

Item 1 – Cover Page

Westport Advisers, LLC

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March 31, 2014

This Brochure provides information about the qualifications and business practices of Westport Advisers, LLC. If you have any questions about the contents of this Brochure, please contact us at (203) 227-3601. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Westport Advisers, LLC is a registered investment adviser. Registration with the SEC as an investment adviser does not imply any level of skill or training.

Additional information about Westport Advisers, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated March 31, 2014, updates the Brochure dated March 31, 2013 (the “2013 Brochure”). This Brochure contains no material changes from the 2013 Brochure

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Item 4 – Advisory Business

- **One hundred percent of Westport Advisers, LLC’s (“WALLC”) advisory business includes management investment advisory accounts and providing investment supervisory services.**

WALLC’s sole client is The Westport Funds (“Trust”), a diversified, no-load, open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust is currently comprised of two separate series, the Westport Select Cap Fund and the Westport Fund (each a “Fund” and, collectively, the “Funds”). WALLC provides a continuous investment program for each Fund’s portfolio, makes day-to-day investment decisions for each Fund, and manages each Fund’s investment in accordance with the stated policies and restrictions of each Fund, subject to the general supervision of the Board of Trustees. As of December 31, 2013, WALLC managed approximately \$1,020 million in discretionary assets. WALLC does not provide investment advice on a non-discretionary basis or manage any wrap program assets.

WALLC was organized as a Connecticut limited liability company in 1997. A limited liability company is owned by its Members. The sole Members of WALLC are Edmund H. Nicklin, Jr. and Westport Asset Management, Inc. (“WAMI”), (together, “Westport”). As a member of WALLC, WAMI is an affiliate.

WALLC does not consider the above services “financial planning” or any other similar term.

Item 5 – Fees and Compensation

The Funds’ investments are managed by WALLC pursuant to the terms of the investment advisory agreement between the Trust and WALLC (the “Advisory Agreement”), which is open to negotiation and review annually. Each Fund pays WALLC an investment management fee, computed and accrued daily and paid monthly from the Fund’s assets, at an annual rate of 1.00% of average daily net assets for the Westport Select Cap Fund, and at an annual rate of 0.90% of average daily net assets for the Westport Fund.

Pursuant to the Advisory Agreement, which is annually approved by the Trust’s Board of Trustees pursuant to Section 15 of the 1940 Act, WALLC has agreed to waive a portion of its advisory fees and/or assume certain expenses of each Fund (other than brokerage commissions, extraordinary items, interest and taxes) to the extent “Total Annual Fund Operating Expenses” for each class exceed 1.50% of the Fund’s average daily net assets attributable to that class of shares (the “Expense Limitation Agreement”). WALLC has agreed to maintain these expense limitations with regard to each class of each Fund through April 30, 2015. The expense limitation agreement does not include recapture provisions. No fees were waived by WALLC for the year ended December 31, 2013.

Item 6 – Performance-Based Fees and Side-By-Side Management

WALLC does not have any performance- or incentive-based fee arrangements. However in some cases, its affiliated adviser, WAMI, has entered into incentive-based fee arrangements with qualified clients. Incentive-based fees are charged in accordance with the requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and WAMI will not enter into such fee arrangements with clients who do not satisfy the eligibility requirements set forth in that Rule.

Because WALLC and WAMI are affiliated, WALLC's portfolio managers also manage WAMI's client portfolios. As noted above, WAMI has entered into incentive-based fee arrangements and under these arrangements WAMI is compensated based in part on an investment's capital appreciation. Therefore, there may be an incentive for Westport's portfolio managers to make investments that are riskier or more speculative for WAMI's clients with incentive-based fee arrangements than would be the case in the absence of such a compensation framework. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. It is WALLC's policy not to favor any client account or outside account over any other client account or outside account. WALLC, together with WAMI and The Westport Funds, has implemented policies and procedures designed to ensure that all clients are treated fairly and equally, and to prevent the conflict described above from influencing the allocation of investment opportunities among clients. For more information regarding WALLC's Trade Allocation Policies and Procedures, please see Item 12.

Item 7 – Types of Clients

Types of Clients

WALLC provides portfolio management services to The Westport Funds.

Investment Minimums

Investment Minimums – The Westport Select Cap Fund	Initial	Additional
Class R Accounts		
Regular	\$5,000	No minimum
Traditional IRAs	2,000	No minimum
Roth IRAs	2,000	No minimum
Coverdell Education Savings Account	2,000	No minimum
SEP-IRAs	2,000	No minimum
Gifts/Transfers to Minors	1,000	No minimum
Automatic Investment Plans	1,000	\$100
Class I Accounts (Regular, Traditional IRA, Roth IRA, Coverdell ESAs, SEP-IRAs, Gifts/Transfers to Minors, and Automatic Investment Plans)	250,000	No minimum

Investment Minimums – The Westport Fund	Initial	Additional
Class R Accounts		
Regular	2,500	No minimum
Traditional IRAs	2,000	No minimum
Roth IRAs	2,000	No minimum
Coverdell Education Savings Account	2,000	No minimum
SEP-IRAs	2,000	No minimum
Gifts/Transfers to Minors	1,000	No minimum
Automatic Investment Plans	1,000	\$100
Class I Accounts (Regular, Traditional IRA, Roth IRA, Coverdell ESAs, SEP-IRAs, Gifts/Transfers to Minors, and Automatic Investment Plans)	250,000	No minimum

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Westport Select Cap Fund

Under normal circumstances, the Westport Select Cap Fund seeks to achieve its investment goal by investing at least 65% of its net assets in the equity securities of small capitalization companies. A small capitalization company, as defined in The Westport Funds Prospectus dated May 1, 2013, has a market capitalization of \$2 billion or less at the time of the Fund's initial investment. Companies whose capitalization exceeds \$2 billion after purchase by the Fund will continue to be considered small cap for purposes of this 65% limitation. Even after the market capitalization of a small cap company exceeds \$2 billion, WALLC may determine that the company continues to present a significant investment opportunity. In such instances, as long as the company's market capitalization does not exceed \$6 billion, the Fund may add to an existing position with respect to that company's securities by purchasing additional shares. Any such additional securities purchases will be considered purchases of small cap securities with respect to the 65% limitation. The Fund may also invest to a limited degree in companies that have larger market capitalizations.

The Westport Funds Board of Trustees' approved a change in the definition of a small capitalization company which will be effective, and will be incorporated in The Westport Funds' prospectus, on May 1, 2014.

The revised policy is as follows:

The Fund invests primarily in common stocks of small capitalization companies selected for their capital appreciation potential. Under normal circumstances, the Fund seeks to achieve its investment goal by investing at least 65% of its net assets in the equity securities of companies with market capitalizations at the time of initial purchase within the range of those in the Russell 2000 Index. The market capitalization range of the Index changes constantly, and as a result, the capitalization of small cap companies in which the Fund will invest will also change. As of December 31, 2013, the market capitalization range of the Index was approximately \$36 million to \$5.3 billion. If the market capitalization of a small cap company exceeds that of the largest capitalization in the Russell 2000 Index, and WALLC determines that the company continues to present a significant investment opportunity, the Fund may add to an existing position in that company's securities by purchasing additional shares as long as the company's market capitalization does not exceed 2.5 times that of the largest capitalization company in the Russell 2000 Index. Any such additional securities purchases will be considered purchases of small cap securities with respect to the 65% limitation. The Fund may also invest to a limited degree in companies that have larger market capitalizations.

Westport Fund

The Westport Fund seeks to achieve its investment goal by investing the majority of its assets in undervalued equity securities of attractive mid-capitalization companies. A mid-capitalization company has a market capitalization between \$2 billion and \$10 billion. The Fund will also invest on an opportunistic basis in the securities of attractive companies with both larger and smaller market capitalizations, but it is expected that the median market capitalization of the companies that comprise the Fund's portfolio generally will be in the mid-capitalization range. The Fund considers several factors as part of its analysis for determining value, primarily the potential for capital appreciation and secondarily current income. However, because the companies in which the Fund invests typically do not distribute a meaningful amount of their earnings as dividends, substantially greater emphasis is placed on the potential for capital appreciation than on current income.

Principal Investment Strategies Common to Both Funds

Both Funds will primarily invest in common stock, securities convertible into common stock such as convertible bonds and preferred stocks, American Depositary Receipts and securities such as rights and warrants which permit the holder to purchase equity securities.

When WALLC believes that market, economic or other conditions warrant, a Fund may assume a temporary defensive position. During these periods, a Fund may invest without limit in cash or cash equivalents, short-term commercial paper, U.S. government securities, high quality debt securities, including Eurodollar obligations, and obligations of banks. When and to the extent a Fund assumes a temporary defensive position, it may not pursue or achieve its investment goal.

Aside from a temporary defensive position, WALLC may also decide to hold a certain portion of each Fund's assets in cash or in investment-grade cash equivalents in order to retain flexibility in meeting redemptions, paying expenses, and timing of new investments. Such cash equivalents may include, for example: (i) short-term U.S. government securities, (ii) certificates of deposit, (iii) commercial paper, and (iv) money market mutual funds. To the extent a Fund's assets are invested in cash or investment-grade cash equivalents, it may not pursue or achieve its investment goal. Shareholders should understand that they could lose some or all of their investment in the Funds and should be prepared to bear the risk of such potential losses.

HOW INVESTMENTS ARE SELECTED

- WALLC employs a modified "value" approach to each Fund's investments known as second generation value investing. Historically, value investors have used statistical criteria to select investments which were expected to provide superior returns. Due to increased participation in financial markets and improved information availability, the domestic financial markets have matured and are more competitive. As a result, simple statistical selection criteria are no longer effective.
- Often a catalyst or event is necessary for those superior returns. For that change to be of investment significance, it must create the prospect of a significant increase in earnings or cash flow within the investment horizon. The estimated earnings or cash flow relative to the current stock price is a measure of valuation. This is low P/E investing, the focus of classic value investment, but on a forward-looking basis. This approach combines low valuation, a value attribute, with improving earnings or cash flow, a growth attribute. This strategy is the basis for second generation value investing.
- Second generation value investing provides investors with a risk averse approach for investing in growth opportunities among smaller companies. Using this approach, the Funds seek to invest in undervalued companies, i.e., companies selling at a discount to fundamental value based on earnings potential or assets. This variation of value investing offers the potential for capital appreciation as a stock gains favor among other investors.
- The investment process begins with the identification of change in a company's products, operations, or management. Once change is identified, WALLC evaluates the company from a number of perspectives in order to estimate a company's fundamental value and the extent of undervaluation, if any.
- In its overall assessment, WALLC seeks stocks for the Funds that it believes have a greater upside potential than risk over an 18 to 24 month holding period.

PRINCIPAL RISKS OF INVESTING IN THE FUNDS

The Funds have the same principal investment risks, although their exposure to the risks of small and mid-capitalization companies differs. The Westport Select Cap Fund is more focused on small capitalization companies. The Westport Fund has a broader range of market capitalization exposure, with a focus on mid-capitalization company holdings, but some small and large capitalization company holdings as well.

Investment Risk. An investment in either Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest.

Stock Market Risk. Investing in the stock market is risky because equity securities fluctuate in value, often based upon factors unrelated to the intrinsic value of the issuer. These issues may be due to political, economic or general market circumstances. Other factors may affect a single company or industry, but not the broader market. Because securities' values fluctuate, when you sell your investment in a Fund you may receive more or less money than you originally invested. Your Fund shares at any point in time may be worth less than what you invested, even after taking into account the reinvestment of Fund dividends and distributions. If the securities in which a Fund invests never reach their perceived potential, or the valuation of such securities in the marketplace does not in fact reflect significant undervaluation, there may be little or no appreciation, and possibly depreciation, in the value of such securities.

Investment Style Risk. Since each Fund follows a value investment style, there is the risk that the value style may be out of favor for a period of time, that the market will not recognize a security's intrinsic value for a long time, or that a stock judged to be +undervalued may actually be appropriately priced. Historically, value stocks have performed best during periods of economic recovery.

Investment Diversification Risk. Although they are diversified for purposes of the 1940 Act, each Fund may invest in a comparatively small number of companies, as compared to many other mutual funds. Investing in a comparatively small number of companies can increase the potential adverse effects to a Fund caused by a decline in the value of any single company in which the Fund invests.

Capitalization Risk. Investments in smaller and medium capitalization companies may involve greater risks than investments in large capitalization companies due to comparatively limited product lines, markets and financial and managerial resources. Smaller and medium capitalization companies may have more volatile stock prices and the potential for greater declines in stock prices in response to selling pressure. Smaller capitalization companies generally are viewed as having more risk than medium capitalization companies.

Investing in the Westport Select Cap Fund involves, in particular, the risks of investing in small capitalization companies. A company may have a small capitalization because it is new or has recently gone public, or because it operates in a new industry or regional market. Small companies may have more limited product lines, markets, and financial resources, making them more susceptible to economic or market setbacks. A portion of the securities in which the Westport Select Cap Fund invests are traded in the over-the-counter markets, which are likely to be more thinly traded.

Analysts and other investors typically follow small companies less actively, and information about these companies is not always readily available. For these and other reasons, the prices of small capitalization securities may fluctuate more significantly than the securities of larger companies in response to news about the company, the markets or the economy. As a result, the price of the Westport Select Cap Fund's shares may exhibit a higher degree of volatility than the market averages. In addition, securities traded in the over-the-counter market or on a regional securities exchange may not be traded every day or in the volume typical of securities traded on a national exchange. The Westport Select Cap Fund, therefore, may have to sell a portfolio

security to meet redemptions (or for other reasons) at a discount from market prices, sell during periods when disposition is not desirable, or make many small sales over a lengthy period of time.

Investing in the Westport Fund involves, in particular, the risks inherent in investing in mid-capitalization companies, including greater risk and volatility than investing in larger, more established companies. To the extent the Westport Fund invests in small capitalization companies, the risks associated with small capitalization companies would apply and are discussed above.

Investment returns from stocks of mid-capitalization companies over long periods of time tend to fall below those of small capitalization companies, but exceed those of large capitalization companies. The volatility of mid-capitalization company returns is greater than that of large capitalization issues, but less than that associated with small capitalization issues. These characteristics result in part from the ability of mid-capitalization companies to react to changes in the business environment at a faster rate than larger companies. In addition, mid-capitalization companies generally have more developed and more mature businesses than small capitalization companies, providing greater business stability relative to smaller companies.

Manager Risk. Each Fund is subject to manager risk because it is an actively managed investment portfolio. WALLC will apply investment techniques and risk analysis in making investment decisions for the Funds, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to WALLC in connection with managing the Funds and may also adversely affect the ability of the Funds to achieve their investment goals.

Cash Equivalents Risk. To the extent a Fund invests in cash or cash equivalents, there is no assurance that the Fund will achieve its investment goal.

Not FDIC Insured. Your investment in a Fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of WALLC or the integrity of WALLC's management. WALLC has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

WALLC is not actively involved in any business other than giving investment advice. We do not sell products or services other than investment advice to clients.

WALLC's portfolio managers may also manage other accounts in a personal or other capacity which may include unregistered investment companies relying on either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940 as amended ("1940 Act"). Andy Knuth, a portfolio manager at WALLC and an owner of WAMI, is a general partner of a private fund, Riverside Associates LP-1.

From time to time, potential conflicts of interest may arise between a portfolio manager's management of The Westport Funds, on the one hand, and the management of other accounts, including WAMI's client accounts,

on the other. The Westport Funds might have similar investment goals, guidelines or strategies as WAMI's clients' accounts or other accounts, or otherwise hold, purchase, or sell securities that are eligible to be held, purchased or sold by client accounts and other accounts. Because of their positions with The Westport Funds, the portfolio managers know the size, timing and possible market impact of the Funds' trades. It is theoretically possible that the portfolio managers could use this information to the advantage of The Westport Funds and to the possible detriment of WAMI client accounts and other accounts. An investment opportunity may be suitable for both The Westport Funds and WAMI client accounts and other accounts managed by the portfolio manager, but may not be available in sufficient quantities for both The Westport Funds and WAMI's private accounts and other accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by The Westport Funds and other WAMI clients and other accounts. Whenever decisions are made to buy or sell securities by The Westport Funds and one or more of WAMI's private accounts and other accounts simultaneously, the portfolio manager may aggregate the purchases and sales of the securities and will allocate the securities transactions in a manner that it believes to be equitable under the circumstances. As a result of the allocations, there may be instances where The Westport Funds will not participate in a transaction that is allocated among WAMI's private accounts and other accounts or that may not be allocated the full amount of the securities sought to be traded.

WALLC and WAMI have implemented specific policies and procedures (e.g., the Code of Ethics and Trade Allocation Policies and Procedures (discussed below in Items 11 and 12, respectively) to address potential conflicts that may arise in connection with the management of client accounts, The Westport Funds and other accounts.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

WALLC and its affiliated investment adviser, WAMI, and The Westport Funds (together, "Westport") have adopted a Code of Ethics for all of the firms' Access Persons (as that term is defined in the Code of Ethics) which, among other things, sets forth Westport's standards of business conduct, and fiduciary duty to its clients and The Westport Funds' shareholders. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All Access Persons at Westport must acknowledge the terms of the Code of Ethics annually, or as amended. You may obtain a copy of Westport's Code of Ethics upon request. Our contact information appears on the cover page of this Brochure.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

In order to ensure that Westport and its Access Persons (including, trustees, officers and employees) enter into any personal securities transactions in a manner consistent with their fiduciary duties and to prevent conflicts of interest, both potential and real, Westport has adopted a Code of Ethics in accordance with the federal securities laws. In accordance with the Code of Ethics' pre-clearance and pre-approval procedures, Westport and its Access Persons may purchase and sell securities that are also recommended to clients.

The Code of Ethics generally prohibits Access Persons from purchasing or selling securities that are being purchased or sold, or are being considered for purchase or sale, by a client that day.

The Code of Ethics also prohibits “late trading” in shares of mutual funds advised or sub-advised by WALLC or WAMI (“Fund Shares”), including a prohibition on the facilitating of late trading by third parties. The Code of Ethics also restricts short-term trading in Fund Shares by prohibiting the retention of profits realized on the sale of Fund Shares held fewer than 90 days. With the exception of the Independent Trustees and officers of The Westport Funds who are not employees of Westport, no Access Person may engage in any personal securities transactions, including transactions in equities, Fund Shares, ETF’s, IPOs and limited offerings, “covered securities”, without obtaining pre-clearance in the form of prior written approval from a Westport Principal or Chief Compliance Officer (“CCO”). The pre-clearance requirement is not applicable to (1) purchases or sales effected in any account over which the Access Person has no direct or indirect influence or control or in any account which is managed on a discretionary basis by a person other than such Access Person and with respect to which such Access Person does not in fact influence or control such transactions; (2) purchases or sales of non-equity securities which are not eligible for purchase or sale by any person or entity to which WAMI or WALLC provides investment advisory services (“Westport Client”), unless such securities are of a type held in a Westport Client account or being contemplated for purchase for a Westport Client account. (A security in the same classification within the capital structure as that held in a Westport Client account at Westport would require pre-clearance; *e.g.*, two debt securities of an issuer in different series.); (3) purchases or sales which are non-volitional on the part of the Access Person; (4) purchases which are part of an automatic dividend reinvestment plan; (5) purchases effected upon the exercise of rights or options issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights or options were acquired from such issuer, and sales of such rights or options so acquired; and (6) any transaction, or series of related transactions, involving 500 shares or less in the aggregate, if the issuer has a market capitalization (outstanding shares multiplied by the current price per share) greater than \$2 billion; and, (7) any transactions in accounts in which an Access Person has a Beneficial Ownership interest (as such interest is described in the Code of Ethics) in a Reportable Security (as that term is defined in the Code of Ethics) solely by reason of an indirect pecuniary interest described in Rule 16a-1(a)(2)(ii)(B) or (C) under the Securities Exchange Act of 1934, as amended (“Exchange Act”) provided that the CCO has full access on a real time basis to the trading activities and records of such account and such account is subject to the Westport Trade Allocation Policies and Procedures.

Additionally, the Code of Ethics mandates initial holdings, quarterly and annual reporting of transactions in covered securities by Access Persons of Westport. It also requires strict confidentiality with regard to any client transactions or potential transactions

In addition to the Code of Ethics, Westport has adopted a comprehensive insider trading policy to identify and prevent the misuse of material, non-public information that applies to all directors, officers and employees of Westport entities.

WALLC’s portfolio managers and Access Persons may purchase or sell, directly or indirectly, securities that are recommended to or purchased and sold for clients. However, Westport’s Code of Ethics prohibits such transactions of a security that is (1) being considered for purchase or sale by a client that day; or (2) being purchased or sold by a client that day. Westport Principals must approve all purchases and sales of Reportable Securities (as that term is defined in the Code of Ethics) for Access Persons prior to their execution.

Item 12 – Brokerage Practices

In selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*i.e.*, commissions), WALLC considers the following:

Best Execution Policies and Procedures

In placing orders for the purchase and sale of securities for client accounts and selecting broker-dealers to effect these transactions, WALLC seeks prompt execution of orders at the most favorable prices reasonably obtainable. In doing so, WALLC will consider a number of factors, including, but not limited to, the overall direct net results to the client (including commissions, which may not be the lowest available, but which ordinarily will not be higher than the generally prevailing competitive rate), the financial strength and stability of the broker-dealer, the speed and efficiency with which the transactions are effected, the broker-dealer's ability to handle high-volume transactions without undue market impact, the certainty of execution, the availability of the broker-dealer to stand ready to execute possible difficult transactions in the future, and the quality of research and investment services provided by broker-dealers who effect, or are parties to, portfolio transactions for client accounts or the clients of Westport.

Such research and investment services may include information on: the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting the securities of certain client accounts, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. Such research services may be received from broker-dealers in the form of written reports, telephone contacts, or personal meetings with security analysts. In addition, such research services may be provided by broker-dealers in the form of access to various computer-generated data and software, as well as support and maintenance costs for such computer-generated data and software. Research services may also be provided by way of meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In some cases, research services may be generated by third parties but are provided to WALLC by or through broker-dealers. Research services furnished by broker-dealers through whom WALLC effects securities transactions may be used by WALLC and its affiliates in connection with their investment activities.

To the extent that research services of value are provided by broker-dealers, WALLC may be relieved of the expenses that it might otherwise bear in providing or obtaining the same or a comparable research service from its own resources. WALLC may allocate brokerage commissions for research services that are also available for cash, where appropriate and permitted by law.

In order to be assured of continuing to receive services considered of value to its clients, WALLC has adopted policies and procedures embodying the concepts of Section 28(e) of the Exchange Act. Section 28(e) provides a safe-harbor permitting an investment adviser to cause an account to pay commission rates in excess of those another broker-dealer would have charged for effecting the same transaction, if WALLC determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. This determination may be viewed in terms of either the particular transaction involved or the overall responsibilities of WALLC with respect to the accounts over which it exercises investment discretion. Thus, such research furnished by broker-dealers may be used in connection with accounts other than those that pay commissions to the broker-dealers providing the research. Conversely, broker-dealers furnishing such services may be selected for the execution of transactions of other accounts. WALLC does not specifically attempt to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits generated. However, WALLC believes that there is generally a correlation between benefits received and credits generated among client accounts, given the similarity of the mandates it manages for clients (i.e., in a small- to mid- capitalization value equity strategy).

Commission rates are established pursuant to negotiations with the broker-dealer based on the quality and quantity of execution services provided by the broker-dealer in light of generally prevailing rates. WALLC's policy allows it to pay higher commissions to broker-dealers for particular transactions than might be charged if a different broker-dealer had been selected on occasions when, in WALLC's opinion, this policy furthers the objective of obtaining the most favorable price and execution. In addition, WALLC is authorized to pay higher commissions to broker-dealers on brokerage transactions for client accounts in order to secure research and investment services described above. For this reason, WALLC could be deemed to have an incentive to select broker-dealers based on the value of the research services provided as opposed to the quality of execution and price given to clients. The actual allocation of brokerage business may vary from year to year, depending on WALLC's evaluation of all applicable considerations. In no event will WALLC make binding commitments as to the level of brokerage commissions allocated to a specific broker. A broker is not excluded from receiving business because it has not been identified as providing research services. The investment information and services received from brokers may be used by Westport in servicing all of Westport's Clients' accounts, but not all such information and services may be used by Westport in connection with the Client whose soft dollar credits were used to pay for the service. Westport believes that such an allocation of brokerage business helps its Clients obtain research and execution capabilities and provides other benefits to its Clients.

The relationships with brokerage firms that provide soft dollar services to Westport may influence Westport's judgment in allocating brokerage business and may create conflicts of interest, both in using the services of these to brokers to execute its Clients' brokerage transactions, and in allocating the costs of mixed-use products between their research and non-research uses. The brokerage fees paid by Westport's Clients benefit Westport at the expense of its Clients to the extent that soft dollars are used to pay Westport's expenses that are not otherwise reimbursable by those Clients. Westport believes that these relationships are beneficial to it and its Clients, but its Clients' transactions executed through these firms or any other brokerage firm may or may not be at the best price otherwise available. Westport will make a good-faith effort to allocate the costs of such products between their research and non-research uses and use soft dollars to pay only for the portion allocated to research uses.

Brokerage for Referrals

WALLC does not consider referrals in selecting or recommending broker-dealers.

Directed Brokerage

WALLC does not have a directed brokerage arrangements for its client, The Westport Funds.

Trade Allocation Policies and Procedures

When decisions are made to purchase or sell the same securities simultaneously for a number of client and other accounts, Westport may aggregate into a single trade order (a "bunched" trade) several individual contemporaneous client and other trade orders for a single security if it deems this to be appropriate and in the best interests of the client accounts involved. Bunched trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution, or reducing overall commission charges. Accounts that are eligible to purchase shares in initial public offerings may participate in aggregated orders for such shares.

Westport seeks to aggregate trade orders in a manner that is consistent with its duty to: (1) seek best execution of client orders, (2) treat all clients fairly, and (3) not systematically advantage or disadvantage any single client.

When an aggregated order is filled in its entirety, each participating client and other account will participate at the average share price for the aggregated order, and transaction costs shall be shared pro rata based on each account's participation in the aggregated order. If an order cannot be completely filled and the investment opportunity is determined to be equally suitable and appropriate for more than one account, allocations will generally be made pro rata, subject to rounding to achieve round lots, based upon the initial amount requested for an account participating in the aggregated order. Each account participating in a particular aggregated or "bunched trade" will receive the share price with respect to that aggregated order or, as appropriate, the average share price for all executed "bunched" trades on that trading day. Westport may allocate on a basis other than pro rata, if, under the circumstances, such other method of allocation is reasonable, does not result in any improper or undisclosed advantage or disadvantage to other accounts, and results in fair access over time to trading opportunities for all eligible managed accounts. For example, Westport may identify investment opportunities that are appropriate for certain accounts and not others, based on such factors as investment objectives, style, risk/return parameters, regulatory and client restrictions, tax status, account size, sensitivity to turnover, available cash and cash flows. Consequently, Westport may decide it is more appropriate to place a given security in one account rather than another account.

Other non-pro rata methods include rotation allocation or random allocation. Alternative methods of allocation are appropriate, for example, when the transaction size is too limited to be effectively allocated pro rata among all eligible accounts.

Cross Trading Policies and Procedures

"Cross trading" means the purchase or sale of securities between various client accounts (including the series of any registered investment companies advised by either WAMI or WALLC) for the benefit of the accounts involved in the transactions. Cross trades may be triggered by a variety of events that may include, but are not limited to, account re-balancing caused by market-related growth, account withdrawals or liquidations at client direction, additions to small positions already held in an account to reach certain percentage of account goals, or liquidation of small positions to re-deploy client assets. The use of cross-trading, when appropriate, can minimize various costs, including brokerage commissions, market price impact, custody fees and transfer taxes.

WALLC does not engage in "agency" cross trades in which it would be considered "acting as a broker" within the meaning of Section 206(3) of the Advisers Act since it does not receive compensation, other than its regular advisory fees, for effecting cross trades between advisory clients.

However, from time to time WALLC and WAMI may find it advantageous to their clients to engage in cross trading to the extent permitted by applicable laws and regulations. In a cross-trade transaction, WALLC and/or WAMI would cause a Fund (or a client account) purchase or sell securities from or to, as the case may be, another Fund (or client account) advised by WALLC or WAMI. Accounts subject to the Employee Retirement Income Security Act of 1974 ("ERISA") are permitted to engage in such cross-trades, subject to account specific authorization agreements.

WALLC and WAMI do not cross trade fair valued securities, private placement securities, securities for which no market price can be readily ascertained, or securities that have not traded during the past five business days on its principal exchange (unless such cross trade is approved by a Westport Compliance Officer). They may, when appropriate and under certain conditions, cross trade illiquid securities in one account with another account.

Cross Trades Between Private Accounts

The Westport entities may each engage in cross trading for their private clients. Such cross trades are arranged through an unaffiliated broker, who is generally paid a commission or small administrative fee for its services. Neither WALLC nor WAMI receive any compensation, other than their usual investment advisory fee, when they effect a cross trade for their clients.

In accordance with their fiduciary duty, WALLC and WAMI seek best price and execution for all cross trades by ensuring that the price at which such trades are executed is the current market price as of the time the transaction is made. If a commission is charged by the executing broker, such commission shall be nominal and the total cost of the transaction shall be split between the accounts involved.

Cross Trades Involving a Registered Investment Company

WALLC and WAMI may engage in cross trading between Funds or between a Fund and a private client account. Such cross trades are governed by Rule 17a-7 of the 1940 Act. WALLC and WAMI have adopted procedures designed to provide compliance with the conditions contained in Rule 17a-7. Cross-trade transactions involving a Fund are priced in accordance with the requirements of Rule 17a-7.

Cross Trades Involving an ERISA Account

WALLC and WAMI may engage in cross trading between an ERISA account and an account that is not an ERISA account (such as a Fund or a private client account). Such trades are governed by the requirements of Section 408(b)(19) of ERISA, Section 4975(d)22 of the Internal Revenue Code of 1986, Rules of the Department of Labor and, in the case of the Funds, Rule 17a-7 of the 1940 Act. WAMI and WALLC have adopted procedures designed to provide for appropriate oversight of WALLC's and WAMI's cross trading activity on behalf of their clients, including ERISA account clients.

Item 13 – Review of Accounts

WALLC furnishes a continuous investment program for each Fund's portfolio, makes day-to-day investment decisions for each Fund, and manages each of the Fund's investments in accordance with the stated policies of the Fund, subject to the general supervision of the Board of Trustees. Portfolio managers review the Funds' holdings daily. The Funds' CCO reviews the holdings on a weekly basis and the Funds' administrator reviews holdings on a quarterly basis to ensure that the Funds are in compliance with their stated investment goals and all regulatory requirements. At its regularly scheduled quarterly meetings, the Board is provided with written and oral reports regarding the Funds' portfolio holdings from WALLC, the Funds' CCO, and the Funds' administrator. The Board may request more frequent reports at its discretion.

Shareholders in the Funds are provided unaudited semi-annual and audited annual financial statements. Unaudited quarter-end portfolio holdings are posted on the Funds' website at www.westportfunds.com thirty (30) days following the end of the calendar quarter. The Funds' daily net asset value (NAV) is posted on the website daily and performance data, updated monthly, is also presented on the website. In addition, the Trust files a complete certified listing of portfolio holdings for each Fund with the SEC as of the end of the first and third quarters of each fiscal year on Form N-Q within sixty (60) days following the end of each calendar quarter. The complete listing on Form N-Q is available on the SEC's website at <http://www.sec.gov>; may be reviewed and copied at the SEC's Public Reference Room in Washington, DC; and will be made available to shareholders upon request by calling toll-free 1-888-593-7878.

Item 14 – Client Referrals and Other Compensation

WALLC has no arrangements where it:

- Is paid cash by or receives some economic benefit from a non-client in connection with giving advice to clients, or
- Directly or indirectly compensates others for clients referrals.

Item 15 – Custody

WALLC does not maintain custody of any client funds or securities.

Item 16 – Investment Discretion

As noted above, WALLC has authority to determine the following for its sole client, The Westport Funds:

- Securities to be bought or sold
- Amount of the securities to be bought or sold
- Broker or dealer to be used
- Commission rates paid

When selecting securities and determining amounts, WALLC observes the investment policies, limitations and restrictions set out in the Funds' Prospectus and WALLC may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

WALLC is responsible for decisions to buy and sell securities for each Fund, the selection of brokers and dealers to effect the transactions and the negotiation of brokerage commissions. Purchases and sales of securities on a securities exchange are effected through brokers who charge a commission for their services. Brokerage commissions on U.S. securities exchanges are subject to negotiation between WALLC and the broker. A detailed discussion of WALLC's brokerage activities, policies and procedures is contained in Item 12.

Item 17 – Voting Client Securities

WALLC has adopted the proxy voting policies and procedures of The Westport Funds.

General Policy

The Westport Funds has delegated to WALLC discretionary investment management authority with respect to the assets held in The Westport Funds' portfolios. Pursuant to this delegated authority, WALLC will vote any proxy prudently and solely in what it believes in good faith to be the best economic interest of The Westport Funds considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. The Funds could assume responsibility for their own proxy voting; however, this is not currently contemplated. Any conflict between the best economic interests of The Westport Funds and WALLC's interests will be resolved in The Westport Funds' favor pursuant to the proxy voting procedures.

The Proxy Voting Process

The Proxy Committee of The Westport Funds has caused WALLC to retain Institutional Shareholder Services, a division of MSCI, Inc. ("ISS"), formerly known as Risk Metrics Group to review proxies received by client accounts and recommend how to vote them. Absent a determination to override ISS's recommendation by WALLC, ISS will automatically vote all client proxies in accordance with its guidelines and recommendations. WALLC has also retained ISS for its turn-key voting agent service to administer its proxy voting operation. As such, ISS is responsible for ensuring all proxies are submitted in a timely manner and appropriate records are kept.

With the exception of certain small positions (representing less than one percent (1%) of the fair market value of any client account and where the fair market value of the portfolio holding is less than one million dollars (\$1,000,000)), WALLC will review ISS's specific recommendations with respect to portfolio securities as part of its fiduciary duty to ensure that proxies are voted in a manner consistent with the best interests of its clients. In the event that a portfolio manager, analyst or member of The Westport Funds' Proxy Committee disagrees with ISS's recommendation on how to vote a client proxy, a request shall be submitted to the proxy manager who will then complete a proxy override request form. In completing the override form, the proxy manager shall seek to identify all actual or potential conflicts of interest between the interests of WALLC (or any entity controlling, controlled by or under common control with WALLC) and those of one or more of its clients (or sought-after clients) with respect to the voting of a proxy. The override form must be approved by The Westport Funds' CCO for it to be implemented.

How to Obtain More Information

Clients may obtain a copy of WALLC's written proxy voting policies and procedures and/or information on how WALLC voted proxies for the client's managed account(s), by writing to WALLC at 253 Riverside Avenue, Westport, CT 06880 or by calling WALLC at (203) 227-3601. In addition, upon request from an appropriately authorized individual, WALLC will disclose to its advisory clients or the entity delegating the voting authority to WALLC for such clients (such as a trustee or consultant retained by the client), how it (or RMG) voted such client's proxy or beneficial interest in the securities held.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about WALLC's financial condition. WALLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.