



December 3, 2008

Dear Valued Client,

The last week in November was a very good week in the market. In fact, the last five days in November had gains in the Dow that were the best since 1932, up 17%. It appears that President Elect Obama's announced economic team has been received well.

In addition, the recession is now official. It turns out that we have officially been in a recession since last December. If this recession is on the long side of "typical", we may be more than half way through it!

That's the good news. The bad economic news keeps on coming – and will probably keep on coming for at least the next two quarters. Unemployment continues to rise, residential real estate continues to fall, and the holiday retail season is not expected to be encouraging. This could lead to some lower corporate earnings and a downturn in the commercial real estate market.

So with all the bad economic news (both domestically and abroad) why did the market go up in the last week of November? There could be a number of reasons. It might be due to optimism over the government's investment to save Citigroup; perceptions that the president-elect's transition team is developing action plans to jumpstart the economy; or that we reached the bottom of a trading range in the market. Unfortunately, none of those reasons tell me we are ready for a meaningful recovery in the market – not yet, I believe. So, hold on, because we may be in for continued volatility for a while. In fact, as I revise this letter today we have experienced a big down day to start this month followed by a reasonably good up day yesterday.

The meetings we have held with many of you over the past two months have helped us a great deal to reevaluate your investment strategies. Thank you for your willingness to face this current financial environment and to adjust, if necessary, your financial plans. For many of you, this process has been reassuring and no changes have been required. For some of you, it has provided an opportunity to reassess your priorities and investment strategies. For all of you, we mean for it to provide the ability for you to be proactive in a way that should bring you out of this economic downturn in better financial shape.

I continue to be reassured by your reactions. And, I am reassured by my staff support. Many staff members continue to arrive early, leave late and work on weekends to catch up on the workload we can't complete due to the heavy client meeting schedule.

Another reassuring phenomenon is still happening. You are sending us new clients – in volume. Thank you. I assume this means that you continue to appreciate the manner in which we are serving your needs. Your actions mean all the more to us in times like this. I thank you from the bottom of my heart. We will continue to do our best to get you all through this. As is said, and I trust it is true, “this too will pass.”

I am happily reassessing the real importance in life: health, happiness, family, good friends, good staff, and, of course, helpful and supportive clients.

Have a Happy Holiday season.

Sincerely,

John Adams Vaccaro, CFP®
Chief Executive Officer

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