WESTPORT RESOURCES

October 16, 2008

Dear Valued Client,

We will be mailing 3rd quarter reports to you shortly. They are not pretty. Furthermore, October performance has been volatile. In an effort to provide you with a more current snapshot of your account, we will also include a year-to-date performance column in addition to the quarterly return data you regularly receive.

The US equity market took three years, during the collapse of the internet bubble from 2000 through 2002, to decline by 49%. Comparatively, it took just one year for this US market to decline by more than 40% (most of this in the past three months). Diversification has not helped as virtually all sectors have declined. If fact, even gold, usually viewed as a safe haven in which to store and protect wealth in difficult times, has been, along with energy, one of the worst performing sectors.

What do I think has happened? Portfolios trading on margin, hedge funds and mutual funds in liquidation mode, and those investors who just plain can't take it any more are all selling indiscriminately – anything and everything. You might have noticed that the last hour of trading most days has been the most volatile. As mutual fund companies receive orders from investors to liquidate, they must put in orders to raise the cash necessary to pay them out. This selling pressure outweighs any buying and the prices decline. Then, as happened on Monday, investors see "bargains" in a very cheap market and they rush in and bid up the market. There are trillions of dollars of pent up demand sitting on the sidelines waiting to pour back into the market when buying opportunities present themselves.

We are trying to keep cool heads during this time. While we can't know how much more of this excessive buying and selling will go on, we are attempting to analyze the fundamentals to make our investment decisions. We are basing our actions on the expectation that the frozen credit markets are impacting the economy. We expect there to be lower profits reported in many sectors, higher unemployment, lower bonuses, and probably some empty commercial real estate (remember Main Street in Westport around 1990?). The result would be a field day for the media, headlines distressingly negative, and inevitable investment opportunities.

Hang in there. If we are right, we will come out of this much better off than we could ever imagine.

More of you are calling in for updates. Thank you. I know we are not responding quickly enough to your requests for meetings; and phone calls without adequate time for report preparation is not satisfactory. We will try to improve our response time and proactive communication. Our perfect storm of activities so far this month includes keeping on top of the market activity, communicating with clients in need of talking and asset redirection, preparing and issuing the 3rd quarter reports for you as well as continuing with the normal review of financial plans, portfolio reviews and adjusting targets and investment policies. I applaud our staff for their diligence and hard work. Sundays lately have not been a day of rest for them. I want to publicly thank them and to thank you for your profound understanding.

Sincerely,

John Adams Vaccaro, CFP® CLU
Chief Executive Officer

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