

Item 1. Cover Page

FIRM BROCHURE

The Winchester Group, Inc.

March 28, 2013

This brochure provides information about the qualifications and business practices of The Winchester Group, Inc.

If you have any questions about the contents of this brochure, please contact Clare Nolan at (212) 486-8181 or email: info@winchestergroupinc.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about The Winchester Group, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

**The Winchester Group, Inc.
780 Third Avenue, 16th Floor
New York, NY 10017-2024
Phone: (212) 486-8181
Fax: (212) 486-9482
www.winchestergroupinc.com**

|

Item 2. Material Changes

The last update to Winchester Group, Inc.'s brochure on SEC Form ADV Part 2A is dated March 30, 2012. Item 4 below has been amended to reflect client assets as of December 31, 2012.

Item 3. Table of Contents

Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	5
Item 6.	Performance-Based Fees and Side-by-Side Management.....	8
Item 7.	Types of Clients.....	8
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9.	Disciplinary Information	15
Item 10.	Other Financial Industry Activities and Affiliations	16
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 12.	Brokerage Practices	18
Item 13.	Review of Accounts	21
Item 14.	Client Referrals and Other Compensation.....	22
Item 15.	Custody.....	22
Item 16.	Investment Discretion.....	22
Item 17.	Voting Client Securities	22
Item 18.	Financial Information	23
Item 19.	Requirements for State-Registered Advisers	23

Item 4. Advisory Business

A. General Description of Advisory Firm

The Winchester Group, Inc. (“Winchester”, “Firm”, or “we/us/our”) is a dually registered investment adviser and broker-dealer firm registered with the Securities and Exchange Commission (“SEC”). The Firm was founded in 1990 and has its primary place of business in New York, New York. The Firm furnishes investment advisory services to separately managed accounts on a discretionary basis (our “Clients”), although Winchester may also manage assets on a nondiscretionary basis under certain circumstances.

Winchester is also a member firm of FINRA as a broker-/dealer.

The Firm is organized as a corporation and its principal owners are Irvin L. Cherashore, Chairman & Director; Rudolf J. Mueller, President, Chief Financial Officer & Director; and Thomas R. Settle, Director.

B. Description of Advisory Services

We provide investment advisory services to our Clients by giving continuous advice on the investment of portfolio securities to individuals (including high net-worth individuals), retirement plans, trust accounts, pension and profit sharing plans, limited partnerships, charitable institutions, and corporations and endowments.

The advice we provide to our Clients is based on the individual needs of each Client and we are responsible for all day-to-day investment and trading decisions for most accounts. In providing these services, we consider such factors as size and source of the account, your identity and background, your income and investment objectives (including tax sensitivity), investment guidelines, investment restrictions and your relative tolerance for risk.

Depending on the objectives you provide us with, we will make investments in your account which follow those objectives. Investments may include: equity securities (including exchange-listed securities, securities traded over-the-counter, and securities of foreign issuers), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, exchange-traded funds (including inverse, double- and/or triple-leveraged funds), United States government securities, government-related agency bonds, options contracts on securities, and convertible securities or bonds.

We also serve as the sole investment advisor to accounts in a wrap program titled the “One Fee Wrap Program” (“Wrap Program”). See Item 4.D. below for more information on our wrap program.

C. Availability of Tailored Services for Individual Clients

As a Client, you may impose restrictions on investing in certain securities. Those restrictions are outlined in our Investment Advisory Agreement (a negotiated agreement between you and us) or other account related documentation.

D. Wrap Fee Program

We offer a wrap fee program, titled the “One Fee Wrap Program” (“Wrap Program”). As a dually-registered entity, we perform the brokerage services for the Wrap Program and we are the sole investment adviser under this Wrap Program.

There is no difference in how we manage a Wrap Program account compared to other Client accounts. A wrap fee program is an investment program whereby the management fee is the only fee charged to the Client. Generally, there are no transaction-based charges such as commissions. Wrap Program clients (“Wrap Clients”) choose to pay one fee covering both advisory services and brokerage, custodial and other services provided by us as broker-dealer via our clearing agent, National Financial Services LLC (“NFS”). Please refer to the One Fee Program Brochure, a separate document, for further information on our wrap fee program.

E. Client Assets Under Management

As of December 31, 2012, we had approximately **\$741,153,981** of assets under management, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

A. Advisory Fees and Compensation

We receive a management fee from our Clients for investment management services pursuant to our Investment Advisory Agreement (the “Management Fee”). This fee may be based on a percentage of assets under management or may be a fixed fee (not including subscription fees).

The Firm charges a range of management fees. The management fee on equity accounts ranges from 0.5% to 1.5% of assets under management annually, and on fixed-income accounts ranges from 0.25% to 1% annually. Management fees are negotiable depending on account size, among other factors. We do not impose a minimum fee and reserve the right to waive fees at our discretion.

Management Fees differ for our Clients based on the total assets under management and historic relationships we may have with them. Some accounts with family relationships may be aggregated for the purposes of determining their Management Fee (i.e. An UGMA account for the grandchild of a client will not be charged more just because it is a small account with no historic relationship).

Wrap Clients choose to pay one fee covering both advisory services and brokerage, custodial and other services provided by us and through our clearing agent, NFS. . As investment adviser and sponsor to the Wrap Program, we receive the management fee paid. The following table of fees for the Wrap Program is found in the One Fee Program brochure.

One Fee Program Fee Schedule	
<u>Assets in the Account</u>	<u>Fee (As an Annual % of Assets)</u>
\$0 – first \$2,000,000	1.50%
Next \$3,000,000 (\$2,000,001 - \$5,000,000)	1.00%
Next \$10,000,000 (\$5,000,001 - \$15,000,000)	0.75%
Beyond \$15,000,001	0.50%

B. Payment of Fees

We will typically invoice the Management Fee to your custodian at the end of each calendar quarter and it is payable in arrears. The Management Fee will be calculated based on the value of the account on the last business day of each calendar quarter. On the date of valuation, we will determine the value of your account based on the closing price of the principal market where the securities are traded. If no market quotation is available for certain securities, they will be valued at the known current bid price that we or the custodian believe best represents current market value. All other assets will be valued at fair market value as determined in good faith.

If you close your account during a calendar quarter, the Management Fee will be pro-rated based on the number of days that your account was open during the applicable billing period. In any partial period, the Management Fee is calculated based on the value of your account on the last day the account was under our management.

When opening an account, you generally authorize us to invoice your custodian directly for our Management Fee, and you authorize the custodian to pay us directly from your account. This authorization is part of our Investment Advisory Agreement/Investment Management Agreement (“IMA” or “Agreement”).

Some of our Clients prefer a flat/fixed Management Fee which is based on their historic relationship with us. However, this is only for Clients with historic, long-term relationships and not applicable for new accounts. This fixed fee applies to Management Fees only and is

negotiated with each Client. These accounts typically pay a flat fee for advisory services plus commissions on transactions executed by us as broker-dealer.

C. Other Fees and Expenses

As a Client, you will incur other fees and expenses in connection with our management of your account(s). For example, you will have a third-party custodian that has possession of your assets and settles trades. Such custodians will charge you separately negotiated fees. In addition, trades in your account are typically executed through our broker-dealer arm that charges commissions, mark-ups or other similar fees in connection with trading activity. See Item 8 below for a description of our brokerage practices.

The vast majority of our Clients, if not all, have authorized us to execute their transactions as a dually registered broker-dealer. We clear our business on a fully disclosed basis through NFS, a company that is wholly owned by Fidelity Global Brokerage Group, Inc., a wholly owned subsidiary of FMR LLC. NFS is our clearing broker.

As a registered broker-dealer, we will affect securities transactions for compensation and will share in those commissions. Some of our portfolio managers' compensation directly relates to revenues from these sources. Our receipt of brokerage commissions could give rise to a conflict of interest since the share of those commissions constitutes additional compensation beyond our Management Fees.

At the time of executing your Agreement with us, you must choose to enter into a custodial arrangement with either:

- The clearing broker with whom we maintain our clearing relationship (currently NFS, as mentioned above); or,
- Another custodian you have selected and identified in your IMA (a "directed custodian").

With either choice above, you will incur other fees and expenses in connection with our management of your account. As discussed above, the third-party custodian that has possession of your account assets and settles trades will charge separately negotiated fees. In addition, trades for Client accounts that do not select us to execute transactions for their account, will be executed through third-party broker-dealers who also charge commissions, mark-ups or other similar fees in connection with trading activity.

Cash balances in your account will not bear interest. If you choose to participate in one of the interest-bearing money market funds offered by our clearing broker, you should be aware that these funds charge a management fee that is assessed as an expense. This should be considered an additional fee to the Management Fee mentioned above.

If you have assets in your account which are invested in funds (such as mutual funds or exchange-traded funds), those assets will be considered part of the value of your account when we calculate our Management Fee. You will also pay additional fees and charges to the managers of those funds. For example, a mutual fund manager charges a management fee and other fund

fees and expenses that you will pay in addition to any fees paid to us in the form of Management Fees. This will lower your overall account performance in the aggregate.

Our standard Agreement provides for termination on 5 days' notice by either party. Even if you terminate your Agreement, you will still be obligated to pay us any Management Fees that may have accrued up through the date of termination.

D. Refunds for Fees Charged in Advance

As all fees are charged in arrears, this is not applicable.

E. Compensation for Sales of Securities

Winchester receives compensation for the sale of securities effected by us because we generally receive a portion of the fees paid by clients to execute brokerage transactions in client accounts. In addition, our employees who are registered representatives of the Firm, including some management persons, may also receive a portion of the fees paid by clients to execute brokerage transactions in client accounts. Receipt of this compensation may present a conflict of interest in that it may give Winchester, and its registered persons, an incentive to recommend investment products based on the compensation received, rather than on clients' needs. Winchester has adopted policies and procedures to address its trading and brokerage practices, including instances where transactions for client accounts may be aggregated (or "bunched").

Money-market funds, which may be used for cash reserves, may pay 12b-1 fees to us. 12b-1 fees are fees that are levied by certain mutual funds to cover the cost of distribution. The fee collected is usually used to pay broker-dealers, like us, for servicing the funds.

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

We do not charge performance-based fees.

Item 7. Types of Clients

Our Clients may include, but are not limited to: individuals (including high net-worth individuals), retirement plans, trust accounts, pension and profit sharing plans, limited partnerships, charitable institutions, and corporations and endowments.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

Our portfolio managers typically make investment decisions based on fundamental and technical analysis using:

- Financial newspapers and magazines;
- Inspections of corporate activities;
- Research materials prepared by others;
- Corporate rating services;
- Annual reports, prospectuses and filings with the SEC; and,
- Company press releases.

Our analysis is primarily fundamental and is applied to the economy, to industries, sectors and companies. Neither fundamental nor technical analysis can accurately predict the price action of the stock market or of any one investment. While our portfolio managers use these methods of analysis to draw conclusions about the probability of a particular investment's profitability, there exist a multitude of factors which prevent these methods from being completely accurate. Some of the risks that may not necessarily be foreseen using fundamental and technical analysis include: the economic environment, which may impact certain industries in an unforeseeable fashion; interest rates; the credit markets, including availability of loans and credit lines (both retail and commercial), as well as the cost of credit; foreign currency exchange rates; consumer confidence; supply interruptions due to unforeseen circumstances; commodity prices; natural disasters and other unforeseen events such as the financial crisis of 2008.

Equities

We do not categorize ourselves as a value or growth, large- or small-cap manager. Rather, we create diversified portfolios in accordance with each client's investment objectives that are driven by what we deem to be reasonable prices in the equity markets. We are confident that this provides the best opportunity to make money for our Clients over time. Our portfolio managers will use Exchange Traded Funds (ETFs) if they believe it is in the Client's best interest. ETFs may be used as a hedge on equities or as a method to participate in a market that would otherwise be unavailable to a client, such as commodities.

Most of our portfolio managers invest primarily, though not exclusively, in large-cap stocks. A small number of our portfolio managers specialize in small cap stocks.

We offer a small-cap value strategy which allows clients an opportunity to gain a focused exposure to small capitalization equities. Small-cap investing is inherently riskier than large-cap investing and may not be appropriate for all investors.

Fixed Income

The type of fixed-income securities used for a Client is driven by a Client's goals and risk tolerance, which also determine the maturities of the securities in the portfolio. We make use of many fixed-income instruments in the investment process, including treasuries, government agencies, corporates and tax exempt municipal bonds.

Fixed income investing is not a focus of our firm. We manage our Client accounts in accordance with their objectives. Many of our Clients have a portion of assets that they set aside for lower risk, income-generating purposes. We typically invest those assets in fixed income and dividend-producing securities.

B. Material Risks

Our individual portfolio managers invest your assets using the strategy they think is appropriate for you based on your investment objectives as stated in your IMA. If you instruct us to emphasize a specific approach, it will be noted in your Agreement. Our portfolio managers are not required to follow a specific portfolio model or asset allocation strategy when they invest your assets, since we do not impose this type of guideline or restriction.

All investments involve financial risk for which you are responsible. It is also your responsibility to pay any taxes which may be due on transactions in your account.

Our portfolio managers may use one or more of the following techniques when investing for your account:

- Long-term purchases (securities held at least a year);
- Short-term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales; and,
- Margin transactions.

Long-term purchases are usually based on a 2-4 year time horizon subject to change based upon issuer activity and/or the market itself. Recent history has proven that the markets can be quite volatile, so depending upon your account's point of entry, losses can always occur and it may take a very long time for investments to be profitable, if ever.

Short-term purchases involve a shorter time frame and these positions will be closed out if a security reaches its price target, fails to deliver anticipated financial results or due to changes in the sector's outlook (example: top industry analysts conclude that the "steel industry outlook darkens").

Trading is a strategy that can result in significant losses due to the high cost of execution for frequent trading, exaggerated swings in buying and selling pressures and the volatility of the

market itself. Unless instructed by our Clients, Winchester managers do not advocate short-term trading strategies.

Short selling is a tactic that may be best left to those engaged in hedging a position or employing it as a tax strategy. Short selling is atypical in our advisory accounts and we do not advocate its use due to the risks involved in betting on the wrong direction.

Margin transactions involve borrowing to leverage an investment. Such leverage augments the size of gains and losses. Unless specifically instructed to incur margin debt by you, our portfolio managers do not engage in this practice for our advisory accounts.

Each of the above strategies may prove to be unprofitable and you should be prepared to withstand losses when investing in securities. You take on risk whenever you have market exposure, including, but not limited to, the following:

Stock Market Risk. The value of the equity securities in which the account invests may decline in response to developments affecting individual companies and/or general economic conditions. Price changes may be temporary or last for extended periods. For example, stock prices have historically fluctuated in periodic cycles.

Stock Selection Risk. In addition to, or in spite of, the impact of movements in the overall stock market, the value of an account's investments may decline if the particular companies in which the account invests do not perform well in relation to the market.

Growth Investing Risk. The prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. The prices of growth stocks also may fall or fail to appreciate as anticipated by the advisor, regardless of movements in the securities markets.

Value Investing Risk. Value investing attempts to identify strong companies selling at a discount from their perceived value. Advisors using this approach generally select stocks at prices that are, in their view, temporarily low relative to the company's earnings, assets, cash flow and dividends. Value investing is subject to the risk that a stock's intrinsic value may never be fully recognized or realized by the market, or its price may go down. In addition, there is the risk that a stock judged to be undervalued may actually be appropriately priced.

Small Company Stock Risk. Smaller or medium-sized companies often have more limited managerial and financial resources than larger, more established companies, and therefore may be more susceptible to market downturns or changing economic conditions. Prices of smaller companies tend to be more volatile than those of larger companies and issuers may be subject to greater degrees of changes in their earnings and prospects. Since smaller company stocks typically have narrower markets and are traded in lower volumes, they are often more difficult to sell.

Short-Term Trading Risk. As described above, an account may buy and sell the same security within a short period of time. The frequency of trading within an account impacts portfolio

turnover rates. A high rate of portfolio turnover (100% or more) could produce higher trading costs and taxable distributions, which would detract from an account's performance.

Sector Concentration Risk. An account may invest a substantial portion of its assets within one or more economic sectors. To the extent an account is concentrated in one or more sectors, market or economic factors impacting those sectors could have a significant effect on the value of the account's investments. Additionally, an account's performance may be more volatile when the account's investments are less diversified across sectors. For example, since benchmark sector weights influence an account's sector exposure, an account could tend to be more heavily weighted in health care or information technology companies. The values of health care and information technology companies are particularly vulnerable to rapid changes in technology product cycles, government regulation and competition. Health care stocks are also heavily influenced by the impact of cost containment measures. Technology stocks, especially those of less-seasoned companies, tend to be more volatile than the overall market.

ETF Risk. ETFs are investment companies that are bought and sold on a securities exchange, like a stock. The risks of owning an ETF are generally comparable to the risks of owning the underlying securities held by the ETF. However, when an account invests in an ETF, it will bear additional expenses based on its pro rata share of the ETF's expense ratio. . In addition, because of these expenses, compared to owning the underlying securities directly, it may be more costly to own an ETF.

Foreign Securities Risk. Foreign securities tend to be more volatile and less liquid than U.S. securities. Further, foreign securities may be subject to additional risks not associated with investment in U.S. securities due to differences in the economic and political environment, the amount of available public information, the degree of market regulation, and financial reporting, accounting and auditing standards, and, in the case of foreign currency denominated securities, fluctuations in currency exchange rates.

Emerging Markets Investing Risk. There are greater risks involved in investing in emerging market countries than those associated with investment in developed foreign markets. Generally, structures in emerging market countries are less diverse and mature than those of developed countries and their political systems are less stable; therefore, the risks of investing in foreign securities in general tend to be amplified for investments in emerging markets. Further, due to the small securities markets and low trading volumes in emerging market countries, investments may be more illiquid and volatile than investments in developed countries and therefore subject to abrupt and severe price fluctuations. In addition, investment in emerging market countries may require an account to establish special custody or other arrangements before investing. Because the securities settlement procedures tend to be less sophisticated in emerging market countries, an account may be required to deliver securities before receiving payment and may also be unable to complete transactions during market disruptions.

Options. Like other securities options carry no guarantees, and investors must be aware that it's possible to lose the entire principal invested, and sometimes more. As an options holder, investors risk the entire amount of the premium paid. But as an options writer, the level of risk is much higher. For example, if an investor writes an uncovered call, he or she faces unlimited

potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually require less capital than equivalent stock positions, the potential cash losses as an options investor are usually smaller than if the investor had bought the underlying stock or sold the stock short. The exception to this general rule occurs when options are used to provide leverage: Percentage returns may be high, but it is important to remember that percentage *losses* can be high as well.

Credit Risk. An account may lose money if an issuer of a fixed income security is unable or unwilling to make timely principal and/or interest payments or to otherwise honor its payment obligations. Further, when an issuer suffers adverse changes in its financial condition or credit rating, the price of its debt obligations may decline and/or experience greater volatility. A change in financial condition or credit rating of a fixed income security can also affect its liquidity and make it more difficult to sell.

Interest Rate Risk. The value of a bond may decline due to an increase in the absolute level of interest rates, or changes in the spread between two rates, the shape of the yield curve or any other interest rate relationship. Longer-term bonds are generally more sensitive to interest rate changes than shorter-term bonds. Generally, the longer the average maturity of the bonds held by an account, the more an account's value will fluctuate in response to interest rate changes.

Pre-payment Risk. If an account is invested in asset-backed and mortgage-backed securities such account may be subject to higher prepayment risk than an account with a higher concentration in other types of fixed income securities. An account may experience losses when an issuer exercises its right to pay principal on an obligation earlier than expected. This may happen during a period of declining interest rates. Under these circumstances, the account may be unable to recoup all of its initial investment and will suffer from having to reinvest in lower yielding securities. The loss of higher yielding securities and the reinvestment at lower interest rates can reduce an account's income, total return and share price. Rates of prepayment, faster or slower than expected, could reduce an account's overall yield, increase the volatility of the account and/or cause a decline in value.

Municipal Securities Risk. The yields of municipal securities may move differently and adversely compared to yields of the overall debt securities markets. There could be changes in applicable tax laws or tax treatments that reduce or eliminate current federal income tax exemptions on municipal securities and otherwise adversely affect the current federal or state tax status of municipal securities. Such changes also may adversely impact the value of municipal securities owned by an account and, as a result, the value of the account. The value of a municipal security is also affected by the overall financial health of the specific municipal entity issuer. A local municipality that cannot meet its financial obligations could lead to a default on its bonds.

When-Issued Securities and Delayed Delivery Risk. A purchase of "when-issued" securities refers to a transaction made conditionally because the securities, although authorized, have not yet been issued. A delayed delivery or forward commitment transaction involves a contract to purchase or sell securities for a fixed price at a future date beyond the customary settlement period. Purchasing or selling securities on a when-issued, delayed delivery or forward

|

commitment basis involves the risk that the value of the securities may change by the time they are actually issued or delivered. These transactions also involve the risk that the counterparty may fail to deliver the security or cash on the settlement date. In some cases, an account may sell a security on a delayed delivery basis that it does not own, which may subject the account to additional risks generally associated with short sales. Among other things, the market price of the security may increase after an account enters into the delayed delivery transaction, and the account will suffer a loss when it purchases the security at a higher price in order to make delivery. In addition, an account may not always be able to purchase the security it is obligated to deliver at a particular time or at a favorable price.

Warrants. Warrants are instruments that entitle the holder to buy an equity security at a specific price for a specific period of time. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. These factors can make warrants more speculative than other types of investments.

Short Selling. We do not typically engage in the practice of short selling in Client accounts, but there are times when it may make sense for a particular account. A Short sale is a sale of a security a Client borrows but does not actually own, usually made with the anticipation that the price of the security will decrease and the Client will be able to make a profit by purchasing the security at a later date at a lower price. Clients will incur a loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and new reporting requirements. Winchester’s ability to execute a short selling strategy may be adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events, and such changes may be adopted with little or no advance notice.

Such regulations or prohibitions may impose restrictions that adversely affect the ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, Winchester may not be able to effectively pursue a short selling strategy on behalf of its Clients due to a limited supply of securities available for borrowing. Moreover, the ability to continue to borrow a security is not guaranteed.

C. Particular Securities

We do not have a focus on any particular type of security at this time.

Item 9. Disciplinary Information

We have no record of legal or disciplinary events that we consider to be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. However, we have had a few disciplinary events regarding our broker-dealer business in the past.

First, In June 2003, NASD (now "FINRA") initiated regulatory action against us as a broker-dealer regarding NASD Rules 1120(A) and 2110. Without admitting or denying guilt, we resolved this matter through an Acceptance, Waiver & Consent on June 2, 2003. The sanction ordered was a monetary fine of \$2,500 which was paid on June 17, 2003.

In this regulatory action, Winchester was found to have not been in compliance with NASD Rules 1120(A) and 2110 in regard to the timeframe of the regulatory element of the continuing education requirement. Unknown to both Winchester and a registered representative of Winchester, the registered person of our firm had been deemed "inactive" while still performing "actively" for a six month period. The registered person's thirty years of experience was taken into consideration by the NASD and the minimum fine was imposed. We have taken steps to ensure that all continuing education requirements are followed and met by all registered representatives.

Second, on August 23, 2007, FINRA initiated regulatory action against us regarding TRACE late reporting. Without admitting or denying guilt, we resolved this matter through an Acceptance, Waiver & Consent on August 17, 2009. The sanction ordered was a monetary fine of \$7,500 which was paid on September 1, 2009.

Due to a limitation in our clearing agent's computer program, we inadvertently violated the TRACE 15-minute reporting window for corporate bond trades in 2007. The NFS computer application designed to divide an executed trade among several client accounts carried the "time stamp of execution," instead of the "time stamp of allocation." All initial street-side bond purchases were correctly reported to TRACE within the 15-minute timeframe. Violations of the TRACE reporting requirements occurred when the trades were allocated among client accounts later in the day. We have since worked with our clearing agent to put procedures in place to ensure that both our initial purchases and our subsequent allocations among client accounts are reported to TRACE with the correct time stamps.

Finally, in September 2011, FINRA initiated regulatory action against us regarding MSRB Rule G-8 - Books and Records to be Made and MSRB Rule G-14 - Reports of Sales or Purchases (together the "Rules"). Without admitting or denying guilt, we resolved this matter through an Acceptance, Waiver & Consent on September 28, 2011. The sanction ordered was a monetary fine of \$10,000 which was paid on October 5, 2011.

We were found to have not been in compliance with the MSRB Rules due to certain municipal transactions that were executed away from our clearing firm and not reported back to us in a timely fashion. Therefore, our subsequent capture and recording of execution times and our reports to the real time reporting system violated the 15-minute reporting requirement of the

Rules. Because of these issues, and to mitigate the risk of this situation from being repeated, we no longer execute municipal transactions away from our clearing firm for accounts custodied at our clearing firm.

Item 10. Other Financial Industry Activities and Affiliations***A. Broker-Dealers***

Winchester is registered as a broker-dealer with the SEC and FINRA and does effect securities transactions for compensation. As a broker-dealer, we will share in those commissions. Some of our portfolio managers' compensation directly relates to revenues from these sources. Both the Firm and our portfolio managers' receipt of brokerage commissions could give rise to a potential conflict of interest since our share of those commissions constitutes additional compensation beyond our Management Fee.

We provide recommendations and brokerage execution services to institutional clients. Our principal business is to provide investment advice and brokerage execution services. We split our time between our investment advisory business and our broker-dealer business equally.

B. Futures and Commodity Trading

Neither we nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, or commodity trading advisor.

C. Material Relationships

As previously noted, we are also a broker-dealer registered with the SEC and a member of FINRA. Most of our investment employees are registered representatives of our broker-dealer.

We consider our relationship with our clearing firm, NFS, to be a material relationship since the majority of our advisory accounts are custodied at NFS. NFS provides us with transaction and reporting data that allow us to monitor our Client accounts.

D. Other Investment Advisors

We do not recommend or select other investment advisers for its Clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***A. Code of Ethics***

We have adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 that governs our employees' personal trading. It also describes our policies regarding the protection of confidential information, including the review of the personal

|

securities accounts of certain of our employees for evidence of manipulative trading, trading ahead of clients, and insider trading. The Code outlines our policies regarding trading restrictions, compliance training of personnel and recordkeeping.

All of our personnel, including directors, officers and employees, must put the interest of our Clients before their own personal interests and must act honestly and fairly in all respects in dealing with Clients in addition to complying with all federal and state securities laws.

A copy of our complete Code of Ethics is available upon request by contacting Marie Cusic at mcusic@winchestergroupinc.com

B. Participation or Interest in Client Transactions

From time to time, our employees or related persons may purchase or sell securities also purchased or sold for Clients. To avoid conflicts of interest, none of these individuals will be permitted to receive a more favorable execution price from Winchester than that received by our Clients during the same trading period.

Principal Transactions. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client. We have a prohibition on trading out of our own inventory as principal and we do not maintain any proprietary brokerage accounts for trading purposes.

Cross Transactions. We do not engage in cross transactions, generally. In the event that we do engage in any such transactions, we will adhere to the requirements under the federal securities laws which include gaining your prior approval as discussed below under Agency Cross Transactions.

Agency Cross Transactions. An agency cross transaction is a transaction in which an investment adviser acts as the broker for both the seller and purchaser of a security (and either the seller or the purchaser is a client). We may engage in agency cross transactions without obtaining your specific consent only under the following conditions:

- You have prospectively consented in writing to such trades, and we have disclosed, if applicable, that we will act as broker for, receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to such transactions;
- We send you a written confirmation of the transaction at or before the completion of the transaction. The confirmation must include:
 - a statement of the nature of the transaction;
 - the date the transaction took place;
 - an offer to furnish upon request, the time when the transaction took place;
 - the source and amount of any other remuneration received or to be received by us; provided that if, in the case of a purchase, we were not participating in a distribution, or in the case of a sale, we were not participating in a tender offer, the confirmation may state whether any remuneration has been or will be received and that the source and amount of such other remuneration will be furnished upon written request;

- We send you an annual written disclosure statement identifying the total number of agency cross transactions during the period of the statement and the total amount of all commissions or other remuneration received or to be received by us in connection with such transactions during the period.

Transactions Between Client Accounts. From time to time, we may seek to execute transactions between Client accounts (including rebalancing trades between client accounts). Transactions between Client accounts are not permitted if they would constitute principal trades or trades for which we or our affiliates are compensated as brokers unless the appropriate Client consent has been obtained. In addition, such trades will not be conducted with an ERISA account (including a private investment vehicle that has substantial benefit plan investors and is subject to ERISA).

C. Personal Trading

The Code is designed to ensure that our employees conduct their personal securities transactions in such a manner as to avoid putting their own personal interests ahead of our Clients and to avoid conflicts of interest. The Code requires reporting of personal securities transactions by employees. Trading by employees is monitored at least quarterly under our Code of Ethics.

D. Personal Trading Contemporaneous with Client Transactions

Conflicts of interest are created when one of our employees are trading in the same security as a Client. Client transactions will always take precedence over any Firm or employees' transactions. Our employees are allowed to participate in aggregated orders with Clients when all parties receive the same average price.

Item 12. Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers

If you designate NFS, our clearing broker as custodian for your account, you will also direct us to execute your transactions as broker. You agree to this when you sign our IMA. We will execute your transactions, as broker, according to a commission schedule provided to you in your IMA. With respect to all trades that we cannot execute, we may exercise our discretion in selecting another broker, and in the selection process, we may take brokerage and research services and products into account as well as other factors which may result in commission rates higher than those otherwise available. These other factors may include how well the broker or dealer is likely to execute the trade and the value of an ongoing relationship we may have with the broker or dealer.

1) Research and Other Soft Dollar Benefits

We do not currently have any soft dollar arrangements as an adviser, but we have in the past and reserve the right to do so in the future. Other brokers may provide brokerage and research services to us that help in the management of Client accounts. Such services

include third party research reports, macroeconomic analysis, and access to analysts and industry conferences and roundtable events. Soft dollar benefits are used to service all Client accounts and not just those accounts that were involved in generating the soft dollar commissions.

We will select soft dollar brokers on the basis of the efficiency and effectiveness of their execution capability and the level of assistance and accuracy of their research work. We will endeavor to negotiate a rate that reflects the value of the selected broker's contributions. We may pay higher commissions than the lowest rates available for effecting certain transactions if we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided. The benefit to us in this arrangement is that we do not have to produce or pay for the research directly. We will turn to an outside broker for execution in cases where a security can only be obtained from another trading platform. In these cases, no soft-dollar benefits are taken into consideration.

To the extent that we receive research from outside broker-dealers providing execution, that is permitted and fully disclosed in our Client Agreements. We may have an incentive to use a soft dollar broker-dealer based on the receipt of research rather than your interest in receiving the most favorable execution.

At this time, we pay hard dollars for research received from third party broker-dealers and we expect this to continue for the foreseeable future.

2) *Brokerage for Client Referrals*

While we may have incentives to use a broker-dealer's services in return for client referrals, we have no such business dealings to date.

3) *Directed Brokerage*

As stated in Item 5 above, when you sign our Investment Advisory Agreement, you must choose to enter into a custodial arrangement with either:

- Our clearing broker with whom we maintain a clearing relationship (currently NFS, as mentioned above), or
- Another custodian you may have selected and identified in the Investment Advisory Agreement (a "directed custodian").

|

All accounts custodied at NFS, our clearing broker, are considered directed brokerage to us. You agree to use us as the broker-dealer on your account when you sign your Agreement with our Firm and select NFS as your custodian. As a matter of practice we group orders when purchasing or selling the same security for different accounts when we are able to do so. This is called aggregating orders. If you participate in an aggregated order you will receive the average price for the security, though commissions will still be separately charged to each Client. In some instances, average pricing may result in higher or lower prices than a single account may otherwise obtain.

When you select us as the executing broker for your account we will NOT go through the broker-dealer selection process in most cases, nor will we review commissions other brokers charge on such transactions, even though other brokers may offer a more favorable price and execution.

When we act as your executing broker as well as your investment adviser we are compensated both on your assets under management as well the commissions generated by transactions in your account. This could be considered a conflict of interest. You are not obligated to use us as your broker-dealer. You may terminate your direction to us in writing at any time.

The commission charges on all transactions we execute on your behalf are determined according to the commissions schedule in the Investment Advisory Agreement. We set commission rates independently with each Client. In setting commission rates with a Client, we may take into account the following:

- The size of the Client account;
- Frequency of transactions;
- The length of time that the Client has had a relationship with us; and
- Other relationships between Winchester and the Client or related persons.

As a result of the above criteria, certain Clients may pay higher commission charges than others for the same transactions.

If you designate a custodian other than NFS as custodian in the Agreement, you may also designate one or more specific broker-dealers through which we will direct brokerage transactions. As a result of such a directed brokerage arrangement, your account may pay a higher brokerage commission than may be available through other brokers (including us).

With a directed trading relationship, we may be unable to group your account trades with those of other Clients (including Clients who have selected the clearing broker as custodian). Accordingly, trades for your account, if you have elected to use another directed custodian, may be executed at a different price and/or at a different time from trades that are placed for other Clients electing to use the clearing broker, which may be less favorable to you. You may also pay higher commissions since we cannot negotiate commissions on your behalf.

B. Aggregation of Orders of Securities for Client Accounts

We may combine orders (“bunching” or “blocking” trades) for more than one account where blocking the trades appears to be potentially advantageous for each participating account (e.g., for the purpose of reducing brokerage commissions or obtaining a more favorable transaction price). We will aggregate transaction orders only if we believe that the aggregation is consistent with our duty to seek best execution for Client trades and is consistent with the terms of the investment advisory agreement with each Client whose trades are being aggregated.

Client orders for the same security placed outside of an aggregated order may be executed at different terms than those orders within the aggregated order. The difference in terms may be to the detriment of the non-bunched orders.

Item 13. Review of Accounts

A. Periodic Review of Client Accounts

The timing and nature of account reviews are dictated by a variety of factors, including contributions or withdrawals of cash from a Client account, a substantial change in the market value of assets under management, a Client’s request for information regarding the performance or structure of an account, and changes necessary to rebalance the portfolio to maintain client objectives and desired asset mix. Additionally, whenever transactions occur in a Client account, the account is reviewed the following day by both the portfolio manager and the administrative staff.

B. Factors that Trigger a Review of Client Accounts

Please refer to Item 13.A. above.

C. Reports to Clients

Periodic statements showing all transactions, money movements and security positions are provided directly to you by your chosen custodian. In addition, we can provide you with monthly and/or quarterly account appraisal reports upon request. We recommend that you compare your quarterly account statements from your custodian with any appraisals you receive from us.

Item 14. Client Referrals and Other Compensation

A. Client Referrals to Us

We have no arrangements under which we or any related person compensate another for client referrals. Additionally, we do not receive any economic benefit from a person who is not a Client for providing advisory services to clients.

B. Compensation for Client Referrals

We currently have no arrangements under which we or any related person receive compensation for client referrals.

Item 15. Custody

Clients' funds and securities are held by a qualified custodian. In addition, clients receive account statements from the qualified custodian of the account. Clients should carefully review those statements. To the extent Winchester sends reports directly to a client in addition to the statements sent by the qualified custodian, the client should compare the statements received from the custodian with the report received from Winchester.

Item 16. Investment Discretion

We have discretionary authority over Client accounts. Discretionary authority is granted to us within the Agreement signed by our Clients. Any Client specific restrictions on this authority are also expressed in the Agreement.

Item 17. Voting Client Securities

We do not vote proxies or exercise voting rights for your investments and do not act for you in any legal proceedings, including bankruptcies or class actions involving securities held or previously held in your account. It is your responsibility to vote proxies for securities, exercise voting rights, and take any legal action pertaining to investments in your account.

Ordinarily, your custodian will forward proxies or other communications about investments in your account directly to you. We direct our Clients to contact their custodian if they do not receive proxies or other mailings about the investments in their accounts.

Item 18. Financial Information***A. Balance Sheet***

We do not require or solicit payment of more than \$1,200 in fees per Client six months or more in advance. This item does not apply to us.

B. Financial Conditions Likely to Impair Contractual Commitments

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions

We have not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Advisers

This Item is not applicable as we are an SEC registered advisor.