



## FORM ADV PART 2A\* SEC-Required Brochure

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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. 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).

## **MATERIAL CHANGES FROM PRIOR FORM ADV PART 2A**

This updated Form ADV Part 2A contains the following changes from the prior version:

- Routine revisions and updates to formatting.
- Non-material edits to the existing descriptions of prior disclosures.
- Update of assets under management totals at Item 1.
- Deletion from description of Advisory Services of certain retirement and pension plan services no longer offered.

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## INDEX OF ERISA RELATED DISCLOSURES

Vista Wealth Management, LLC (sometimes the “Firm” or “Advisor”) may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act (“ERISA”). ERISA regulations require that specific disclosures be made to the ERISA plan fiduciary that is authorized to enter into, or extend or renew, an agreement with the Firm to provide these services. The following Index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the service provider disclosure regulations under section 408(b)(2) of ERISA. Any questions concerning this guide or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to covered ERISA plans	Item 1 of this Form ADV Part 2A and Paragraph 1 of the investment management agreement signed with our firm.
Statements that the services that Advisor will provide to covered ERISA plans will be as an ERISA fiduciary and registered investment adviser	Item 1 of this Form ADV Part 2A and Paragraph 4 of the investment management agreement signed with our firm.
Description of the direct compensation to be paid to Advisor	Items 2 and 3 of this Form ADV Part 2A and Paragraph 2 of the investment management agreement signed with our firm.
Description of the indirect compensation Advisor might receive from third parties in connection with providing services to covered ERISA plans, if any	Items 9, 11 and 12 of this Form ADV Part 2A
Description of the compensation to be shared between Advisor and any third party or any affiliated entity, if any	Items 7, 9 and 11 of this Form ADV Part 2A.
Compensation that Advisor will receive upon termination of its agreement to provide investment management services, if any	Item 2 of this Form ADV Part 2A.

## **1. ADVISORY BUSINESS**

### **REGISTRATION STATUS**

Registered with the SEC on March 23, 2001<sup>1</sup>

### **PRINCIPALS AND OWNERS**

Jerome B. Spector  
Michael E. Spector  
James M. Knight  
Henry B. Pilger

### **ADVISORY SERVICES**

#### **Investment Management Services**

Vista Wealth Management, LLC, (“Vista,” “Advisor” or the “Firm”) is a California limited liability company that provides investment management and other financial planning and consulting services to its clients. Investment management services are provided on both a discretionary and non-discretionary basis and include, among others, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments.

Through client consultations, Vista’s investment and financial advisors determine the client’s investment objectives and develop individualized investment guidelines and an asset allocation strategy based upon the client’s financial condition, investment experience, time horizon, risk tolerance level, income requirements and other factors. We evaluate the client’s existing investments and where necessary develop a plan to transition existing investments into or out of the client’s new portfolio strategy. Securities transactions are supervised on a continuous basis and each client’s portfolio holdings and asset allocations are monitored on a quarterly basis.

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. Moreover, each client is advised that it remains the client’s responsibility to promptly notify the Firm 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.

Vista requires a minimum account size of \$1,000,000 for its investment management services. Related accounts for a single client may be aggregated to meet this minimum. Under certain circumstances, and in its sole discretion, Vista may negotiate an alternative minimum account value based upon the nature of the account and such factors, among others as: historical

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<sup>1</sup> “Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC guarantees the quality of our services or recommends them.

relationship with the client, number of related accounts, account composition, anticipated future earning capacity, anticipated future additional assets.

### **Fiduciary Status Under ERISA**

To the extent any client is a retirement plan or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and depending upon the investment management services provided by us, the Firm may be considered a "fiduciary" under ERISA.

### **Sub-Adviser Relationship with Atherton Lane Advisers, LLC**

Vista has entered into an arrangement with a third party investment advisor named Atherton Lane Advisers, LLC ("Atherton"). Vista has made the determination that Atherton's investment experience and particular investment strategies may be well-suited and beneficial for certain Vista clients. Where Vista makes the determination that a client's needs and objectives will be served, Vista may recommend Atherton to act in a sub-advisory capacity, managing all or a portion of a client's assets.

For those Vista clients that rely on Atherton to manage a portion of their assets, Vista remains the primary advisor to the client and remains responsible for meeting with the client to evaluate current financial condition, to identify risk tolerance, determine investment objectives and define suitability. Atherton then assists in devising an appropriate investment strategy for the client and implementing the investment strategy over the assets managed by Atherton. Vista continues to interface with the client to outline Atherton's investment strategy and monitor its results.

Upon referring clients to Atherton, Vista provides clients with a copy of the Atherton Form ADV Part 2 or similar disclosure brochure. Clients enter into a direct agreement with Vista and a separate direct agreement with Atherton. Fees charged to clients that have a portion of their assets managed by Atherton are higher than the typical fee charged for Vista's Portfolio Management services as described below. The combined management fees for both Atherton and Vista do not exceed 1.5% annually and are charged and collected by Vista in accordance with the fee arrangements described above. Vista forwards Atherton's portion of the fee directly to Atherton. The exact fee and sub-advisor relationship is fully disclosed to the client in the respective agreements for services. Clients whose accounts are managed through a sub-advisor relationship between Vista and Atherton Lane Advisers, LLC are charged a fee not to exceed 1.50% annually with the portion of the fee charged in addition to that described above paid to Atherton.

Atherton is an unaffiliated investment advisor registered with the SEC. Atherton does not supervise the investment management activities of Vista and Vista does not supervise the investment management activities of Atherton.

### **ASSETS UNDER MANAGEMENT AS OF SEPTEMBER 2012**

Discretionary Assets - \$800,498,206

Non-discretionary Assets - \$54,694,423

## 2. FEES AND COMPENSATION

### ADVISORY FEES

For its investment management clients, Vista charges a fee based on a percentage of the market value of the investments held in each client's account. Assets in the Account are included in the fee assessment unless specifically identified in writing for exclusion. The management fee is billed quarterly, in advance, and prorated for accounts established or terminated at times other than the start of the quarter.

The management fee is computed on the first day of each quarter of management by determining the market value of the Account using the following guidelines: (a) for marketable securities: the current market price provided by custodian; (b) for securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), by using such information as Vista shall in good faith deem relevant to determine the value thereof, or in the absence of such information, at cost; and (c) cash or equivalents, at dollar value. Fees charged are not calculated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

The annual fee paid to Vista is calculated as a percentage of assets under management and may be charged to the client in the form of a fixed percentage not to exceed 1.0% annually or may be charged according to the following tiered fee schedule:

Value of Account Assets	Annual Fee %
On the market value of Account up to \$1,000,000	1.00% plus
On the market value of Account above \$1,000,000 to \$3,000,000	0.85% plus
On the market value of Account above \$3,000,000 to \$5,000,000	0.75% plus
On the market value of Account above \$5,000,000 to \$10,000,000	0.65% plus
On the market value of Account above \$10,000,000 to \$20,000,000	0.50% plus
On the market value of Account above \$20,000,000 to \$50,000,000	0.40% plus
On the market value of Account above \$50,000,000	Negotiable
Minimum Annual Fee	\$10,000

For its investment management services, the Firm charges a minimum annual management fee of \$10,000 on separately managed accounts. Under certain circumstances, and in its sole discretion, Vista may negotiate an alternative minimum annual management fee based upon the nature of the account and such factors, among others as: historical relationship with the client, number of related accounts, account composition, anticipated future earning capacity, and anticipated future additional assets.

Clients will be invoiced in advance at the beginning of each calendar quarter. Clients customarily authorize Vista to deduct its quarterly investment advisory fee directly from their custodial account. This authorization is granted under the terms of the client's signed investment management agreement and the client's instructions to the custodian. Vista sends

the client a copy of the investment advisory fee invoice when it requests payment from the client's custodian. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

At the discretion of Vista, clients may pay their fee by submitting payment directly to Vista. Under this arrangement, payment is due upon client's receipt of a billing invoice from Vista. A billing statement containing this calculation will be provided by Vista immediately following each calendar quarter and any adjustment necessary to reconcile the prepaid quarterly fee with the amount due shall be described in such billing statement and made in the prepaid amount due with respect to the following calendar quarter.

Because Vista may place client assets into money market funds, mutual funds, exchange traded funds, third party hedge funds or other such securities, the total investment management expense incurred by clients may consist of fees paid to Vista, plus management fees charged directly to the fund portfolios by the fund management companies, plus any transaction fees charged by the custodian of client's account. (See "Fund Disclosures" below.)

#### **Financial Planning/Consulting Services and Fees**

Vista may provide its clients with financial planning and/or financial consulting services (which may include non-investment related matters). For these services, Vista charges either an hourly or a fixed fee. The Firm's hourly rates range from \$125 - \$400, depending upon the level of staff experience required for the services requested. Vista's fixed fee services may range from \$2,500 to \$20,000, depending upon the scope of the services requested and the amount of client assets and holdings.

Prior to engaging Vista to provide financial planning and/or consulting services, the client will generally be required to enter into a written agreement setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to Vista commencing services. Either party may terminate the agreement by written notice to the other. In the event the client terminates Vista's financial planning and/or consulting services, the balance of Vista's unearned fees (if any) shall be refunded to the client.

For our financial planning and consultation clients, Vista may recommend its own investment management services or those of its professional staff in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Financial planning and consultation clients are advised that a conflict of interest exists if the Firm recommends its own investment management services to implement financial plan recommendations. The client is under no obligation to act upon any of the recommendations made by Vista under a financial planning/consulting engagement and/or to engage the services of any such recommended professional, including Vista itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Firm's recommendations.



## **TERMINATION OF AGREEMENT**

Vista or its clients may terminate their respective investment management agreement at any time, upon 30 days' written notice to the other party. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any earned fees owed to Vista are paid from the client's account on a pro rata basis determined on the amount of time expired in the calendar quarter. Any unearned investment management fees owed to the client are refunded on a pro rata basis determined on the amount of time expired in the calendar quarter.

If a copy of this Form ADV Part 2 disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

## **GENERAL FEE DISCLOSURE**

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Vista.

Any discrepancy in fees should be communicated immediately to Advisor within 30-days of the billing date.

Vista's fees are exclusive of and in addition to applicable brokerage commissions, custodial charges and asset specific fees such as those charged by funds for management and administration.

## **CUSTODIAN AND BROKERAGE FEES**

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

## **FUND DISCLOSURES**

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by

such funds vary widely. In addition to the advisory fee charged by Vista, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, “indirect” fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Vista. As required by law, a prospectus represents the fund’s complete disclosure of its management and fee structure. In addition, a fund’s prospectus can be obtained directly from the fund.

### **BOND DISCLOSURE**

Clients whose assets are invested in bonds purchased directly from an underwriter may pay a sales credit or sales concession to the underwriter on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond.

### **3. PERFORMANCE-BASED FEES**

No part of Vista’s investment management fee is based upon capital gains or the capital appreciation of assets.

### **4. TYPES OF CLIENTS**

Our clients include high net worth individuals and their trusts and estates, pension and profit sharing plans and charitable foundations, corporations and other business entities. We have established a \$1 million minimum value of assets for creating a client relationship with the Firm. Multiple accounts for the same client may be aggregated to meet the minimum account value. Under certain circumstances, and in its sole discretion, Vista may negotiate an alternative minimum account value based upon the nature of the account and such factors, among others as: historical relationship with the client, number of related accounts, account composition, anticipated future earning capacity, anticipated future additional assets.

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.

## **5. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

### **METHODS OF ANALYSIS**

Research information is obtained from Schwab, Morningstar and Dimensional Fund Advisors (DFA). In addition, as a result of the professional relationship with Schwab, Vista is offered discounts for services provided by Cybertrader. Vista may also use Frontier Analytics or other asset allocation software.

### **INVESTMENT STRATEGY**

For all client accounts over which Vista has been granted discretionary authority, it is authorized to enter into any type of investment transaction that it deems appropriate for the account, given the financial circumstances, investment objectives, risk tolerance and investment restrictions, if any, set by the individual client. For client accounts over which the client has retained discretionary authority, Vista is authorized to enter into any type of investment transaction upon prior client authorization.

Vista's investment strategy employs the selection of holdings from a number of categories of investment products that include, without limitation:

- Equity Securities
- Exchange Traded Funds
- Corporate debt securities
- Commercial Paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual Fund shares
- United States government securities
- Options on securities
- Limited partnership interests
- Alternative investments

### **Alternative Asset Recommendations**

Vista may recommend alternative asset classes for certain of its clients who are interested, qualified and for whom such investments are deemed suitable. These asset classes may include investments in private placements, private equity transactions, private equity funds, venture capital transactions, real estate, real estate limited partnerships, other limited partnerships, foreign investments, various debt offerings and pooled investment vehicles such as hedge funds.

Many of these investments are available only to clients whose net worth, investment experience and risk tolerance render them "qualified" or "accredited" investors" under Regulation D of the Securities Act of 1933, as amended, or other securities regulations. Prior to investing, prospective investors are required to complete the appropriate subscription agreement or application. These documents require prospective investors to make certain representations and warranties regarding their understanding of the risks of the investments and their suitability to invest.

## INVESTMENT RISKS

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

**Short-term purchases** - on occasion, generally only for tax management purposes, we may determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

**Bond Pricing** - The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

**Inflation** - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

**Price Fluctuation** - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

**Short Sale Trading** - Short Sale Trading, or "shorting" involves a great amount of risk and is not advocated by Vista, nor is it a part of our investment strategy. In rare cases, short selling may be used as directed by client to achieve specific goals.

**Margin Trading** -In some cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment account. The client's custodian may require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by their custodian. Consequently, all margin decisions are left to the client.

**Option Trading** - Certain Vista clients engage in option trading. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss.

**Alternative Asset Classes** - Many alternative investments are illiquid, which means that the investments can be difficult to trade. Consequently, such holdings may limit a client's ability to dispose of such investments in a timely manner and at an advantageous price.

**IPOs** - Are generally investments in companies with limited operational histories and non-existent or weak earnings and are highly subject to market sentiment. Shares purchased through an IPO can often trade down immediately from their offer price or can be subject to wild fluctuations in performance at certain time periods after their entry to the public markets and, as such, carry increased risks of investment loss.

**Private Equities** - Vista may purchase or recommend the inclusion of shares in non-publicly traded equities in the accounts of accredited clients. These companies will generally have little available information on their financial status, capital structure or revenues, resulting in increased risk of loss, including total loss. In addition, these securities may be highly illiquid or may experience losses of liquidity - resulting in an inability to sell said equities or sales prices that are substantially below the purchase or market price. Vista, unless otherwise expressly agreed, will value these positions at their purchase price for any accounting purposes, which may not reflect losses that would be realized if the position was sold. Of particular risk is that Vista will base its account values for billing purposes on these positions' purchase price (unless another methodology is agreed upon with the client), leading to a potential motivation to overvalue said equities. Finally, Vista may have clients who are executives of said firms or have other financial relationships that may create conflicts of interest. Where such conflicts exist, Vista will disclose these conflicts in written format to the clients who hold such securities or whom we intend to purchase such securities under our discretion prior to any transactions.

## **6. DISCIPLINARY INFORMATION**

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

## **7. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Vista is an independent investment advisor registered with the U. S. Securities and Exchange Commission ("SEC"). It is not an accounting firm, is not licensed by the California State Board of Accountancy and does not render legal advice.

### **RELATIONSHIP WITH BURR PILGER MAYER, INC.**

Certain principals and employees of Vista, in their individual capacities are partners, certified public accountants, and/or employees of Burr Pilger Mayer, Inc., an accounting firm affiliated with Vista. These individuals may spend as much as 50% of their time with all of these related activities. Accounting services provided by Burr Pilger Mayer, Inc. are separate and distinct

from the investment advisory services of Vista, and are provided subject to a separate client agreement with Burr Pilger Mayer, Inc., and subject to a separate fee arrangement with Burr Pilger Mayer, Inc. for its accounting services. Vista may recommend Burr Pilger Mayer, Inc. to advisory clients in need of accounting services. In turn, Burr Pilger Mayer, Inc. may recommend Vista to accounting clients in need of investment advisory services. There are no referral fee arrangements between Burr Pilger Mayer, Inc. and Vista for these recommendations. No Vista client is obligated to use Burr Pilger Mayer, Inc. for any accounting services, and no Burr Pilger Mayer, Inc. client is obligated to use Vista for investment advisory services.

## **PRINCIPAL AFFILIATIONS**

Vista principal Henry Pilger is a member of the board of directors of Sequoia Residential Funding, Inc., a subsidiary of Redwood Trust Inc. ("RWT") and receives compensation from RWT for such service. By virtue of his service on the subsidiary board, Mr. Pilger is considered an "insider" of the company and of RWT. Vista has adopted a code of ethics in which policies and procedures are in place to safeguard against the inadvertent or intentional misuse of non-public material information of which Mr. Pilger may come into possession by virtue of his board service. A copy of Vista's code of ethics is made available to its clients upon request.

Vista recommends investments in RWT stock to certain of Vista's clients for whom such an investment is desirable and suitable. Mr. Pilger and Vista are not paid a referral fee for recommending investors to RWT.

## **BROKERAGE AFFILIATIONS**

Vista is not a registered broker-dealer and uses the brokerage services of third party broker-dealers to execute client securities transactions. As disclosed below, certain principals and employees of Vista maintain affiliations with third party broker-dealers as owners or registered representatives.

Vista may select such affiliated broker-dealers to execute transactions in securities, including variable annuity securities or variable life insurance products effected for Vista client accounts. In some cases, the Vista principal or employee that are affiliated as a registered representative of the executing broker will receive brokerage commissions, markups, markdowns, 12b-1 fees and other consideration. Because of the affiliation of Vista principals and employees with these third party broker-dealers, Vista may be considered to have a conflict of interest in using such broker-dealers for client transactions. Any Vista clients may direct Vista to execute transactions for the client's account through brokers other than the affiliated brokers and by so doing clients may be able to obtain brokerage services for a lower price.

The broker-dealers and insurance issuers with which Vista principals and employees are affiliated as owners or registered representatives are separate legal entities and wholly independent of Vista. None of the broker-dealers or insurance issuers supervise Vista's investment management and financial planning services and none of them has any responsibility for the decisions of Vista regarding its any of the services provides to its clients.

Equally, Vista does not supervise and is not otherwise responsible for the brokerage and/or insurance related services provided by these independent broker-dealers and issuers.

#### **Relationship with VWM Insurance Services, LLC**

Certain principals and/or employees of Vista are also owners and principals, and in some cases registered representatives, of VWM Insurance Services, LLC, (“VWM”), CRD No. 104248, CA License #0D28746. VWM is a registered broker-dealer and a member of (and supervised by) the Financial Industry Regulatory Authority (“FINRA”). Its brokerage activities are insured by the Securities Investors Protection Corporation (“SIPC”). Vista and VWM share office space at 600 California Street, Suite 1330, San Francisco, CA 94108, telephone (415) 477-8600. Vista and VWM share administrative expenses pursuant to a written administrative expense sharing agreement whereby VWM compensates Vista for certain rent, personnel, office and other administrative expenses.

#### **Relationship with ValMark Securities, Inc.**

Certain principals and/or employees of Vista are also registered representatives of ValMark Securities, Inc. (“ValMark”), CRD No. 31243. No Vista principals or employees are owners of ValMark. Like VWM, ValMark is a registered member of FINRA and a SIPC participant. Vista may execute certain insurance-related securities transactions through ValMark. ValMark is located at 130 Springside Drive, Suite 300, Akron, OH 44333, telephone (800) 765-5201.

### **8. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Vista, its members, officers and employees and their immediate families (sometimes collectively “employees”) are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Vista’s members, officers and employees are required to report all personal securities transactions on a regular basis. Employees are required to sign a certification agreeing to abide by the Firm’s personal trading practices and code of ethics. A copy of Vista’s employee trading policies and code of ethics is made available to clients and prospective clients upon request.

Vista and its employees may trade in the same securities traded for clients. However, it is the expressed policy of the Firm that no employee shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients. The Firm and/or its employees may personally invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by Vista and/or its employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients.

If a security is purchased or sold for client accounts and the Firm and/or its employees on the same day, either the Firm and/or its employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that the Firm and/or employees' personal transactions might be executed at more favorable prices that were obtained or clients.

Vista and/or its employees may buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that Vista and/or its employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Vista and/or its employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. This can occur when securities that are not suitable for clients at the time of purchase (e.g., speculative stocks, micro-cap stocks, penny stocks), are purchased by the Firm and/or its employees. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, Vista and/or its employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a stock sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

## **9. BROKERAGE PRACTICES**

### **BEST EXECUTION POLICY**

In selecting broker-dealers, Vista's primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Vista reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom Ensemble executes transactions on behalf of clients.

### **RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER**

Vista recommends that clients establish brokerage accounts with the Schwab Institutional division of Schwab, to maintain custody of clients' assets and to effect trades for their accounts. Schwab is an independent broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA") and member of SIPC (the Securities Investors Protection



Corporation) and otherwise unaffiliated with Vista. Schwab does not supervise Vista's investment management services to Vista's clients, nor does Vista supervise Schwab's custody and execution services to its clients.

Vista's evaluation of Schwab and its brokerage program considered a number of factors, some of which are transaction fees, custodial fees charges for holding securities, commission rates, interest charges on debit balances and interest credits on credit balances, quality of execution and record keeping and reporting capabilities. Vista regularly reviews this program to ensure that its offering is consistent with its fiduciary duty. The Schwab trading platform is essential to Vista's service capabilities and Vista may not accept clients who direct the use of other brokers.

Schwab provides Vista with access to its institutional trading and operations services, which are typically not available to Schwab retail investors directly. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab and is not otherwise contingent upon Vista committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. For Vista's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

The Firm will attempt to minimize the total cost for all brokerage services paid by its clients. However, it may be the case that Schwab charges higher fee for a particular type of service than can be obtained from another broker or that the total costs of all services provided by Schwab may be higher than can be obtained at another broker. Nevertheless, Vista has made a good faith determination that such costs are reasonable in relation to the value of brokerage services provided by Schwab, viewed in terms of our overall responsibilities to our clients.

For accounts of Vista's clients maintained in custody at Schwab, Schwab does not charge the client separately for custody services but instead receives compensation in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. For clients whose assets are custodied there, Schwab also receives a trade away fee (generally lower than the applicable commission on trades it executes) for clearance and settlement if such clients' trades are executed through broker-dealers other than Schwab. Schwab's trade away fees are in addition to the other broker-dealer's fees. In most cases, trade executions for client accounts custodied at Schwab will be made by Schwab to avoid trade away fees. Vista has an incentive to cause trades to be executed through Schwab rather than another broker-dealer to avoid such fees. In cases where a desired security is not available for purchase or sale through Schwab, and in light of Vista's best execution evaluation, certain executions may be made at a non-custodian broker-dealer and a trade away fee would be assessed.

Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Vista's other clients not custodied there. Thus, trades for client accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are custodied and executed at other broker-dealers.

Schwab also makes available to Vista other products and services that benefit Vista but may not benefit its clients. Some of these other products and services assist Vista in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Vista's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Vista's accounts, including accounts not maintained at Schwab. Schwab also makes available to Vista other services intended to help Vista manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to Vista by independent third parties. Schwab may discount or waive fees it otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to Vista.

Vista's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Vista of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### **Recommendation of Schwab for Retirement Plan Services**

The execution of securities transactions for self-directed defined contribution plans is conducted by the plan trustee and/or custodian of the plan account at the direction of the plan participant. However, pension plan clients may be required to utilize the services of the Charles Schwab Trust Company and/or Schwab as custodian or trustee of the plan.

#### **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

Vista may aggregate securities transactions for multiple client accounts when circumstances indicate that aggregation is consistent with the Firm's duty to seek best execution and with the investment objectives for the client accounts participating in the trade.

While Vista believes combining transaction orders in this way should, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to a particular client than if such client had been the only client effecting the transaction or had completed its transaction before the other participants. There may be circumstances in which transactions on behalf of Vista or its associated persons may not, under certain laws and regulations, be combined with those of some of Vista's other clients. In such

cases, neither Vista nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions may be aggregated according to custodial relationship in consideration of "trade away" charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

#### **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because we manage more than one client account, there may be a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We may give advice and take action with respect to any of our clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

#### **SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS**

Vista does not currently participate in arrangements whereby an executing broker-dealer provides or purchases on its behalf "soft dollar" brokerage or research services. At such time as Vista enters into one or more soft dollar arrangements, its policy will be to limit its use of such soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only *bona fide* research and brokerage products and services that proved assistance to Vista in the performance of its investment decision-making responsibilities would be permitted.

### **10. REVIEW OF ACCOUNTS**

Individual client accounts are supervised on a continuous basis by Vista senior investment staff and reviewed not less than quarterly. Reviews focus on asset allocations, securities positions, cash positions, market prospects and client liquidity needs. 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 Policy Statement 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 Policy Statement.

Each senior member reviews no more than 200 accounts. Reviewers verify that accounts are managed within the guidelines of the client's Investment Policy Statement 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.

All clients receive the following: monthly statements and confirmations of transactions directly from their respective broker/dealer/custodian; a quarterly summary of all transactions that occurred during the quarter, a quarterly summary of all assets held in the account, including the cost and current market value; a presentation of the account asset allocation; a computation of the account's investment return for the quarter and since inception using time weighted returns; and an annual report on the account. Current market values are set at the closing price of marketable securities as provided by custodian. For securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), Vista uses information obtained in good faith and deemed relevant to determine the value thereof, or in the absence of such information, at cost. Cash or equivalents are reported at dollar value.

Vista may also track and provide reporting services for assets that have not been placed under Vista management. Vista does not include these unsupervised assets in its investment management fee calculation and as such does not take responsibility for them. Such assets may include issues that are specifically purchased at the direction of a client, or which client owned prior to retaining Vista. Unsupervised assets are shown in the Vista client reporting system under the heading "Unsupervised Assets." In addition, these assets may also be shown in the Vista client reporting system in separate non-managed accounts.

## **11. CLIENT REFERRALS AND OTHER COMPENSATION**

### **CLIENT REFERRALS**

Rarely, but occasionally, Vista may refer its clients to unaffiliated investment advisors, legal firms, accounting firms, mortgage brokers, insurance brokers and other professional consultants. When Vista determines that clients may be in need of the services provided by these outside entities, clients may be referred to a firm that provides the required professional services. Clients are not obligated to use the services of any of these unaffiliated firms. For the most part, Vista does not accept a referral fee from the unaffiliated professional for making such referrals however, in some cases Vista may be paid a referral fee, which if applicable, is disclosed at the time of the referral.

In addition, if clients of these outside firms are in need of investment advisory services, the outside professionals may refer clients to Vista. Typically, Vista does not pay a referral fee to such unaffiliated professionals, however any such referral fee payments, if any would be disclosed to the client at the time of the referral.

## **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.

## **OTHER COMPENSATION**

Schwab may, from time to time provide Vista with certain services through its transaction processing and record keeping “platforms”. Schwab’s electronic trading platforms provide Vista access to client accounts, electronic download of trades, balances and positions, and the ability to directly debit client fees. In addition, Schwab provides Vista with access to its institutional trading and custody services, research, and software which are not typically available to retail investors. These services are generally available to independent investment advisors that meet stated asset thresholds, at no charge or reduced charges, and are not otherwise contingent upon Vista committing to Schwab a specific amount of business. Schwab’s services include brokerage, custody, research and access to mutual funds and other investments that are generally available only to institutional investors or would require

significantly higher investment minimums. Many of these services may be used to service all or a substantial number of Vista's accounts, including accounts not maintained at Schwab.

## **12. CUSTODY OF CLIENT ASSETS**

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. For the most part, all of Vista's clients are recommended to establish their custodial accounts with Schwab.

Vista is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with Schwab and is responsible for making deposits to and withdrawals from their account as necessary. Vista is given the authority to receive payment of its management fees directly from the client's account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party without written client approval.

Vista recommends that clients create their investment accounts at Schwab because it is a broker-dealer that is regulated by the Financial Industry Regulatory Authority ("FINRA") and it participates in the Securities Investors Protection Corporation ("SIPC") insurance fund. (See also, Item 9 Brokerage Practices, above.)

Schwab obligates itself to send account statements directly to the client (or to an independent third party representative designated by the client), no less than quarterly, showing all funds and securities held, their current value and all transactions executed in the client's account, including the payment to Vista of its investment management fees.

We send a separate report to each client at least once a year, showing the current asset allocation of the account and a summary of assets held in the account. Clients are advised to regularly compare the assets and holdings listed on their Vista account report with those listed on the custodian's account statements.

## **13. INVESTMENT DISCRETION**

Vista is generally granted investment discretion over investment management client assets including the authority to select the investments to be made, the quantity of securities to be bought and sold and the executing broker-dealer to be used in effecting securities transactions. In some cases, the Firm is able to negotiate the commission rate charged by an executing broker. This discretion may be limited by client investment guidelines and any investment restrictions established by the client. In some cases, clients may place assets with Vista on a non-discretionary basis whereby the client retains the authority to approve each contemplated securities transaction. In either case, Vista may not have the authority to determine the execution costs or brokerage commissions that are assessed by the broker-dealer that executes client securities transactions.

The Firm is authorized to determine the executing broker to be used, with the objective of attaining the best execution for each transaction. In addition to using brokers as "agents" and paying commissions, we may effect transactions in securities directly from or to dealers acting as principal at prices that include markups or markdowns and may purchase from underwriters or dealers in public offerings at prices that include compensation to the underwriters or dealers.

The execution of securities transactions for self-directed defined contribution plans is conducted by the plan trustee and/or custodian of the plan account at the direction of the plan participant. Vista does not arrange for the execution of securities transactions for plan accounts.

#### **14. VOTING CLIENT SECURITIES**

It is Vista policy not to vote proxy solicitations received on behalf of clients from the issuers of securities held in client's account. Clients are advised to instruct their custodian to direct all such solicitations directly to the client for voting. Any client wishing to review our proxy voting policies in full may request a copy.

#### **15. STATEMENT OF FINANCIAL CONDITION**

Vista does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.