

FORM ADV Uniform Application for Investment Adviser Registration

Part 2A: Investment Adviser Brochure

Item 1 - Cover Page



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This brochure provides information about the qualifications and business practices of Westport Capital Markets, LLC. 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 uses the terms “registered investment adviser” and/or “registered representative”, 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

The date of this Brochure and the Information in it is March 26, 2020.

Item 2 - Material Changes

This Firm Brochure provides you with a summary of the Westport Capital Markets, LLC (“Westport”) advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of any new and/or updated information; we will inform you of the revision(s) based on the nature of the information as follows.

- **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm’s fiscal year end (FYE) of June 30. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
However, we are not required to send such updated documents to our clients when there are no material changes to report since the filing of our most recent prior Brochure.
- **Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). “Material Changes” requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client’s full understanding of who we are, how to find us, and how we do business.

There has been a material change since the ADV that was previously issued on October 8, 2019.

On March 16, 2020, a jury in New Haven found Westport Capital Markets and Christopher McClure in violation of sections 206(1) of the Investment Advisers Act of 1940 (prohibited transactions by an investment adviser) and section 207 (material misstatements). SEC v. Westport Capital Markets, LLC et al., 17-cv-2064 (D.Conn.) A final judgment has not been entered in the case and post-trial motions are expected to be filed shortly.

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The Firm

Established in 1996, Westport Capital Markets, LLC ("Westport") provides portfolio management services on a discretionary and non-discretionary basis for a wide variety of client types. The firm also provides financial planning services and pension consulting services. In addition to its registration with the U.S. Securities and Exchange Commission ("SEC") as an adviser, the firm is also registered with the SEC as a broker-dealer, is a member of the Financial Industry Regulatory Authority ("FINRA") and is a licensed insurance broker. Many of the firm's advisory clients are also brokerage clients and/or insurance clients. Westport is owned by Christopher E. McClure who is the firm's President, Chief Executive Officer and Chief Compliance Officer.

Types of Services:

Portfolio Management

One of the principal services provided by Westport is that of portfolio management. Pursuant to the initial contact with a client, portfolios are designed and managed according to each client's specific objectives, risk profile, financial and liquidity needs and various other considerations. Such portfolios are usually invested in stocks, bonds, mutual funds, foreign securities, exchange traded funds and options, among other offerings. Clients are able to impose restrictions on the firm with respect to investing in certain types of securities offerings and will confirm such restrictions in writing.

In providing portfolio management services, Westport, when evaluating clients' needs and objectives, will in some cases recommend the use of a third-party asset manager with which it has entered into a written agreement to provide portfolio management services to certain of Westport's clients and for which Westport receives a referral fee. When determining whether to recommend a third-party asset manager to clients Westport considers the client's specific objectives, risk profile and other considerations to determine the most appropriate manager(s) to manage the client's assets. In making this evaluation Westport will discuss with the client the available investment options and Westport will work with the client to complete any forms required by the third-party manager, including suitability forms, and will deliver to the client the third-party manager's disclosure brochure. When a client elects to utilize the services of a third-party asset manager Westport will remain the client's primary contact to address any questions that the client may have about this program. Additional information about these relationships is disclosed under Items 10, 12 and 14 of this brochure.

Financial Planning

While Westport does not currently provide financial planning services for a separate fee, it does occasionally provide

financial planning services for its advisory clients without charge. In such situations, financial plans are developed for the specific needs of the client based on detailed information obtained from the client about his or her specific financial situation, goals, objectives, risk tolerance and suitability. Using information gathered from the client, Westport prepares a report for each client showing both projections of needed income and investment recommendations designed to meet the client's specific financial goals and objectives.

Westport's financial planning services (described above) do not include recommendations to purchase a specific product. Rather, recommendations in the financial planning area focus on the types of products available, such as fixed insurance products or securities products, which could be used to meet the client's specific financial goals and objectives. Recommendations made within a financial plan typically involve types of investments, such as equity and debt securities, bonds, municipal securities, life insurance, variable annuities, mutual fund shares, United States governmental securities, fixed annuity insurance products and other insurance or investment-related products. Alternatives will be discussed with the client prior to implementing any plan.

Implementation of Westport's investment recommendations is solely at the client's discretion. We encourage clients to discuss their completed financial plans and investment recommendations with their legal and tax professionals prior to making final decisions.

Pension Consulting

Westport provides pension consulting services to plan sponsors as well as individual plan participants. Westport's pension consulting services are based on each plan sponsor's specific needs. Westport consults on the administration and participation of qualifying and non-qualifying plans, by conducting investment manager evaluations (search and selection), and monitoring and reporting on plan and manager performance on an ongoing basis. Westport also offers retirement plan vendor requests for proposals and consults and guides sponsors through the complex plan design and related regulatory environment. Westport receives a fee for this service paid by either the Plan or the Plan sponsor. This arrangement is agreed to in writing.

Newsletters

Westport distributes a newsletter, "*Retirement Report*," which provides news and updates to plan sponsors and fiduciaries of defined contribution plans.

Wrap Fee Programs

Westport does not offer wrap fee programs.

General Questions

Questions regarding the firm, its practices or its personnel should be directed to the firm's President, Chief Executive Officer and owner, Christopher E. McClure. As of June 30, 2019, Westport managed a total of \$321,808,321 in client assets, of which \$84,735,431 are managed on a discretionary basis and \$237,072,890 are managed on a non-discretionary basis.

Item 5 - Fees and Compensation

Westport's Portfolio Management services are provided for a quarterly management fee which is based upon the value of each client's assets under management. The fee is charged quarterly in advance and is based upon the assets under management as of the first day of each calendar quarter. The current fee schedule is as follows:

Assets Under Management	Fee (annually)
\$1 to <\$250K	2.00%
\$250K to <\$500K	1.75%
\$500K to <\$1M	1.50%
\$1M to <\$5M	1.25%
\$5M and above	1.00%

As an example, on a hypothetical investment of \$1 million, the first \$250,000 of assets under management would be charged 0.5% each quarter or a total of 2% on an annual basis. The amount of assets that exceed \$250,000 up to \$500,000 would be charged 0.4375% per quarter or a total of 1.75 % per year. The next \$500,000 of assets would be charged 0.375 per quarter or 1.5% per year. This is illustrated by the following:

- The first \$250,000 at 2% \$5,000
- The next \$250,001 to \$500,000 at 1.75% \$4,375
- The next \$500,001 to \$1,000,000 at 1.5% \$7,500

Accordingly, a hypothetical investment of \$1,000,000 would be charged a total of \$16,875 annually on a tiered basis.

If you have any questions about how Westport is charging fees on your account please discuss it with your Investment Advisor Representative ("IAR"); they can provide you with details on how your specific assets are being charged.

Pursuant to the terms and conditions of the written Investment Advisory Agreement, portfolio management fees are automatically deducted from each client's account held at the firm's preferred broker-dealer/qualified custodian of

record, National Financial Services, LLC (“NFS”). Clients should note that NFS can and will charge additional fees directly to the client’s account in the form of service fees and commissions/fees (sometimes known as ticket charges), some or all of which Westport receives depending on the situation. Other potential charges that the client typically bears include New York Stock Exchange sales charges, annual service fees on individual retirement accounts and expenses charged by mutual funds and exchange-traded funds. Westport does not share in this latter type of charges. Other charges may apply depending on the type of security at issue.

Mutual funds can, where appropriate, comprise a part or all of a client’s individual portfolio. Although Westport attempts whenever possible to purchase mutual fund shares that do not bear additional costs, certain mutual fund purchases (including money market funds) carry commissions and 12b-1 fee costs which are reflected in the expense ratio of the particular fund. These fees are in addition to the management fees listed above.

A 12b-1 fee is an annual marketing or distribution fee on a mutual fund. The 12b-1 fee is considered an operational expense and, as such, is included in a fund's expense ratio. Clients typically also pay commissions on insurance-related products that they purchase. These additional costs remain separate and distinct from the advisory fees charged by Westport. Items 10 and 12 of this Document explain these charges in further detail. Clients are strongly encouraged to discuss all costs associated with the services they receive directly with Westport. Statements reflecting such costs and values are provided by NFS or another qualified custodian, at a minimum, on a quarterly basis. Clients should review these statements in detail and contact Westport promptly if they have any questions regarding investments, costs or fees. The advisory fees are shown on the client’s statements.

Clients who have accounts on multiple platforms are not eligible for the tiered fee schedule included above. These tiers are only available on a single-platform basis. Clients who have accounts with different objectives may also not be eligible for a tiered fee. An actively managed stock portfolio typically has a higher fee than a fixed income portfolio, which generally is less actively traded. Client fees greater than the above disclosed fee schedule must be approved by Westport’s Chief Executive Officer (“CEO”) or Chief Compliance Officer (“CCO”) along with written justification for the deviation. All fees for additional services are agreed upon in writing by the client.

In certain cases, the firm charges a fixed fee for its advisory services, including financial planning and pension consulting services. Such fees are subject to negotiation, but are generally derived from the anticipated level of work to be performed or scope of the project involved and are typically different for each client. These fees are typically paid in advance and can be paid through automatic fee deduction or invoice. Such fees are agreed to in writing in advance by the client. Some clients are charged fees that exceed the stated fee range due to additional services that are provided by the firm to the client that include, but are not limited to, frequent client meetings or consultations and personal financial planning services requested by the client.

All fees are negotiable and are discussed with the client in advance of signing the Investment Advisory Agreement, as are the services that will be provided, but such negotiation remains at the discretion of the firm. Upon termination of the Investment Advisory Agreement, fees paid in advance will be prorated to the date of termination and any excess will be refunded to the client. The Investment Advisory Agreement cannot be assigned or transferred without written consent from both parties.

Where the firm is dually registered as an investment adviser and broker-dealer and/or licensed to sell various forms of insurance, some firm personnel receive additional commission-based compensation for their work on behalf of the firm. Sales of insurance, mutual funds, (including money markets), bonds, and other offerings result in commissions or fees, which are paid by the client in addition to the advisory fee. Receipt of both commission and fee-based compensation creates a conflict of interest, as this practice provides the firm or its IARs with an incentive to recommend products based on the compensation associated with a particular transaction, rather than on the client's needs. The firm and its supervised persons have a fiduciary obligation to act in the best interest of their clients and disclose all facts necessary in order for the client to make an informed decision. Further, clients should note that they are under no obligation to purchase such investment offerings through Westport and should ask questions regarding any fee or investment that they do not fully understand prior to signing the investment management agreement or at any time during the advisory relationship.

Questions regarding the firm's fees and/or its advisory or brokerage services should be addressed directly with the CEO, the CCO or the client's IAR. Westport will provide the client with the information needed to make an informed decision regarding the best course of action for their specific goals and objectives. All fees will be provided to the client in writing.

Item 6 - Performance-Based Fees and Side-by-Side Management

Westport does not charge any performance-based fees. Westport manages each account individually and does not manage accounts using the identical strategy and/or investments; therefore, it does not manage any accounts on a side-by-side basis.

Item 7 - Types of Clients

Westport provides advisory services primarily to individuals, including high net worth individuals, retirement plans, and trust accounts. The firm also provides advice to companies regarding their 401k and other employee retirement accounts. Westport does not impose a minimum account size or other minimum financial requirement for its clients.

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

Methods of Analysis

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. The primary risk in using fundamental analysis is that, while the overall health and position of a company is good, market conditions can negatively impact the security. Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis involves the use of charts to identify market patterns and trends which are often based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends does not always help to predict future trends.

Investment Strategy

An 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 call for more risk-based investment allocations. Each client's account is managed on an individual account basis, based upon the client's specific goals and objectives. Each IAR will develop his or her own strategies based upon the client's goals and objectives, as well as market conditions and other relevant factors.

Risk of Loss- As with all investments, investing in securities carries with it an inherent risk of loss, including loss of principal. Given that clients typically have a variety of investments, each investment selection has various risks that must be considered. Many of these risks continue even if the client decides to no longer use Westport to manage their investments.

Other risks and considerations associated with financial investments include, but are not limited to:

Mutual Funds- In selecting a mutual fund there are key factors and risks to consider including, but not limited to, the ability to tolerate a fund's investment strategy, the client's risk profile, investment performance and relationship of a particular investment to the client's overall asset allocation strategy and investment time horizon. The impact a fund's fees and expenses can have on its investment returns and the specific information and risks for a mutual fund are discussed in detail in the fund's prospectus, which should be reviewed carefully by the client prior to investing.

Call Risk- A callable provision of a security allows the issuer to call the security or repay it before maturity. If interest rates drop low enough an issuer can save money by calling the security and issuing a new security at lower interest rate. If this

happens the interest payments cease and clients receive their principal before maturity. In such a situation, the client faces the risk of having to replace the called security with another security that carries a lower interest rate.

Complex Products- Complex products include more than one risk due to any embedded feature of the structured product, including but not limited to, equity-indexed annuities, leveraged and inverse exchange-traded funds (ETFs), principal protected notes, reverse convertibles and commodity future-linked securities. Due to the complexity of the products themselves, including the multiple levels of investment and the interrelationship between the various levels, these products are difficult to understand, they are difficult to value and their performance is difficult to predict. Accordingly, complex products are not suitable for all clients.

Inflation Risk- Inflation risk is a concern for investors who are planning to live off their bond income, although inflation is a factor everyone should consider. The risk is that inflation will rise and reduce the purchasing power of the income.

Interest Rate Risk -Depending on the economic environment and market conditions -- both of which can be affected significantly by a change in interest rates -- the value of products that have an interest rate sensitivity can be affected (e.g., bonds). However, if you hold a bond until maturity, interest rate risk is a lesser concern.

Liquidity Risk- Liquidity risk is the risk that you might not be able to buy or sell investments quickly for a price that is close to the true underlying value of the asset. Even though a security is liquid when purchased, bad news or other events can cause a sudden change in liquidity and even a cessation in the trading of a security.

Shutdown Risk- If a fund is liquidated and shareholders are paid in cash or in kind, the client will realize capital gains or losses, transaction costs, uneven tracking, legal costs or various other possibilities during the liquidation process, which will go to the shareholders as of a record date.

Tax Risk- Determining long- and short-term tax implications is something the client must be sure to understand and each client should consult with a tax professional as necessary.

The above risk factors are illustrative only and are not intended to be exhaustive. All investing carries a variety of risks, not all of which can be identified in advance. Based on all of the above, clients are encouraged to review these risks carefully prior to investing with their IAR and to speak with their tax, legal or other financial advisor both in advance of and during the course of the advisory relationship. Westport does not provide tax advice to its clients. Questions regarding risk and the firm's account management practices should be addressed directly with the client's advisory representative.

Item 9 - Disciplinary Information

Westport is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management or to the evaluation of Westport's advisory services.

On March 16, 2020, a jury in New Haven found Westport Capital Markets and Christopher McClure in violation of sections 206(1) of the Investment Advisers Act of 1940 (prohibited transactions by an investment adviser) and section 207 (material misstatements). SEC v. Westport Capital Markets, LLC et al., 17-cv-2064 (D.Conn.) A final judgment has not been entered in the case and post-trial motions are expected to be filed shortly.

Previously, on September 30, 2019, a federal district court in Connecticut granted partial summary judgment in favor of the SEC in an action titled SEC v. Westport Capital Markets, LLC, et al., 3:17cv2064, finding that defendants Westport Capital and Christopher McClure acted at least negligently by failing to disclose certain conflicts of interest and that Westport Capital failed to comply with Section 206(3) of the Advisers Act regarding principal transactions, and McClure aided and abetted that violation.

Clients with questions on this matter should direct those questions to Christopher McClure.

Item 10 - Other Financial Industry Activities and Affiliations

Conflicts of Interest

In addition to being registered with the SEC as an investment adviser, Westport is registered with the SEC as a broker-dealer and is a member in good standing of FINRA. The firm is also licensed as an insurance broker to sell various forms of insurance. Unless a client directs otherwise, all transactions in securities for investment advisory clients are executed through Westport as a broker-dealer and all sales of insurance, including variable contracts, are processed through the firm as an insurance broker. This dual registration can create a conflict of interest, as discussed more fully below.

Westport and its IARs are considered fiduciaries who are required to act in the best interest of their clients at all times. Conflicts of interests can and do arise from time to time and Westport will attempt to resolve them in a way that will not unfairly harm or disadvantage its clients. Examples of potential conflicts of interest include: having an interest in the outcome of a decision or service which is not the same as the client's; having incentives to favor one client over another and having incentives to favor one custodian over another. Westport has, among other things, implemented a Code of Ethics to address potential conflicts of interest, which is discussed more fully in Item 11 below. Nonetheless, Clients should review all activity in their accounts on at least a quarterly basis to ensure that they understand the activity in their

accounts. Any questions should be brought to the attention of the CEO.

Westport frequently uses mutual funds in its client's portfolios and monitors such transactions to ensure the client is getting the appropriate fund class based upon their specific goals and objectives. In some cases, certain classes of mutual funds can be excluded from the total assets that are used to calculate the fees. This is negotiated on a case-by-case basis.

Westport and some of its IARs are also licensed as insurance agents and have the ability to offer clients annuities and life insurance as part of their managed account. Advisors will receive compensation from the insurance companies for these products, but clients are not charged a management fee on insurance-based products.

Westport can recommend that clients use third-party advisors for some or all of their assets, based upon the particular client's stated goals and objectives. In such a situation, Westport receives a portion of the management fees for referring and/or managing the selection of third-party advisors in addition to the advisory fees paid to Westport.

Westport's fees and expenses are competitive, but in some cases can be higher or lower than available elsewhere. Clients must consent by written agreement to the terms of services, which are negotiable on a case-by-case basis and documented in the Investment Advisory Agreement.

Westport can give different advice regarding the same security to different clients based upon each client's specific goals and objectives. Therefore, it can purchase a particular security for one client while, at the same time, selling the same security for another client based upon each client's individual goals and objectives.

Westport will disclose all relevant facts to its clients including any of the potential conflicts of interest listed above. As a fiduciary, Westport is required to put its clients' interests first and make the best investments for each client based upon their specific goals and objectives. Any questions regarding conflicts of interest or costs of products or services should be directed to the firm's CEO and /or COO at the address or telephone number listed on the first page of this Brochure.

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

Westport has adopted a Code of Ethics which is intended to address potential conflicts of interest inherent in managing client assets. The Code prohibits firm personnel from taking advantage of transactions for clients, restricts the ability of personnel to trade in a manner that would disadvantage clients or create a benefit for the individual representative and prohibits insider trading. Under the Code, Westport personnel must place the interests of the firm's clients ahead of their own interests and the interests of the firm. Firm personnel are required to acknowledge and adhere to the Code of Ethics which is enforced by the firm's CEO and CCO. A copy of the Code is available to any client, prospective or

otherwise, upon request.

Item 12 - Brokerage Practices

As noted above in Item 10, unless a client directs otherwise or unless the nature of the security requires otherwise, all client transactions are executed through Westport's affiliated broker-dealer (NFS) and client securities are held in an account with NFS, Westport's clearing firm. Westport has set a transaction fee schedule for those transactions that it believes provides advisory clients with best execution for the clients' transactions. Westport determines best execution by taking into consideration the cost of each transaction, as well as the ability of the firm to execute the transaction efficiently, correctly and according to its instructions. Where Westport believes that best execution of a particular transaction would be met by using a different broker or platform, Westport will execute that transaction through the broker or platform that Westport believes will provide best execution. However, it is Westport's practice to execute all trades through NFS unless directed or approved by the client in writing to use another firm to custody the account or if it has reason to believe NFS cannot obtain best execution on a particular trade.

Advisory clients can direct Westport to use a specific broker as custodian and/or for execution of that client's transactions. Under those circumstances, however, Westport cannot assure that the client is getting best execution of the transactions.

Certain transaction fees including, but not limited to, ticket charge fees typically are paid to Westport and NFS in addition to the advisory fees paid by the client to Westport. In addition, advisory clients typically are charged fees by the custodian of the client's assets, including but not limited to transaction fees, service charges and other expenses related to the execution of securities transactions or holding of client assets. Finally, clients who invest in mutual funds typically pay a fee to the manager of the mutual fund for the management of those assets. That fee is in addition to the fees paid to Westport for management of the client's account. See discussion of fees in Items 5 and 10 above.

Westport conducts periodic reviews of its brokerage charges and trading practices to evaluate best execution. Such reviews consider not only pricing and execution quality but also speed, the inherent nature of the security at hand, and the availability of the security. Westport also considers a firm's reputation, experience, and availability of related services in determining best execution. Westport believes that it can provide best execution for most client transactions through NFS based on the efficiency with which the firm can execute securities recommended for clients.

Because the firm manages each client's account separately, the firm rarely has the opportunity to aggregate orders for the same security on behalf of more than one client. When it is possible to do so, Westport will combine the orders into one trade to take advantage of lower commission rates and achieve best execution. In such situations, Westport will allocate the transactions pro rata among the clients for whom the transaction was made and will price all

transactions at the average price of the aggregated securities at the average price of all securities in the aggregated trade, to ensure that all clients receive the same price.

On those occasions where Westport is unable to purchase all the securities required to fill all the orders of its clients during a single trading day, Westport will use its best efforts to allocate the securities purchased among the clients for which the securities were being purchased in a manner that is fair to all clients. Westport has adopted procedures for allocating securities among its clients that are intended to treat each client equitably and to assure that the best interests of the clients are protected. Those procedures include allocating based on size, prorating or other methods considered equitable by Westport under the circumstances.

Westport does not accept any research that consists of equipment, data or other services provided by a broker from a third-party in exchange for directing a specified amount of transactions to the broker (a practice commonly referred to as **soft dollars**). Westport does not receive soft dollars from any broker-dealers in connection with using that broker-dealer for client transactions. Westport utilizes research, information and services provided by broker-dealers to their clients at no additional charge where appropriate. Such information and services are often available from a number of broker-dealers and, therefore, would not be a significant factor to Westport in selecting a broker-dealer for execution and custody of client transactions.

Item 13 - Review of Accounts

Accounts are reviewed at least quarterly as well as on an ongoing basis by the IAR responsible for managing the client account to verify asset allocation and to determine if any changes need to be made to the specific investments in the account. In addition, client accounts are reviewed periodically by Westport's CEO, to confirm that the IAR is following firm guidelines, client directions, suitability guidelines, and compliance with client limitations and restrictions. IARs will conduct more frequent reviews in times of market volatility or as necessary to address the personal circumstances of a given client. Clients are strongly encouraged to advise their IAR of any significant changes in their circumstances or financial objectives.

Brokerage account statements are delivered on a quarterly basis (at a minimum) by NFS or other qualified custodian, which reflect, among other things, the advisory fee charged to the account. Clients often receive supporting documentation from other sources involved with client accounts including mutual fund issuers and sponsors or underwriters of securities held in a client's account (where applicable). Clients are urged to read all of the materials and communications carefully. Questions related to client accounts and supporting documentation should be directed to the client's IAR or to Westport's CEO at the address on the front cover of this brochure.

Item 14 - Client Referrals and Other Compensation

Westport has entered into referral agreements with unaffiliated investment advisers that manage pooled investment vehicles for the management of certain advisory client assets. If suitable for a specific client, a portion of the client's assets can be directed to one of these investment vehicles. In such situations Westport receives a share of the management fee on an ongoing basis in addition to the quarterly advisory fee paid by the client, for referring the client, which creates a conflict of interest. Westport and the individual IAR servicing the account will determine whether the investment is appropriate for the specific client. Westport performs a due diligence review of any third-parties to which client assets are directed and reviews those accounts on a periodic basis. Clients are under no obligation to approve/accept such situations and if clients do not want WCM to receive additional compensation then they should discuss this with their IAR at the outset of the advisory relationship. Clients can choose not to have their assets managed by a third-party.

In the situation described directly above, Westport receives a portion of the management fee paid to the fund's advisor for referring the client's assets to the funds; that fee is deducted by the manager of the fund and paid directly to Westport. A share of the fee that is paid to Westport is typically shared with the IAR who is responsible for introducing the client. Under certain circumstances, these arrangements are considered solicitations subject to rules of the SEC. In those circumstances, the client will receive a solicitation letter informing them that Westport will receive payment for the referral.

Westport does not presently compensate others for referring clients to the firm.

Item 15 - Custody

Westport is deemed to have limited custody of client funds because it deducts its advisory funds directly from the clients' accounts. This authority is granted by the clients to Westport in its Investment Management Agreement. Westport does not have physical custody of any client funds and/or securities. Client funds and securities are held at NFS or another qualified custodian selected by the client. Clients will receive account statements from the qualified custodian holding the funds and securities at least quarterly as well as confirmations on the activity in the advisory account. The account statements from the custodian will indicate the amount of our advisory fees deducted from the account(s) each billing period. Every client should carefully review account statements for accuracy and contact Westport if they have any questions.

Item 16 - Investment Discretion

Westport maintains the authority to direct brokerage to a preferred broker-dealer (currently NFS). 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. Discretionary authority is granted via the execution of the Investment 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 client's stated investment objectives and goals.

Westport also provides non-discretionary investment advice to clients who prefer to pay a fee rather than transactional commissions. In such situations Westport assists clients with structuring a portfolio of investments and provides advice on an as-needed, non-discretionary basis. In these non-discretionary situations Westport will monitor clients' accounts on at least a quarterly basis. If while monitoring accounts under such a situation Westport believes that a particular investment in an account is performing inadequately, or if Westport believes that a different investment is more suitable for a client's goals, Westport will contact the client to discuss other investments that would be appropriate based upon the clients written goals and objectives prior to conducting transactions on the client's behalf. Westport will not be able to execute trades in non-discretionary accounts in active markets if it is not able to reach the client. A client can provide written authorization, (which may be emailed) if they will not be available for a specified period of time and wish to grant discretion for this limited time period.

Item 17 - Voting Client Securities

Westport does not vote proxies for securities held in client accounts. All proxies are directed to clients by the custodian or transfer agent of record. Typically, it should be noted that many client-approved third-party managers do vote proxies on behalf of their clients. As such, we encourage all clients to review the proxy voting provisions of each third-party investment manager prior to engagement. Westport will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. Questions regarding such actions should be addressed directly to the client's IAR or to the firm's CEO.

Item 18 - Financial Information

Although Westport requires payment of fees in advance for services, the firm does not require prepayment of fees for services six (6) months or more in advance of such services. In the event its services are terminated before the end of the period for which the fees were paid, Westport will prorate the fee and return any unearned portion within 30 days of the date of termination. Westport does not face 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 should be directed to the CEO.