



**Item 1    Cover Page**

# FORM ADV PART 2A Brochure

March 15, 2018

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This Brochure provides information about the qualifications and business practices of Vista Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact James M. Knight, our Chief Compliance Officer at 650-252-0550.

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority. Additional information about Vista Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Vista Wealth Management, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2 MATERIAL CHANGES**

Except as set forth below, there have been no material changes to this Form ADV Part 2A, Brochure since the February 8, 2017 annual update filing.

- **Item 4** - We have enhanced disclosures relating to the limitations of financial planning and consulting and private investment fund valuations in Item 4. We also added new disclosures to Item 4 about the risks associated with interval funds and revised disclosures regarding the conflicts of interest associated with retirement plan rollover recommendations.
- **Item 5** - We amended this Item to reflect an update to our fee schedule and minimum account fee, which are only applicable to new clients. We will grandfather the current fee schedules for our current clients.
- **Item 15** – We amended this Item to clarify that account custodians do not verify Vista’s calculation of its advisory fees.

**ANY QUESTIONS:** Vista’s Chief Compliance Officer, James M. Knight, remains available to address any questions regarding this Brochure, including the material changes.

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#### **Item 4    ADVISORY BUSINESS**

- A. Vista Wealth Management, LLC, (“Vista”) is a California limited liability company that has been registered with the Securities and Exchange Commission as an investment adviser since March 23, 2001. Michael E. Spector and James M. Knight are Vista’s principal owners.
- B. Vista offers clients discretionary investment management, financial planning, and other consulting services as discussed in more detail below.

#### **INVESTMENT MANAGEMENT SERVICES**

Vista offers investment management services on a *fee-only* basis. Vista’s annual investment management services also include, to the extent requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of Vista), Vista may determine to charge for these additional services pursuant to a stand-alone Financial Planning and Consulting Agreement.

Before engaging Vista to provide planning or consulting services, clients are required to enter into an Investment Advisory Agreement with Vista setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client.

To commence the investment management process, Vista’s representatives consult with clients to discuss their financial condition, investment experience, time horizon, risk tolerance level, income requirements, and other relevant factors. Vista’s representatives then help clients develop investment objectives, individualized investment guidelines, and an asset allocation strategy. Vista supervises account transactions on a continuous basis, and each client’s portfolio holdings and asset allocations are monitored on at least a quarterly basis.

#### **CONSULTING SERVICES (STAND-ALONE)**

Vista may provide consulting services on investment and non-investment related matters on a stand-alone separate fee basis. Clients are required to enter into a separate agreement with Vista setting forth the terms and conditions of the engagement. If requested by the client, Vista may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Vista.

## **MISCELLANEOUS**

Limitations of Financial Planning and Consulting Services. Vista does not serve as a law firm, accounting firm, or insurance agency, and no portion of its services should be viewed as legal, accounting, or insurance implementation services. Accordingly, Vista does not prepare estate planning documents, tax returns, or sell insurance products. However, to the extent requested by a client, Vista may recommend the services of other professionals for implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Vista. If the client engages any recommended professional, and a dispute arises from that engagement, the client agrees to seek damages exclusively from the engaged professional.

Client Obligations. In performing its services, Vista is not required to verify any information received from the client or from the client's other professional advisors, and is expressly authorized to rely thereon. Clients must promptly notify Vista of any change in their financial situation or investment objectives that would necessitate a review, evaluation or revision by Vista of previous recommendations and/or services.

Use of Mutual Funds and Exchange Traded Funds. While Vista may recommend allocating investment assets to mutual funds that are not available directly to the public, Vista may also recommend that clients allocate investment assets to publically available mutual funds and exchange traded funds ("ETFs") that the client could obtain without engaging Vista as an investment adviser. If a client or prospective client determines to allocate investment assets to publically available mutual funds or ETFs without engaging Vista as an investment adviser, the client or prospective client would not receive the benefit of Vista's initial and ongoing investment advisory services. Certain mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are only available through registered investment advisers. Vista may allocate client investment assets to DFA mutual funds. Upon the termination of Vista's services, clients may be restricted in transferring or purchasing additional shares of DFA mutual funds or similarly restricted mutual funds. Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding the above.

Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Vista recommends that a client roll over their retirement plan assets into an account to be managed by Vista, this creates a conflict of interest if Vista will earn new (or increase its current) compensation as a result of the

rollover. When recommending rollovers, Vista serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. . **No client is under any obligation to roll over retirement plan assets to an account managed by Vista. Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by rollover recommendations.**

**Unaffiliated Private Investment Funds.** Vista may provide investment advice about unaffiliated private investment funds, and may also recommend, on a non-discretionary basis, that certain qualified clients consider an investment in unaffiliated private investment funds. Vista's role relative to the private investment funds will be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) will be included for purposes of Vista calculating its annual investment advisory fee. Vista's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client must establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risks associated with an investment.

**Please Also Note: Valuation.** The value for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. However, if the fund sponsor has not provided an updated valuation, the valuation will reflect the initial purchase price or the most recently provided value, whichever is applicable. **Please Also Note:** The current value of an investor's fund holding could be significantly more or less than the reflected value. Notwithstanding, the client's advisory fee will be based upon the reflected value.

**Independent Managers.** Vista may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In these situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Vista will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. The factors Vista considers in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee

charged by the Independent Manager(s) is separate from, and in addition to, Vista's advisory fee as set forth in Item 5.

**Schwab/TD Ameritrade.** As discussed below at Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Vista generally recommends that Schwab or TD Ameritrade serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and TD Ameritrade charge transaction fees for effecting securities transactions. In addition to Vista's investment advisory fee and transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by Schwab, TD Ameritrade, or any broker-dealer/custodian directed by the client, are in addition to Vista's advisory fee referenced in Item 5 below.

**Portfolio Activity.** Vista has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Vista will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Vista determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Vista will be profitable or equal any specific performance level(s).

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Vista) will be profitable or equal any specific performance level(s).

- C. Vista provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Vista allocates and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on Vista's services.
- D. Vista does not participate in a wrap fee program.
- E. As of December 31, 2017, Vista maintained approximately \$1,673,480,375 in client assets under management on a discretionary basis.

## **Item 5            FEES AND COMPENSATION**

- A. The client can determine to engage Vista to provide discretionary investment advisory services on a *fee-only* basis as described below.

## **INVESTMENT MANAGEMENT SERVICES**

Vista's annual investment advisory fee for investment management services is generally based on a percentage of the market value of the assets under management as follows:

<b>Market Value of Account Assets</b>	<b>Annual Fee %</b>
From \$0 to \$3,000,000	0.95%
Next \$2,000,000	0.80%
Next \$5,000,000	0.60%
Next \$10,000,000	0.50%
Next \$10,000,000	0.40%
Market Value of Account Above \$30,000,000	0.30%
Minimum Annual Fee	\$19,000

The investment advisory fee is computed on the first day of each quarter by determining the market value of assets under management using the following guidelines: (a) cash or cash equivalents are valued at their dollar value; (b) marketable securities are valued at the current market price provided by the custodian; and (c) for securities for which there is no active market (i.e., private investment funds), the most recent valuation provided by the sponsor or the initial investment cost, as applicable. Please see the Unaffiliated Private Investment Funds disclosures at Item 4.B. above).

The investment advisory fee is billed quarterly, in advance, and prorated for accounts established or terminated at times other than the start of the quarter.

Although Vista generally charges for investment management services according to the fee schedule provided above, Vista may negotiate alternative fee arrangements (including a fixed percentage not to exceed 1.0% annually) with the client including based on, but not limited to the following factors: complexity of the engagement, value of assets under management, anticipated future additional assets, related accounts, investment objectives, account composition, and the individual(s) performing the services. See additional disclosure at Item 7 below.

## **CONSULTING SERVICES (STAND-ALONE)**

Vista may provide its clients with financial consulting services (which may include non-investment related matters) on a stand-alone fee basis. For these services, Vista charges either an hourly or a fixed fee. Vista's hourly rates generally range from \$250 - \$500, depending upon the level of staff experience required for the services requested.

Before engaging Vista to provide consulting services, the client will generally be required to enter into a written agreement setting forth the terms and conditions of the engagement.



- B. Clients may elect to have Vista's investment advisory fees deducted from their custodial account. Both Vista's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Vista's investment advisory fee and to directly remit that management fee to Vista in compliance with regulatory procedures. In the limited event that Vista bills the client directly, payment is due upon receipt of Vista's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Vista will generally recommend that Charles Schwab & Co., Inc., an SEC-registered, FINRA and SIPC member broker-dealer ("Schwab") or TD Ameritrade Inc., an SEC-registered, FINRA, SIPC and NFA member broker-dealer ("TD Ameritrade"), serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and TD Ameritrade charge brokerage commissions and/or transaction fees for effecting certain securities transactions (e.g, transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Vista's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). In the limited event that Vista purchases or sells an individual fixed income security, the transaction may be effected through a broker-dealer other than the account custodian, when Vista reasonably believes that it would be beneficial for the client. However, in this event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (generally, Schwab or TD Ameritrade).
- D. Vista's annual investment advisory fee is prorated and paid quarterly, in advance, based upon the market value of the assets on first business day of the billing quarter. The Investment Advisory Agreement between Vista and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, Vista will refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter. Either party may also terminate a Consulting Agreement by written notice to the other. In the event the client terminates Vista's consulting services, the balance of Vista's unearned fees (if any) will be refunded to the client.
- E. Neither Vista, nor its representatives accept compensation from the sale of securities or other investment products.

## **Item 6      PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither Vista nor any supervised person of Vista accepts performance-based fees (fees based upon capital gains or the capital appreciation of assets).

## Item 7 TYPES OF CLIENTS

Vista's clients will generally include individuals, high-net worth individuals, pension and profit sharing plans, trusts and estates, charitable organizations, corporations, and other business entities. Vista generally requires a \$2 million minimum asset value for investment management services. Multiple accounts for the same client may be aggregated to meet the minimum account value. As a result of this minimum account value requirement, Vista's services may not be appropriate for everyone. Particularly for smaller accounts, other investment advisers may provide somewhat similar services for lower compensation, although still others may charge more for similar services. For its investment management services, Vista generally imposes a minimum annual investment advisory fee of \$19,000. Therefore, if a client maintains less than \$2 million under Vista's management, and is subject to the \$19,000 annual fee, the client will pay a higher percentage annual fee than the 0.95% referenced in Item 5.A. above.

Vista may reduce its fees, minimum asset requirement or its minimum annual fee, in its sole discretion. As result, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding advisory fees.

## Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

A. Vista may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Vista may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or

investment strategy (including the investments and/or investment strategies recommended or undertaken by Vista) will be profitable or equal any specific performance level(s).

- B. Vista's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Vista must have access to current/new market information. Vista has no control over the dissemination rate of market information; therefore, unbeknownst to Vista, certain analyses may be compiled with outdated market information, severely limiting the value of Vista's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Vista's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

**Covered Call Writing.** In the limited event that a client owns a substantial individual equity position in the account managed by Vista, Vista may, upon the client's consent, engage in covered call writing (i.e., the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio). This type of transaction is used to generate income. It is also designed to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. **ANY QUESTIONS:** Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding covered calls.

**Interval Fund Risk Factors.** Vista may recommend or purchase shares of interval funds for clients. Interval funds make periodic offers to repurchase their shares between 5% and 25% of their outstanding shares at net asset value ("NAV"). Repurchases generally are funded from an interval fund's available cash or a sale of its portfolio securities. However, repurchase offers and the need to fund repurchase obligations may affect the ability of an interval fund to be fully invested or force an interval fund to maintain a higher percentage of

its assets in liquid investments, which may harm an interval fund's investment performance. Moreover, reduction in the size of an interval fund through repurchases may result in untimely sales of portfolio securities (with associated imputed transaction costs, which may be significant), and may limit the ability of an interval fund to participate in new investment opportunities or to achieve its investment objective. The repurchases of shares of an interval fund can compound the adverse effects of leverage in a declining market. In addition, if an interval fund borrows money to finance repurchases, interest on that borrowing will negatively affect shareholders who do not request that their shares be repurchased by increasing fund expenses and reducing any net investment income. If a repurchase offer is oversubscribed and an interval fund determines not to repurchase additional shares beyond the repurchase offer amount, or if shareholder repurchase requests are in an amount of shares greater than that which the interval fund is entitled to repurchase, interval funds repurchase shares on a pro rata basis, and shareholders have to wait until the next repurchase offer to make another repurchase request. As a result, shareholders may be unable to liquidate all or a given percentage of their investment in the fund at NAV during a particular repurchase offer. Some shareholders, in anticipation of proration, may submit more shares for repurchase than they wish to have repurchased in a particular quarter, thereby increasing the likelihood that proration will occur. A shareholder may be subject to market and other risks, and the NAV of shares submitted for repurchase in a repurchase offer may decline to the extent there is any delay between the repurchase request deadline and the date on which the NAV for such shares is determined. In addition, the repurchase of shares by the fund may be a taxable event to shareholders. **Clients may direct Vista, in writing, not to purchase these funds for their account.**

- C. Currently, Vista primarily allocates client investment assets among various mutual funds, ETFs, individual bonds, bond funds, and Independent Managers on a discretionary basis in accordance with the client's designated investment objective(s). Vista may also recommend that clients allocate investment assets to unaffiliated private investment funds and private real estate investment trusts ("REITs").

## **Item 9      DISCIPLINARY INFORMATION**

Vista has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

## **Item 10    OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. Neither Vista, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Vista, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. **Other Affiliations.** Vista owns Vista Venture Partners LLC (“VVP”), which is a California limited liability company that invests in early stage private companies. Vista does not recommend investment in VVP to its clients and no Vista clients are invested in VVP. However, VVP invests in companies in which Vista’s clients have invested or have brought to Vista’s attention. However, Vista will not recommend these companies to its clients. **Vista’s Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- D. Vista does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

**Item 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

- A. Vista maintains an investment policy relative to personal securities transactions. This investment policy is part of Vista’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Vista’s Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), Vista also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Vista or any person associated with Vista. A copy of Vista’s Code of Ethics will be provided to clients upon request by contacting our Chief Compliance Officer.

- B. Neither Vista nor any related person of Vista recommends, buys, or sells for client accounts, securities in which Vista or any related person of Vista has a material financial interest.
- C. Vista and/or representatives of Vista may buy or sell securities that are also recommended to clients. This situation creates conflicts of interest, because if Vista did not maintain policies and procedures that are designed to mitigate these conflicts of interest, Vista or its employees could potentially benefit from (i) clients buying securities that Vista or employees then sell because client purchases may increase the value of a security Vista or the employee owns and then sells, or (ii) clients selling securities that Vista or the related person then buys, because client sales may reduce the market price of a security Vista or the employee then buys. Vista has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Vista’s Access Persons.

Vista’s personal securities transaction policy requires that an Access Person of Vista must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person.

Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Vista selects.

- D. As described in Item 11.C, Vista employees may buy or sell securities, at or around the same time as those securities are recommended to clients. Trades by Vista employees are not generally required to be aggregated with client transactions as discussed in Item 12.B. However, Vista maintains policies discussed in Item 11.C that are designed to review and monitor employee trading in an effort to mitigate these conflicts of interests.

## **Item 12    BROKERAGE PRACTICES**

- A. In the event that the client requests that Vista recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Vista to use a specific broker-dealer/custodian), Vista generally recommends that investment management accounts be maintained at Schwab or TD Ameritrade. Before engaging Vista to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Vista setting forth the terms and conditions under which Vista will manage the client's assets, and a separate custodial/clearing agreement with Schwab or TD Ameritrade.

Factors that Vista considers in recommending Schwab, TD Ameritrade, or any other broker-dealer include Vista's historical relationship with the broker-dealer, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Vista's clients comply with Vista's duty to seek to best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Vista determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Vista will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Vista's investment management fee. Vista's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close. **Please Note:** The transactions fees charged by Schwab, TD Ameritrade, or any other broker-dealer could be more than other broker-dealers/custodians charge for similar accounts and transactions. **Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding the above.**

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Vista can receive from Schwab, TD Ameritrade (or another broker-dealer/custodian, unaffiliated investment platform, unaffiliated investment manager, vendor, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Vista to better monitor and service client accounts maintained at these institutions. Included within the support services that can be obtained by Vista may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, payment and/or reimbursement for services provided by third-party consultants/vendors, computer hardware and/or software and/or other products used by Vista in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that are received assist Vista in managing and administering client accounts. Others assist Vista to manage and further develop its business enterprise.

Vista's clients do not pay more for investment transactions effected and/or assets maintained at Schwab, TD Ameritrade, or any other broker-dealer as a result of this arrangement. There is no corresponding commitment made by Vista to Schwab, TD Ameritrade, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. **Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by these arrangements.**

2. Schwab Advisor Network®

Vista is a participant in the Schwab Advisor Network® (the "Service") which is designed to help investors find an independent investment advisor through Schwab. Vista receives client referrals from Schwab through its participation in the Service, for which Vista pays Schwab referral fees. Vista's participation in the Service may raise potential conflicts of interest described below. Schwab does not supervise Vista through the Service and has no responsibility for Vista's management of clients' portfolios or its other advice or services.

Vista pays Schwab a referral fee, called a "Participation Fee", on all referred clients' accounts that are maintained in custody at Schwab. It also may pay a Non-Schwab Custody Fee on all referred client accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Vista is a percentage of the fees the referred client owes to Vista or a percentage of the value of the assets in the referred

client's account, subject to a minimum Participation Fee. Vista pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Vista quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Vista and not by the client. Vista has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Vista charges clients with similar portfolios who were not referred through the Service.

Vista pays Schwab the Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Vista has an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of Vista clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Vista has incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab.

**Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by this arrangement.**

3. Vista does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Vista will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Vista. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Vista to effect securities transactions for the client's accounts through a specific broker-dealer, the client acknowledges that this will likely cause the client's account to pay higher commissions or transaction costs than if the client determined to effect account transactions through alternative clearing arrangements that Vista has arranged. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will



generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. Transactions for each client account will generally be effected independently, unless Vista decides to purchase or sell the same securities for several clients at approximately the same time. Vista may (but is not obligated to) combine or “bunch” orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Vista’s clients differences in prices and commissions or other transaction costs that might have been obtained had orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Vista does not receive any additional compensation in the event it aggregates client transactions.

### **Item 13 REVIEW OF ACCOUNTS**

- A. Individual client accounts are supervised on a continuous basis by Vista’s advisory staff and reviewed not less than quarterly. Reviews focus on asset allocations, securities positions, cash positions, market prospects and client liquidity needs. Each advisor reviews no more than 200 accounts. Reviewers verify that accounts are managed within the guidelines of the respective client’s investment objectives and that appropriate securities are held in each account. Financial plans provided to clients are reviewed and updated when necessary as agreed to by the client and Vista.
- B. More frequent reviews may be triggered by material changes in variables such as the client’s individual circumstances, changes in the market or political environment. Vista consults with each client at least annually to review the client’s account and update the client’s investment objectives as necessary. It is the client’s responsibility to notify Vista immediately of any material change in their personal and/or financial situation, which would require immediate review/revision of the client’s investment objectives.
- C. All clients receive monthly statements and confirmations of transactions directly from their respective broker/dealer/custodian. In addition, a client also have ongoing daily electronic access to his/her portfolio via Vista’s portal.

### **Item 14 CLIENT REFERRALS AND OTHER COMPENSATION**

- A. As indicated at Item 12 above, Vista can receive from Schwab and TD (or others) without cost (and/or at a discount), support services and/or products. Vista’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab or TD as result of these arrangements. There is no corresponding commitment made by Vista to Schwab, TD, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **ANY QUESTIONS: Vista’s Chief Compliance Officer, James Knight, remains available to address any questions that a client or prospective client may**

**have regarding the above arrangements and the corresponding conflicts of interest presented by this arrangement.**

- B. If a client is introduced to Vista by either an unaffiliated or an affiliated solicitor, Vista may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, and any corresponding state securities law requirements. Any referral fee is paid solely from Vista's investment management fee, and does not result in any additional charge to the client. An unaffiliated solicitor will disclose the nature of their relationship to the prospective client at the time of solicitation. They will also provide each prospective client with a copy of the current version of this Brochure and a copy of a written disclosure statement disclosing the terms of the arrangement with Vista, including the compensation to be paid to the solicitor.

**Item 15 CUSTODY**

Vista does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. Vista's generally recommends that clients establish their custodial accounts with either Schwab or TD Ameritrade.

Under applicable regulations, Vista is deemed to have custody of client assets if it is authorized to instruct the custodian to deduct its advisory fees directly from clients' custodial accounts. The custodian maintains actual custody of client assets. Clients will receive account statements directly from the custodian at least quarterly. They will be sent to the email or postal mailing address clients provide to the custodian. Clients should carefully review those statements promptly upon receipt. **Please Note:** The account custodian does not verify the accuracy of Vista's advisory fee calculation.

Vista engages in other practices and/or services on behalf of a limited number of clients (i.e. trustee, and standing letters of authorization) that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services could be subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Advisers Act. Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

**Item 16 INVESTMENT DISCRETION**

The client can determine to engage Vista to provide investment advisory services on a discretionary basis. Before Vista assumes discretionary authority over a client's account, the client will be required to execute an Investment Advisory Agreement naming Vista as the client's attorney and agent in fact, granting Vista full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Vista on a discretionary basis may, at any time, impose restrictions, **in writing**, on Vista's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Vista's use of margin, etc.).

#### **Item 17 VOTING CLIENT SECURITIES**

- A. Vista does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Vista to discuss any questions they may have with a particular solicitation.

#### **Item 18 FINANCIAL INFORMATION**

- A. Vista does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Vista is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Vista has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Vista's Chief Compliance Officer, James M. Knight, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**