



Challenging Period – The Right Strategy (...continued)

*Thoughts and Insights of Bob Jackson, Chief Investment Strategist
(as summarized by Diana Folino, COO)*

Please find enclosed your Monthly Performance Report through September 30, 2011. As we mentioned in our preliminary Client Update, this is a very “Challenging Period” for investors and overall, September has been the worst month for portfolio performance that we have seen in decades. In addition, we want to emphasize clearly that we prioritize and spend the majority of our time focused on protecting clients’ net worth and this period of volatile and illogical markets has caused substantial losses of the assets we have all worked long & hard to accumulate and that we work long & hard to protect and preserve for our clients. This concerns and bothers us deeply.

While we all know that the concerns for our economy are founded, we have very sound reasons for expecting much better results going forward as we work through this period of worry and uncertainty.

There are however some extremely comforting, reassuring and encouraging points to make. Although we have been through periods like this before, we haven’t seen declines in our portfolios like this – not even in 2008. There is encouraging news that comes from our current allocation. If our current portfolio allocation had been in place back in 2008, portfolios would have experienced a greater decline over the months leading up to the financial crisis, yet the current (“2011 Vista Allocation”) would have also produced much greater total returns over the 2 years following that time period from November 2008 thru October 2010. As you can see in the table, total declines in excess of 27% through October 2008 were more than offset by the total gains in excess of 53% through October 2010.

Vista 2011 Strategy
Vista 2011 Strategy Negative/Positive Performance Highlights

<i>Nov 2007 thru Oct 2008</i>
12 Month "Drawdown": (27.87%)
<i>Nov 2008 thru Oct 2009</i>
12 Month "Recovery": 30.34%
<i>Nov 2008 thru Oct 2010</i>
24 Month "Recovery": 53.61%

Traditional "Balanced Approach" (ABALX)
ABALX Negative/Positive Performance Highlights

<i>Nov 2007 thru Oct 2008</i>
12 Month "Drawdown": (26.42%)
<i>Nov 2008 thru Oct 2009</i>
12 Month "Recovery": 12.70%
<i>Nov 2008 thru Oct 2010</i>
24 Month "Recovery": 29.48%

When comparing the traditional “Balanced Approach” over the same time periods, the “Balanced Approach” suffered just as much during the declining period. And as you can see in the table it only participated in half as much of the up-market performance following the negative or panic period in 2008.

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As discussed in previous client updates, Vista's Market Capture Ratio is designed to be much higher with the 2011 allocation maintaining a low down-market capture ratio when markets are bad and allowing for a much greater up-market capture ratio when markets are good. While Vista portfolios have realized more volatility with the 2011 allocation changes, we are ramping-up for much more growth potential as the panic selling diminishes and we begin to see the development of a positive market environment.

Over the past few months, Vista has received a question in different forms from several different clients that we feel may be weighing on the minds of other clients and therefore we feel it is important to share.

Here is the question:

“Since the US and World economies appear to have gone back into a negative period, should we be changing our allocation to focus on deflation?”

We have closely analyzed the performance of an evenly-weighted Vista diversified portfolio compared to our current 2011 portfolio model. This evenly-weighted portfolio model would be used if we were solely focused on deflation. Our findings were that during the period of the financial crisis and recovery period for the market our current portfolio allocation actually performed better all-the-while providing much greater protection against inflation or high inflation. This is important to note since historically, during deflationary environments, the government is known to take actions to stimulate the economy. These actions in turn result in a much more severe decline in the value of the dollar and therefore result in a currency-induced inflationary period.

To reemphasize a statement made by Bob Jackson in the preliminary Client Update:

“Our current portfolio allocation is exactly where we fully believe we should be and we are positioned to prosper when market performance reverses. We are also assured that the defensive performance our diversification provides which we value and have become accustomed to will return in the near future.”

Thank you for your continued trust in Vista Financial Advisors. If you have any questions you wish to discuss or would like additional information on Vista's 2011 Portfolio Allocation, please feel free to call (904) 880-8010 and someone would be happy to review these questions or concerns with you personally.

News & Upcoming Events:

Vista is hosting its ***1st Annual Client Appreciation Event*** on Thursday, October 27th, 2011. You should have received an invitation via email. If you are interested in attending this special presentation and appreciation event, or would like more information, please contact Melissa Mercado at (904) 880-8010 or MMercado@VistaFA.com. A Web Conference will be scheduled in coming weeks for those unable to attend the Client Appreciation Presentation. Additional Web Conferences will also be planned for future dates. Exact dates and times will be made available soon.

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