

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2A: Investment Adviser Brochure**  
**Item 1: Cover Page**

**Westport Capital Markets, LLC**

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*This brochure provides information about the qualifications and business practices of Westport Capital Markets, LLC and its supervised personnel. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training. Additional information about the firm and its representatives is also available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## Item 2: Material Changes

Due to a series of recent changes in securities regulation, investment advisers are now required to deliver disclosure information in this new format. This brochure incorporates the same information provided previously within the Form ADV Part II but with expanded disclosures designed to provide further information about the firm, its practices, and its personnel. Material updates to the information contained within this brochure will be provided to clients on an immediate basis. This section will be updated to reflect such material changes in a summary form. Should you have any questions related to this brochure, please contact a firm representative at your convenience.

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## Item 4: Advisory Business

Established in 1996, Westport Capital Markets, LLC (“Westport”) provides portfolio management services on a discretionary basis for a wide variety of client types. In addition to its registration as a federal covered adviser, the firm is also a FINRA-licensed broker-dealer. Most of the firm’s advisory clients are also brokerage clients.

Pursuant to the initial contact with a client, portfolios are designed and managed according to each client’s specific objectives, their risk profile, and various other considerations. Such portfolios may be invested in stocks, mutual funds, foreign securities, and options, among other offerings. Accounts having met certain risk-based criteria may also participate in initial public offerings<sup>1</sup> and other, similar investments. Clients remain welcome to impose restrictions on the firm with respect to investing in certain types of securities offerings.

Questions regarding the firm, its practices, and its personnel may be directed to the firm’s President, Chief Executive Officer and sole owner, Christopher E. McClure. As of February 2012, Westport manages a total of \$231,301,241 in client assets. Of this amount, approximately \$90,361,743 is managed on a discretionary basis.

## Item 5: Fees and Compensation

Westport’s advisory services are rendered in consideration of a quarterly management fee which is derived from the value of each client’s assets under management. The fee is charged in advanced and based upon the assets under management as of the first day of each calendar quarter. The fee schedule is as follows:

Assets Under Management	Fee (annually)
\$1 to \$500K	1.50%
\$500K to \$1M	1.25%
\$1M+	1.00%

Pursuant to the terms and conditions of the written agreement, portfolio management fees are automatically deducted from client accounts held at the firm’s preferred broker-dealer/qualified custodian of record, JP Morgan Clearing Corp (“JP Morgan”). Clients should note that JP Morgan can and will charge additional fees directly to the clients account in the form of custodial and securities execution costs. Certain mutual fund purchases can carry similar costs to the clients account as well. These additional costs remain separate and distinct from the fees charged by Westport. Accordingly, clients are strongly encouraged to discuss the cost of services, the value of their accounts, and any questions therein directly with the firm. Statements reflecting such costs and values are provided by JP Morgan on a monthly basis. Clients are encouraged to review these statements in detail.

In certain cases, the firm may charge a fixed fee for its advisory services. Such fees are subject to negotiation but generally derived from the assets under management or scope of the project involved. These fees are typically paid in advance and may be subject to automatic fee deduction or

<sup>1</sup> These offerings are generally presented to those clients deemed accredited investors [Rule 501, regulation D Securities Act (1933)] and may be introduced in partnership with the firm’s brokerage-based business activities. Please see Item 10 for further information.

invoice. All fees remain negotiable, but such negotiation remains at the discretion of the firm. Upon termination of the agreement, fees paid in advance will be prorated to the date of termination and excess refunded to the client. The agreement may not be assigned or transferred without written consent from both parties.

Where the firm is dually registered as an investment adviser and broker-dealer and licensed to sell various forms of insurance, firm personnel may receive additional commission-based compensation for their work on behalf of the firm. Sales of insurance, mutual funds, initial public offerings (to qualified clients), bonds, and other offerings may result in a commission and/or incentive/performance-based fee which is paid in addition to the advisory fee. Where the receipt of commission and fee-based compensation can create a conflict of interest, clients should note that they are under no obligation to pursue such investment offerings through Westport.

The firm will not offer investments that give the sales opportunity more importance than that of a client's individual investment needs. However, clients should note that the receipt of commission and/or incentive-based compensation in addition to the advisory fee can create a conflict of interest. Questions regarding the firm's fees and/or its advisory/brokerage services may be addressed directly with the firm.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

Due to the nature of its advisory practice, Westport does not charge any performance-based fees or offer any services managed on a side by side basis.

#### **Item 7: Types of Clients**

Westport renders advisory services to individuals, pension/profit sharing plans, and trust accounts. The firm does not impose a minimum financial requirement or other similar type of restriction on clients or their accounts.

#### **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

Westport utilizes both fundamental and technical analysis with respect to the management of client accounts. Fundamental analysis incorporates evaluating securities based upon their economic, financial, quantitative/qualitative values and other factors. Technical analysis incorporates many of these same methods but with the aid of software, hardware and other measuring devices. Investment strategy is developed at the onset of each client relationship. Where the majority of accounts are managed on a more conservative basis, some accounts may call for a more balanced approach and require more risk-based investment allocations. As with all investments, investing in securities carries an inherent risk of loss-including loss of principle. Accordingly, clients are encouraged to review these risks prior to investing with Westport. Questions regarding risk and the firm's account management practices may be addressed directly with the firm.

#### **Item 9: Disciplinary Information**

In 2006, Westport's broker-dealer business was subject to an administrative censure and fine by FINRA, its principal regulator. FINRA found certain inconsistencies with Westport's municipal securities trade reporting functions. FINRA also found that the firm had failed to maintain a minimum net capital requirement due to an accounting miscalculation. The firm was also cited for its transaction deposit methods. In order to avoid the expense of a protracted legal argument, the firm consented to FINRA's findings. Questions about these findings may be addressed directly with the firm or reviewed in further detail by visiting the SEC's Investment Adviser Public Disclosure (IAPD) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA's Brokercheck website at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck>.

#### **Item 10: Other Financial Industry Activities and Affiliations**

As previously stated throughout this brochure, Westport is registered with both the SEC and FINRA as an investment adviser and broker-dealer, respectively. The firm is also licensed to sell various forms of insurance. The firm's brokerage services typically offer corporate equity securities, mutual funds, government securities offerings, variable insurance/annuities, and private placements. Firm personnel, including members of senior management may be involved in a variety of additional business activities. Such activities may be reviewed in Item 4 of the firm's brochure supplements (Part 2B).

Where firm personnel are registered as investment adviser representatives, registered representatives, and insurance agents, they may receive additional income from their involvement in client transactions involving such services. Clients should note that such income can create a conflict of interest, particularly where the representative involved may have a vested interest in selling products that carry a commission or similar type of incentive. In such cases, firm personnel must be prepared to justify the additional cost to the client. In such cases, it is often within the client's best interests to make such a purchase based upon the price, the value, and other similar considerations.

To prevent any unethical activity and in order to promote a fair environment, the firm has developed a Code of Ethics which firm personnel must acknowledge and adhere-to throughout their employment. For further information about the Code of Ethics, please see Item 11.

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

Pursuant to Rule 204-1 of the Investment Advisers Act, Westport has adopted a Code of Ethics which is designed to reinforce the firm's policy of fairness to clients and their accounts. Where personnel may recommend, purchase, or sell securities for client accounts that they have similarly recommended, purchased, and/or sold for their own accounts, a certain conflict of interest is created. Accordingly, said personnel must adhere to the Code of Ethics, particularly those portions that govern fair treatment and fiduciary obligations. Clients should also note that the personal trading practices of firm personnel are reviewed to identify and resolve potential conflicts of interest. Firm personnel with access to client accounts are required to acknowledge and adhere-to the Code of Ethics. A copy of the Code will be made available to any client, prospective or otherwise, upon request.

## **Item 12: Brokerage Practices**

As part of its fiduciary duty to clients, the firm must seek the best execution available for client accounts and the transactions made therein. In all cases, the firm will make trades based upon price, speed, the inherent nature of the security at hand, and the availability of same. Where the firm has selected a preferred broker-dealer (JP Morgan), the firm's preference is based upon its familiarity with the services, applications, and other offerings rendered by that brokerage firm (JP Morgan also serves as Westport's clearing agent for securities transactions).

Accordingly, this arrangement creates a conflict of interest and clients should note that the services rendered by JP Morgan may cost more or less than similar services rendered by other brokerage firms. Westport's use of JP Morgan is based strictly upon convenience, reputation, and the services rendered as part the relationship between clients, Westport, and JP Morgan. However, and at the client's suggestion, the firm will not object to directing brokerage to another broker-dealer. Clients should note however that such decisions could incur greater cost to their accounts. Westport's recommendation of JPMorgan's brokerage services is based solely upon the experience obtained via the working relationship between Westport and JP Morgan.

Westport will often combine orders into block trades to reduce commission and execution pricing. Allocations of such trades are performed in a timely and efficient order to ensure fairness to each account participating in the trade. Each account will then receive the same execution price (average share price) for the securities sold/purchased during that period (daily). In certain cases, orders may not filled within the given time period. However such orders are actively traded until the entire trade is completed which may take several days. Clients should note that the timing of such trades may place a secondary role in consideration of the overall price afforded to those participating accounts. Westport does not participate in any soft dollar arrangements,

## **Item 13: Review of Accounts**

Accounts are subject to regular review on an ongoing basis by senior management. More frequent review may be necessary to adjust for market changes or overall stability. Brokerage account statements are delivered on a quarterly basis (at a minimum) by JP Morgan. Clients will receive other supporting documentation from others involved with client accounts including mutual funds and others (where applicable). Questions related to client accounts and supporting documentation may be directed to the firm.

## **Item 14: Client Referrals and Other Compensation**

Westport does not compensate or receive compensation from others for client referrals. The firm's sole revenue is derived from its advisory, brokerage, and insurance-based business offerings.

## **Item 15: Custody**

Westport does not maintain custody of client funds or securities. All accounts are held in the custody of JP Morgan and/or similar custodians and subject to regular audit and inspection by appropriate parties.

## **Item 16: Investment Discretion**

Westport maintains the authority to direct brokerage to a preferred broker-dealer (currently JP Morgan). Such authority also extends to making decisions regarding the type and amount of securities to be bought and/or sold for a client's account. In certain cases, the firm also maintains the authority to negotiate the commission rates paid on transactions. Discretionary authority is granted via the execution of the advisory agreement and authorized only upon full disclosure to the client. Any and all trades made on behalf of a client are made in accordance with the clients stated investment objectives and goals.

## **Item 17: Voting Client Securities**

Westport does not vote proxies for securities held in client accounts. All proxies are directed to clients by the broker-dealer or transfer agent of record. Questions regarding such actions may be addressed directly with the firm.

## **Item 18: Financial Information**

Although Westport requires payment of fees in advance for services, such payments would not serve as a retainer for services. The firm does not require prepayment of fees for services six (6) months or more in advance of such services. Further the firm does not maintain any financial hardships or other similar financial issues that might prevent the firm from meeting its contractual agreements with clients. The firm has not been the subject of any bankruptcy or other similar proceeding within the past ten (10) years. Questions related to the financial status of the firm may be directed to senior management.

## **Item 19: Requirements for State Registered Advisers**

Although the firm is currently registered with the SEC, further information about the firm may be helpful to clients. Westport is currently managed by a team of financial professionals. Their expertise, qualifications, and disciplinary history (if any) may be found by reviewing the attached *Part 2B: Brochure Supplements*. The firm is dually registered as an investment adviser and broker-dealer. This arrangement allows the firm to provide a host of services under one name that might not otherwise be available. However, this arrangement also allows the firm and its personnel to collect commission-based income in addition to any advisory fees paid by clients. Accordingly, each client is encouraged to review this brochure carefully for a full understanding of the services offered and the costs therein. Questions regarding same may be addressed directly with the firm.

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2B: Brochure Supplements**  
**Investment Adviser Representatives and/or Supervised Persons: Supplemental information**  
**Item 1: Cover Page**

*Christopher E. McClure*, President/Chief Executive Officer/Chief Compliance Officer  
*David M. Ashe*, Assistant Vice President  
*Robert C. Batick, Jr.*, Representative  
*Robert P. Noonan*, Representative  
*Geoffrey B. Knapp*, Representative

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## Item 2: Educational Background and Business Experience

**Christopher E. McClure, President/CEO/CCO:** In addition to serving as President and CEO, Mr. McClure (born 1965) serves as Chief Compliance Officer and Chief Financial Officer. Prior to joining Westport in 2001, Mr. McClure was a First Vice President with Prudential Securities from 1997 to 2001. He has also held Financial Consultant positions with Merrill Lynch Pierce Fenner & Smith and Shearson Lehman Brothers. Mr. McClure began his investment career in 1987 with U.S. Trust Co. He graduated from Providence College with a BS degree in finance.

**David M. Ashe, Assistant Vice President:** Prior to joining Westport in 2009, Mr. Ashe (born 1981) served with Edward D. Jones & Co. as a registered representative and financial advisor. He has also served as an investment counselor. Mr. Ashe is a graduate of Florida State University.

**Robert C. Batick, Jr. Representative:** Prior to joining Westport in June 2011, Mr. Batick (born 1968) was a financial consultant with RBC Capital Markets. Prior to this, he was a broker with Salomon Smith Barney. Mr. Batick is a graduate of Yale University.

**Robert P. Noonan, Representative:** Prior to joining Westport in June of 2010, Mr. Noonan (born 1943) served as a financial advisor with Bengal Partners. He has served in various roles throughout his thirty (30) year career with Merrill Lynch, Chase Securities, and Hambrecht & Quist. He is a graduate of Bucknell University with BA in philosophy.

**Geoffrey B. Knapp, Representative:** Mr. Knapp (born 1968) joined Westport in 2011. He was previously with Bank of America as a financial advisor and served as a registered representative with Merrill Lynch. He is a graduate of Bowling Green State University.

## Item 3: Disciplinary Information

**Christopher E. McClure, President/CEO/CCO:** In 2003, Mr. McClure was subject to a customer complaint. The complaint alleged that Mr. McClure has engaged in unauthorized and unsuitable investment transactions. To avoid the added expense of a protracted legal battle, Mr. McClure entered into a financial settlement.

**David M. Ashe, Assistant Vice President:** Mr. Ashe is not subject to any disciplinary history responsive to this item.

**Robert C. Batick, Jr. Representative:** Mr. Batick was subject to a 2004 customer complaint involving the sale of an annuity. The complaint was settled to avoid the expense of a protracted legal battle. Mr. Batick also filed for personal bankruptcy protection in 2007 as a result of being named in a judgment by a former employer. The bankruptcy was later dismissed, and an agreement was reached with the former employer.

**Robert P. Noonan, Representative:** Mr. Noonan was named in a 1997 customer complaint which alleged that Mr. Noonan had exercised discretionary authority without being authorized to do so. The complaint was denied in full due to Mr. Noonan having operated within the letter of a written limited power of attorney over the account.

**Geoffrey B. Knapp, Representative:** Mr. Knapp is not subject to any disciplinary history responsive to this item.

## Items 4 & 5: Other Business Activity & Additional Compensation

**Christopher E. McClure, President/CEO/CCO:** In addition to his advisory and brokerage duties, Mr. McClure is also a licensed insurance agent. Accordingly, he is subject to additional income from sales of insurance. His insurance activities incorporate about 3-4 hours of his working schedule per month.

**David M. Ashe, Assistant Vice President:** In addition to his work for Westport, David renders narrative research and writing and serves as a sole proprietor/contractor in Monroe, CT. Such work takes approximately 5% of his working schedule.

**Robert C. Batick, Jr. Representative:** Mr. Batick does not engage in other business activity and/or receive additional compensation.

**Robert P. Noonan, Representative:** Mr. Noonan does not engage in other business activity and/or receive additional compensation.

**Geoffrey B. Knapp, Representative:** Mr. Knapp does not engage in other business activity and/or receive additional compensation.

## Item 6: Supervision

Firm President Christopher McClure remains responsible for the supervision and oversight of all aspects of firm business. This extends to reviewing communications with clients and enforcing firm policies. Questions regarding firm personnel and their activities may be addressed directly with Mr. McClure. For further review of firm personnel, please visit the SEC's Investment Adviser Public Disclosure website; [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA's Brokercheck website; <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck>.