



Generally, third quarter will not show positive returns as all equity markets have been quite weak. While we have, in many cases, gone to a more defensive posture, we are still exposed to some extent to market fluctuations. Please read the manager commentaries to better understand how each is responding to current market conditions. As always, if you have any questions, please call them –or me.

While this investment environment may make you feel uncomfortable, these weak markets present future opportunities. The point of making any investment is to eventually achieve a higher share price than the purchase price. The lower the current prices, the greater the probability of a higher price later. Also, if it is part of your strategy, your portfolio has been designed to produce current income. This income should continue (and may even increase over time) regardless of whether the share prices stay low for some time. This income is analogous to the probable situation with your home. While your home may have a market value lower than five years ago, it still serves as a pretty comfortable shelter - no matter its current market value.

So where are the opportunities? Many equities are at very low valuations based on the quality of earnings and net worth of the respective company. Many equities have current dividend yields greater than bond interest yields. The 10 year US Treasury has a yield of under 2%. Money market and CD yields are generally even lower. Many equities should keep up with any inflation better than bonds – as dividend yields can rise over time. Bond interest rates remain the same for the life of the bond. We view many equities as having lower risk profiles over time than other investment alternatives.

By the way, you should consider refinancing your mortgage now to bring down your monthly interest costs. Mortgage rates now have some of the lowest interest rates on record. I view this as another opportunity!

I was thrilled to see so many of you at our 25<sup>th</sup> anniversary celebrations last month at the Playhouse and the Fairfield County Concours. Since my last quarterly report, Joe Tatusko was recognized for the twelve month period through June 30<sup>th</sup> by the PSN Monitor as one of the “Top Gun” investment managers for our Special Income Strategy. Also, I am proud that Barron’s Magazine recognized me in August as one of the top 100 Independent Advisors in America for the third year in a row. Finally, I learned recently that I will be included in a book to be released about top investment advisors in America.

While I am saddened to see all the negative headlines regarding many of the large brokerage houses, I am gladdened that firms like ours with a long term culture of serving our client’s financial needs first, continue to be recognized in a positive light. Our goal here at Westport Resources is to work with you to achieve your goals. I thank you for allowing us to serve your financial needs.

Sincerely,

John Adams Vaccaro, CFP®