other time period. Their performance over longer periods of time—over weeks or months or years—can differ significantly from

the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets.

All mutual fund pricing is once-per-day, and a client will not be able to exit a position until the end of a trading day at the soonest. Moreover, while insurance accounts are held in separate accounts which are not attachable to an insurance company's liabilities, no insurance or mutual accounts are guaranteed by any government entity.

A complete description of a fund's objectives, investment strategies, risks, performance, distribution policy, fees and expenses, and fund management can be found in its prospectus.

Unless otherwise notified, Clients will receive transaction confirmations directly from the Sponsor Company, and may be able to view their accounts online. Nevertheless, there may be a lag between the time a trade is placed and when a client may view the trade and account values.

Windsor trades account frequently, as often as daily. There are no additional brokerage or transaction costs for such trading, but Windsor clients use mutual funds and insurance sub-accounts which have a higher-than-average management fee because they have been created for such frequent trading.

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#### **Item 9 - Disciplinary Information**

Neither Windsor nor any of its supervisory persons:

- has ever been convicted or pled *nolo contendere* to any felony or misdemeanor involving investments or investment related business;
- has been the named subject of a pending criminal proceeding;
- was found to have been involved in a violation of an investment-related statute or regulation;
- was the subject of any order, judgment, or decree permanent enjoining Windsor or that person from engaging in any investment related activity;
- was the subject of an administrative proceeding before the SEC or any other federal, state, or foreign financial regulatory authority;
- was found by a self-regulatory organization proceeding ("SRO") to have caused an investment-related business to lose its authorization to do business or was found to have been involved in a violation of the SRO's rules.

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**Item 10 - Other Financial Industry Activities and Affiliations**

Steven Prusky, Windsor's sole owner and its president, is also the sole owner of MFIP, Inc., a Commodity Trading Advisor ("CTA") and Commodity Pool Operator ("CPO") registered with the National Futures Association ("NFA") and Commodity Trading Futures Commission ("CFTC"). MFIP may offer its clients management of futures accounts using the same or substantially similar algorithms used by Windsor to manage its clients' accounts.

Windsor does not recommend or select other investment advisors, financial planners, broker-dealers, lawyers, etc. for its clients. Should Windsor's clients become subject to a captive arrangement with an insurance company or agency or any other professional, such clients will be notified in advance when possible or otherwise as soon as is practicable.

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**Item 11 - Code of Ethics**

Windsor maintains the highest standards for the firm and all of its employees. Windsor's clients or prospective clients may request a copy of Code of Ethics by contacting Steven Prusky at 610-642-3100.

Windsor has adopted a Code of Ethics describing our high standard of business conduct, and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All Supervised Persons of Windsor must acknowledge the terms of the Code of Ethics annually, or as amended.

Windsor and its Supervised Persons are allowed to invest in the same mutual funds that are recommended, bought and sold for our client's accounts. There are no conflicts of interest created by this practice due to the way open-ended mutual funds operate.

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**Item 12 - Brokerage Practices**

Windsor does not recommend brokers for its clients. It does not receive compensation, research or other products or services from brokers or third parties in exchange for client-related activities. Windsor does not use or receive soft-dollar benefits.

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**Item 13 - Review of Accounts**

Client accounts are reviewed by Windsor personnel the day following any trade execution, and in all instances are reviewed no less often than monthly. All accounts are reviewed by a firm principal no less often than monthly, usually within 10 business days of the end of the calendar month.

Most clients are able to receive transaction confirmations directly from the Sponsoring Company as often as daily and no less often than quarterly. In many instances, clients may review their accounts with the Sponsoring Company online. Windsor shall provide summaries of account performance, noting net gains (or losses) and capital changes, no less often than quarterly.

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**Item 14 - Client Referrals and Other Compensation**

Windsor may, on occasion, compensate providers for introducing/referring a client to Windsor. Such fees would be paid entirely from Windsor's investment management fee, which shall not be affected by such an arrangement. Any such payments will be made in accordance with Rule 206(4)(3) of the Advisers Act of 1940.

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**Item 15 - Custody**

Windsor does not have custody of client funds. Custody is held by the Sponsor Company where that client has opened client's account. As noted, the Sponsor Company will provide statements to the client no less often than quarterly, as will Windsor. Windsor recommends that its clients compare the account statements they receive from the Sponsor Company with those they receive from Windsor.

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**Item 16 - Investment Discretion**

Windsor, through its investment management agreement with each client, and through that client's agreement with Sponsoring Company, has discretionary authority to place exchanges between and among mutual fund/sub-account choices at the Sponsoring Company. Clients will have to execute Windsor's Investment Management Agreement and any similar account-opening paperwork from Sponsoring Company before Windsor will assume such authority.

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**Item 17 - Voting Client Securities**

Windsor does not accept authority to vote client securities. Proxies and similar voting directive shall be sent from the Sponsor Company directly to clients, who may then vote as they choose.

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**Item 18 - Financial Information**

Windsor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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**Form ADV, Part 2B**

**Brochure Supplement**

**May 30, 2012**

This Brochure Supplement provides information about advisory personnel that provide investment advice on behalf of WINDSOR SECURITIES, INC. ("Windsor" or the "Firm"). that supplements our Brochure. You should have received a copy of that brochure. Please contact us at 610-642-3100 if you did not receive a copy of Windsor's Brochure it or if you have any questions about the contents of this supplement.

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## Educational Background and Business Experience

### **Steven George Prusky**

Title: President and Chief Compliance Officer  
Year of Birth: 1961  
Education: A.B (Honors), Computer Science, Brown University

### Professional Experience:

Mr. Prusky is president and owner of Windsor Securities, Inc. and has worked at Windsor full time since 1984 in various capacities. He became president of the Firm in 2005.

### Disciplinary Information

Steven Prusky has never had any disciplinary disclosures to be reported.

### Other Business Activities

Mr. Prusky is the Executive Vice President of MFI Associates, Ltd. ("MFI Associates"), an unregistered investment adviser, and also owns MFIP, Inc., a Commodity Trading Advisor and Commodity Pool Operator, registered with Commodity Futures Trading Commission (CFTC) registration and the National Futures Association (NFA). Mr. Prusky deploys similar analysis to that used Windsor Securities at MFI Associates and MFIP, Inc. for the trading of index-based futures. Mr. Prusky has passed the National Commodity Futures Examination (Series 3), and maintains Commodity Trading Advisor registration with MFIP, Inc. under the Commodities Trading Act.

Mr. Prusky passed the General Securities Principal Examination (Series 24), General Securities Representative Examination (Series 7), and Uniform Securities Agent State Law Examination (Series 63). Mr. Prusky is not currently registered with FINRA.

Windsor Securities, Inc. may hold, buy, or sell the same mutual funds held by either firm (MFI Associates and/or Windsor Securities). However, Windsor Securities invests only in open-ended mutual funds, so no conflict of interest or restrictions are applicable.

MFI Associates trading activity is similar to that of Windsor, and is based on many of the same algorithms. MFI Associates has a single client, MFI Partners, a private fund whose investors are members of the Prusky family. MFI Partners invests only in open-end investment companies. Investment decisions for MFI Associates are made by its President, Dr. Paul Prusky.

MFIP, Inc. trades index futures on behalf of MFIP and its clients, all of whom are Separately Managed Accounts. Although many of the same algorithms used by Windsor are used by MFIP, MFIP trades only index futures. There is no conflict of

interest and no material conflict. Trades placed by MFIP are never concurrent with those placed by Windsor.

While Mr. Prusky is licensed to sell insurance, he has done so only for family members, and it does not comprise a substantial activity portion of the Firm's business.

#### Additional Compensation

Mr. Prusky receives compensation from his responsibilities at Windsor Securities, Inc. and MFI Associates and MFIP.

#### Supervision

Mr. Prusky is President and Chief Compliance Officer of Windsor, and has complete investment discretion with regard to Windsor's accounts. He can be reached at 610-642-3100 or mfiwsi@comcast.net.

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