



October 9, 2008

Dear Valued Client,

In light of current extremely volatile market conditions, I want to update you regularly regarding my thinking and the collective thinking of our asset managers. I will plan to do this via our website under “news” and then “commentary”. **Please check our site regularly for thoughts that I, our asset managers and NFS, our custodian, may want to share at www.westportresources.com.**

First thing, if you are nervous about market conditions, you are not alone and your reaction is normal.

Second thing, if this recent market activity is similar to past market activity, it’s probably more like a thunderstorm than a long rainy day. In other words, it would come swiftly, with a lot of rain, thunder and lightning – and then it would stop and the sun would reappear. There may be some trees down and some roads flooded, but the damage is usually not catastrophic. This is not to say that the credit markets are going to be “fixed” quickly. We are however working under the time tested assumption that the equity market should not keep going down forever. The longest bear market since World War II was about 18 months. We now appear to be in month 10.

Third, the government is using all of its tools to turn the credit crunch around, if only temporarily, prior to the election next month. At some point this should have a positive effect. Plus, with hedge fund shorting activity which has to be unwound and the trillions of dollars in cash sitting on the sidelines, the market should be poised to rebound – at some point.

Fourth, we are reacting differently with each client’s needs in mind. If you have cash flow needs over the next six months to one year – tell us. We want to be positioned to meet those needs for you. If you have a long term strategy for an “equity like” return, we are seeking opportunities. Virtually all equities are at much lower prices now than they were at the beginning of June. They will probably be good long term investments if purchased at these levels. Also, many fixed income investments are at what appear to be more compelling interest rates. Some of our managers are trying to pick up some of these bonds that they believe are secure. Most importantly, we are attempting to monitor all securities for their long term solvency. We are trying to eliminate those that may not survive this market turmoil. We will also use this period to reduce or eliminate adverse capital gain tax consequences for the year – and perhaps even “bank” realized losses to offset future realized gains.

The managers and I have spoken to a number of you over the past couple of weeks. We are telling you to let us look at this bear market as a way to position your portfolio for future positive returns consistent with your goals and needs. In the past, these were the times during which good investment decisions created future profits. Just like those thunderstorm clouds which come with a silver lining, so we trust that the same phenomenon is at work here.

Sincerely,

John Adams Vaccaro
Chief Executive Officer

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