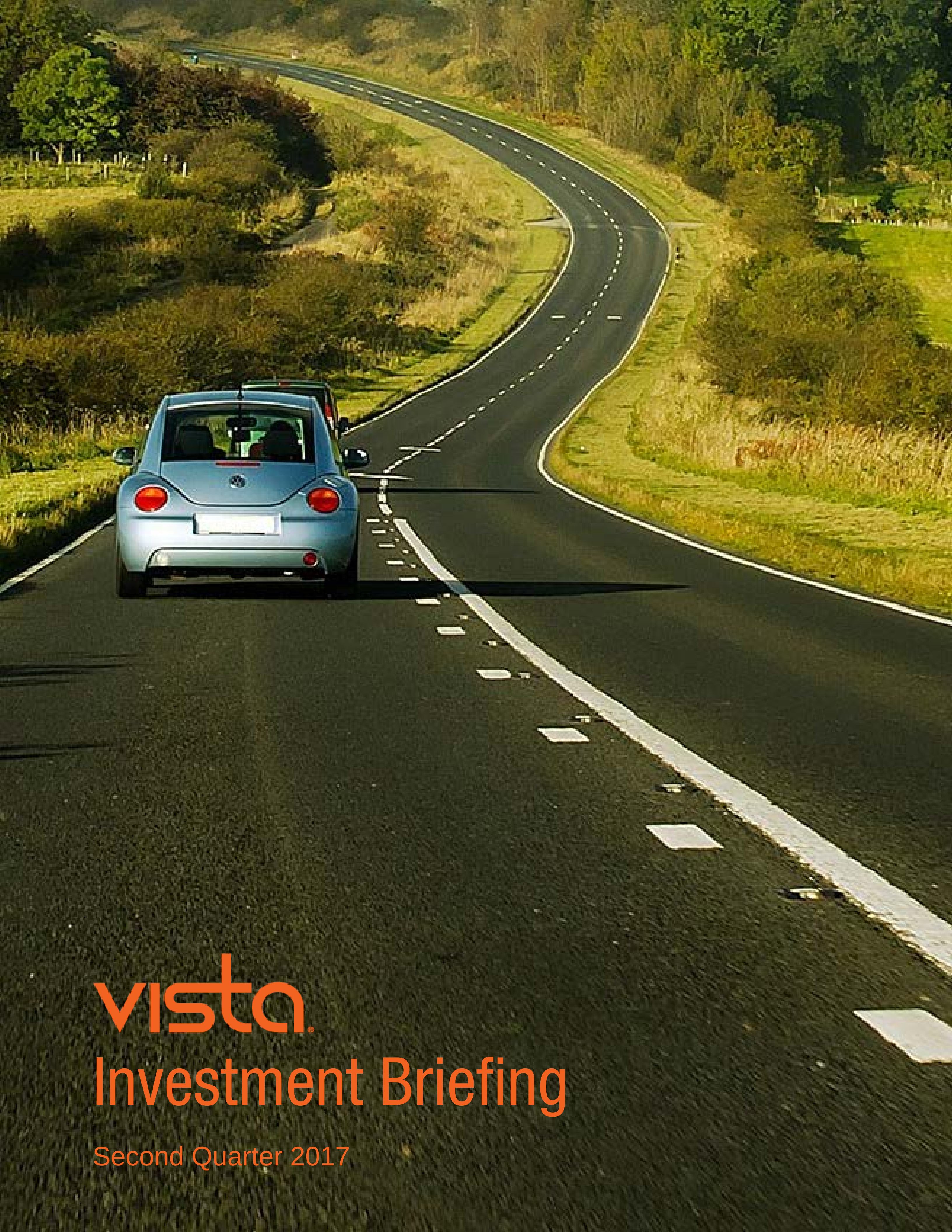


vista

Investment Briefing

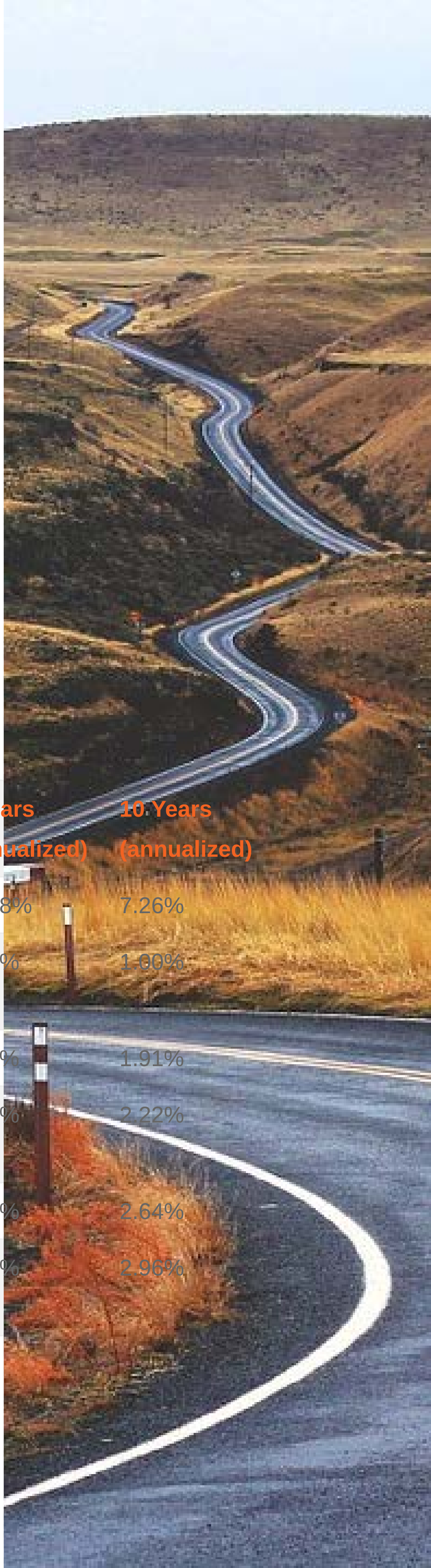
Second Quarter 2017

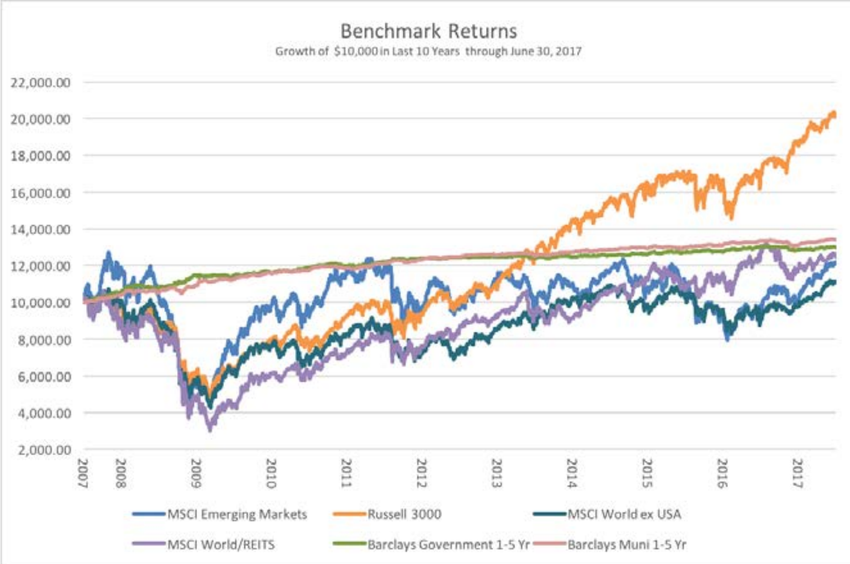
Introduction

The second quarter continued most of the themes from Q1: International stock markets (especially Emerging Markets) continued to outperform the U.S.

Looking out to longer periods, Emerging Markets have had the best returns over the last 12 months, while U.S. markets are still the highest for periods over 5 and 10 years. Bonds also turned in positive returns, despite the Federal Reserve raising its target interest rate, adding to the evidence that markets tend to set prices far in advance of many events.

Asset Class[1]	**2nd Quarter**	**12 Months**	**5 Years (annualized)**	**10 Years (annualized)**
U.S. Stocks (Russell 3000)	3.02%	18.51%	14.58%	7.26%
International Developed (MSCI World ex U.S.)	5.63%	19.49%	8.15%	1.00%
Emerging Markets (MSCI EM)	6.27%	23.75%	3.96%	1.91%
Real Estate Investment Trusts (MSCI World REITs)	2.18%	2.47%	7.57%	2.22%
Taxable Bonds (Barclays 1-5 Yr Gov)	0.41%	-0.52%	0.87%	2.64%
Municipal Bonds (Barclays Muni 1-5 Yr)	0.69%	0.47%	1.40%	2.96%



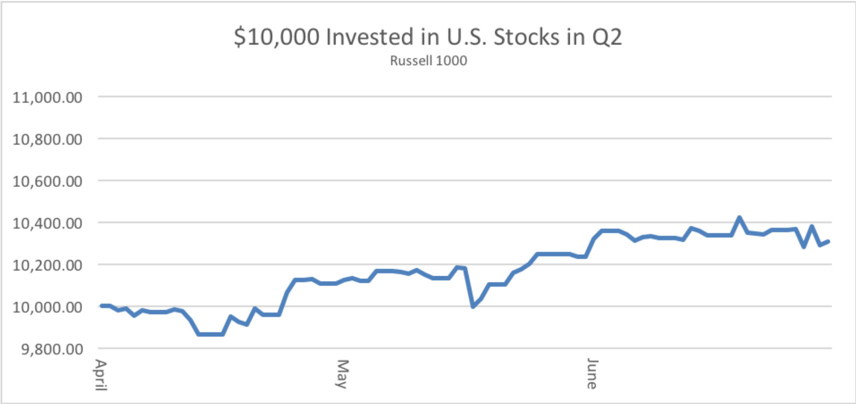


References

1. Return data and charts are from Morningstar Direct.

U.S. Stocks: Slow but Moving

Calm in the markets is defined as relatively small movements in daily prices.



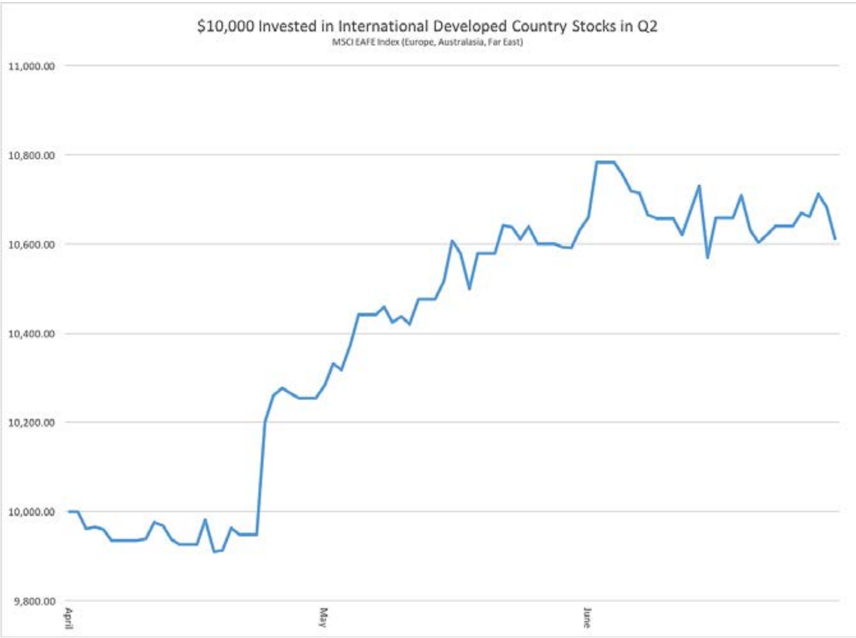
Stocks in the United States mostly continued moving forward, a little like one of our freeways in the early afternoon: expecting a slow down at some point, tapping on the brakes occasionally. News was mostly positive in the U.S. during the quarter. Unemployment continued to decline to its current rate of 4.5%, while inflation continued to peg above 2%, annualized.

Growth stocks outperformed value stocks, including two notable achievements: Amazon's stock price topped $1,000 per share for the first time, and Tesla's combined market value overtook Ford's. Growth stocks are mostly tech stocks, which are up about 17% so far this year and currently comprise about 22% of the S&P 500 index. That is high, but much lower than the 30% weighting they achieved during the tech bubble 17 years ago.

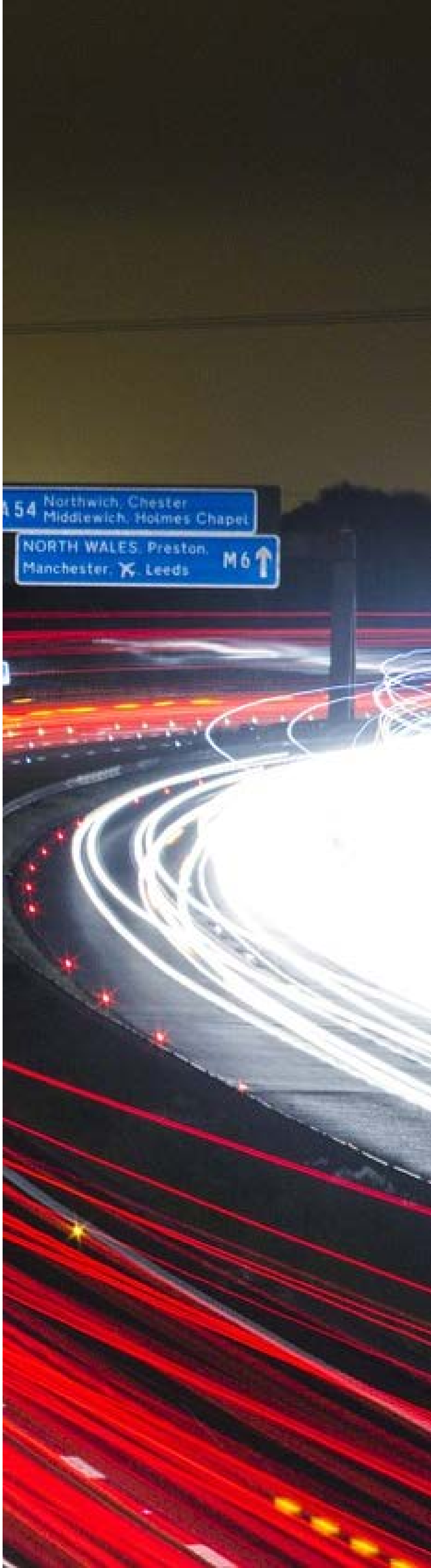
In politics, the Trump administration introduced a tax bill that would drop the maximum corporate tax rate from 35% to 15%. Investors have speculated that one reason for the current rally is the anticipation of lower corporate tax rates that would cause higher after-tax earnings. Along those lines some have said that if the anticipated tax bill begins looking unlikely by the end of the year, the market will have a strong excuse to correct.

While the pessimism is hard to ignore, we continue to emphasize that we can’t predict when the market will drop. While it would be easy to get out of the market when it is relatively expensive, short-term returns are so random that it would be impossible to determine when to get back in. Since recoveries tend to be strong, failing to be in markets when they recover impedes wealth preservation over long time periods.

International Developed Stocks: Traffic is Flowing Nicely



International developed markets found a few reasons to continue moving up. The most notable, as the chart shows, happened in April when Emmanuel Macron was elected as France's President. Macron won by a large majority on a platform of European unification, basically the opposite of what Britain is now working through (although we should note that Britain's Prime Minister, Theresa May, failed to achieve her hoped-for strong referendum, slowing some momentum in the Brexit transition). Another positive on the political front is that the party of Chancellor Angela Merkel, Germany's Christian Democrats, has been winning recent local

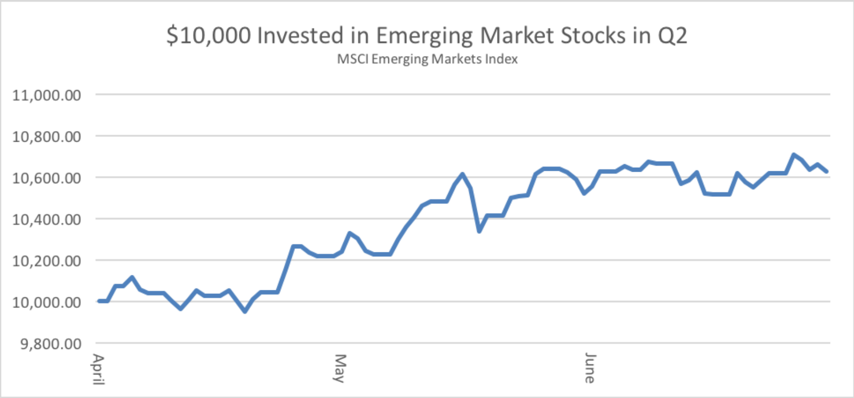


elections. This bodes well for her party to continue building strength toward Germany’s general elections this fall.

Looking at economics, Mario Draghi, the Chairman of the European Central Bank, acknowledged that Europe’s economy continues to improve and hinted at removing monetary stimulus. As a result, the euro appreciated against other major currencies. Other positives in international stock markets included:

- The announcement that Eurozone GDP increased at 2% in Q1, outpacing U.S. growth.
- Greece experienced its first budget surplus.
- Portugal is no longer considered a debt problem within the Eurozone since its budget deficit fell below a 2% limit.
- Japan’s Prime Minister, Shinzo Abe, appointed two additional easy-money economists (doves) to the Bank of Japan’s policy committee, replacing two policy hawks.

Emerging Markets: Life in the Fast Lane

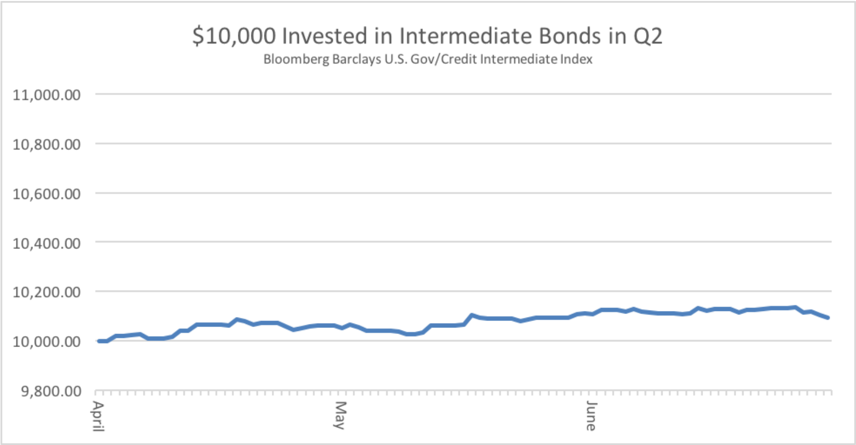


As the chart shows, Emerging Markets continued their robust performance through Q2. The performance is due to improving economies and markets. As China's economy turned in a healthy growth of 6.9%, MSCI, one of the major index construction companies, decided to include 222 mainland China stocks in its Emerging Markets index next year. While there are thousands of listed companies in mainland China, deciding to include some of them was a major positive signal. Note that your stock portfolio includes Chinese issues, but only those traded in the more stable Hong Kong market. The stocks MSCI decided to include are traded in Shanghai and Shenzhen. Another positive in this asset class included India's growth forecast of 7%, surpassing China's growth rate.

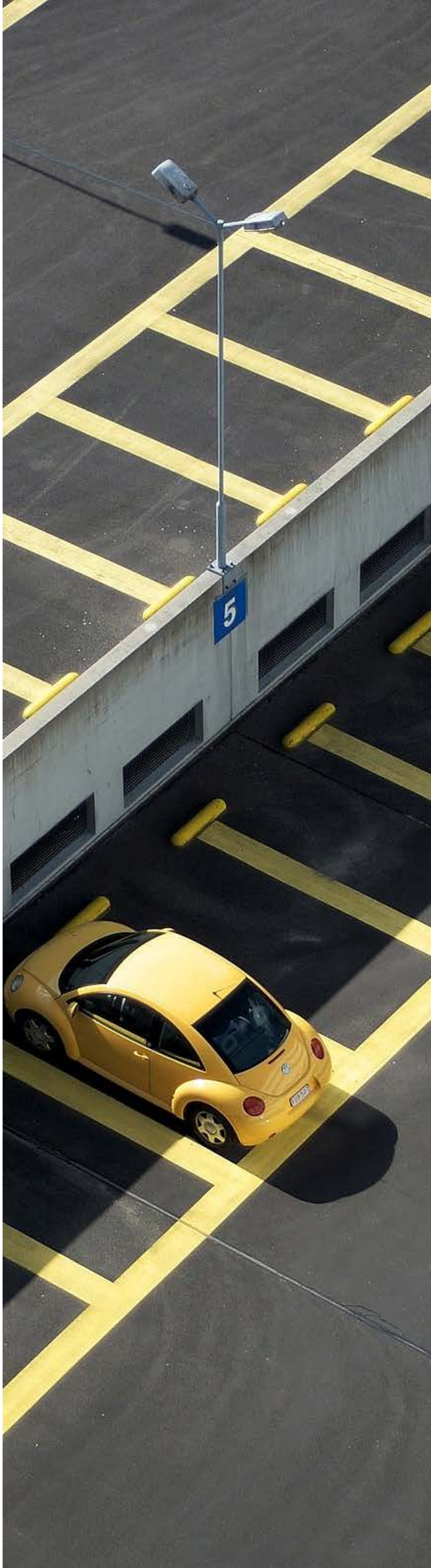
An interesting aspect of emerging market stocks in Q2 was that they were up when many of their commodities were either flat or down. Oil, for example, was mostly down in Q2. Some believe that other parts of emerging countries' economies are gathering enough momentum

to make them less dependent on selling commodities. Much of the growth that may have once been triggered by commodity sales has now broadened more to manufacturing which tends to spur growth and spending of the middle class.

Bonds: Safely Tucked Away in the Garage



As the chart shows, bonds had another uneventful quarter. As in Q1, the Federal Reserve decided to increase interest rates, this time in June. Again, as in Q1, the bond market had already priced in the change so there was little action around that event. As long as the Fed sticks to its targets, the bond market appears tame. Bonds have been delivering returns of approximately 2% to 3% so far this year, keeping our portfolios stable.



Summary: No Accidents Reported

Given that we've now had three well-performing quarters, the nice flow has continued. It's always good to take a look at what we could reasonably expect to turn the wrong way in the coming months:

- The U.S. market is still valued at a relative high, so some fatigue could set in, or investors could be surprised and take the nearest off-ramp.
- Geopolitical risks are a constant, especially as North Korea continues to show off.
- Those closely-watched central bankers could change their tune and inadvertently surprise the markets.
- There is a curiosity running along right now, which is that unemployment is low and inflation is also remaining low. Typically, inflation picks up as unemployment drops. Some attribute this to the high liquidity central banks have provided the economy. At some point, either inflation or unemployment should tick up. Either one may cause investors to change their current routes.

Thanks

We hope this briefing brings a little more light to the numbers in your reports. As always, we look forward to any questions you may have. Thank you for your trust in Vista.

Your Vista Wealth Management Team

Source of all charts and data: Morningstar Direct

Additional Disclosures

Advisory services offered through Vista Wealth Management LLC, a federally registered investment advisor.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Vista Wealth Management, LLC), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Vista Wealth Management, LLC. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Vista Wealth Management, LLC is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the Vista Wealth Management, LLC's current written disclosure statement discussing our advisory services and fees is available upon request.

If you are a Vista Wealth Management, LLC client, please remember to contact Vista Wealth Management, LLC, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Please also advise us if you have not been receiving monthly statements from the account custodian.