

The Impact Portfolio

The Optimal Portfolio for sustainable investing.



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About Vista

Vista Capital Partners is a fee-only investment advisor based in Portland, Oregon. We specialize in managing globally diversified portfolios which minimize costs and taxes for individual clients with more than \$2 million to invest.

We also want the benefits of our work to extend beyond the success of a portfolio – to the health, happiness and well-being of those we serve. Our mission is simple: to help our clients live happier and more prosperous lives.

Contributors

We are a passionate team of financial advisors. Learn more about the contributors and our team at: vistacp.com/team.



Dougal Williams
Chief Investment Officer



Jon Gannon
Lead Advisor



How does it work?

We start with our Optimal Portfolio. Using your objectives, time horizon, and ability to assume risk, we construct a portfolio designed to offer you the best chance for long-term investment success.

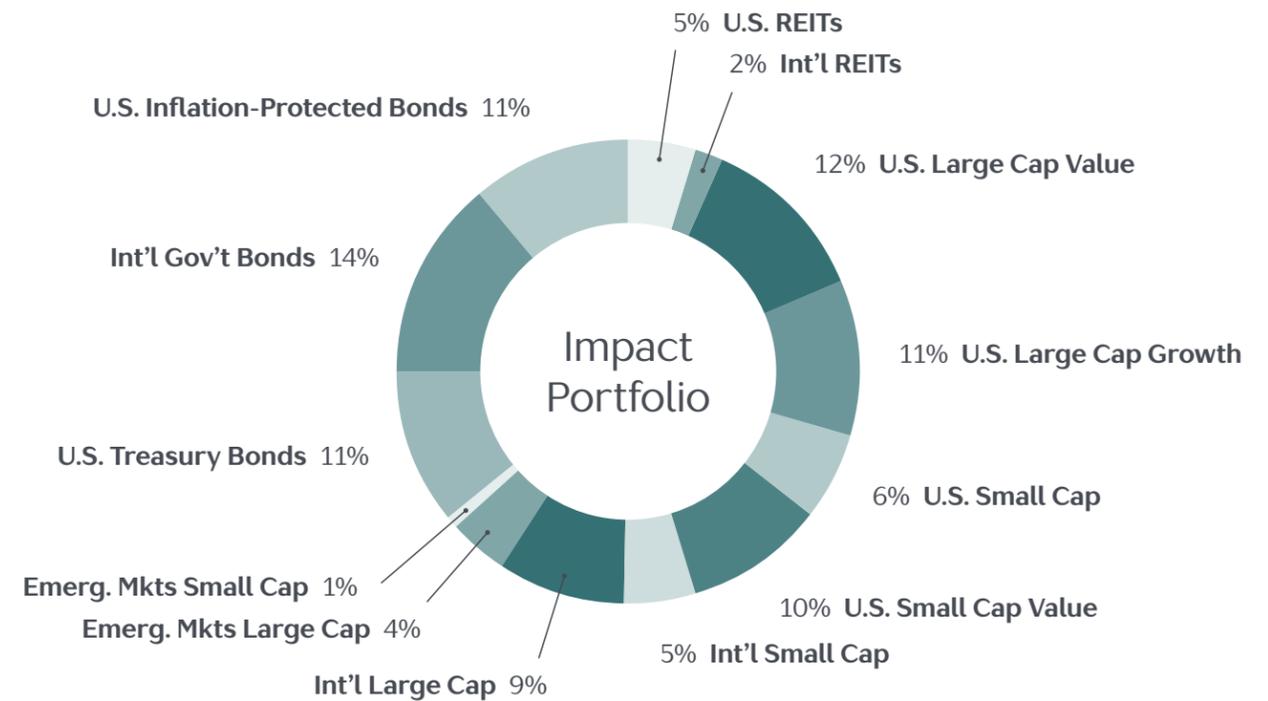
We create your Optimal Portfolio by:

- Building an appropriate and goals-based mix of non-correlated asset classes
- Diversifying to own the entire market with low-cost index and asset class funds
- Minimizing taxes by optimizing asset location
- Practicing disciplined rebalancing to manage risk and help you stay the course

From there, we overlay the considerations of sustainability minded investing. A portfolio's stock investments are evaluated on metrics among companies across industries, excluding or minimizing investments in companies ranking poorly while emphasizing companies with higher sustainability scores.

A company's sustainability score is based on five variables:

1. Greenhouse Gas Emissions Intensity
2. Land Use and Biodiversity
3. Toxic Spills and Releases
4. Operational Waste
5. Water Management



What are the trade-offs?

Until recently, values-based investing often sacrificed optimal performance for good intentions. Sustainable funds and portfolios were often non-diversified, relatively expensive, and, as a result, underperformed their traditional counterparts.

We now have access to investment solutions structured around the sound investment principles we've long embraced, while simultaneously excluding the worst emission-producing investments. In short, today's values-based portfolios can be diversified, cost-effective, tilted toward sources of expected returns, and sustainably managed.

The Optimal Portfolio vs. The Impact Portfolio

| | Optimal Portfolio | Impact Portfolio |
|----------------------|-------------------|------------------|
| Expense Ratio | 0.20% | 0.25% |
| Number of Holdings | 15,168 | 10,497 |
| US/International | 67/33 | 67/33 |
| Developed/Emerging | 91/9 | 91/9 |
| Large/Small | 60/40 | 63/37 |
| Value/Growth | 56/44 | 56/44 |
| Price/Earnings Ratio | 17.7 | 17.6 |
| Price/Book Ratio | 1.7 | 1.8 |

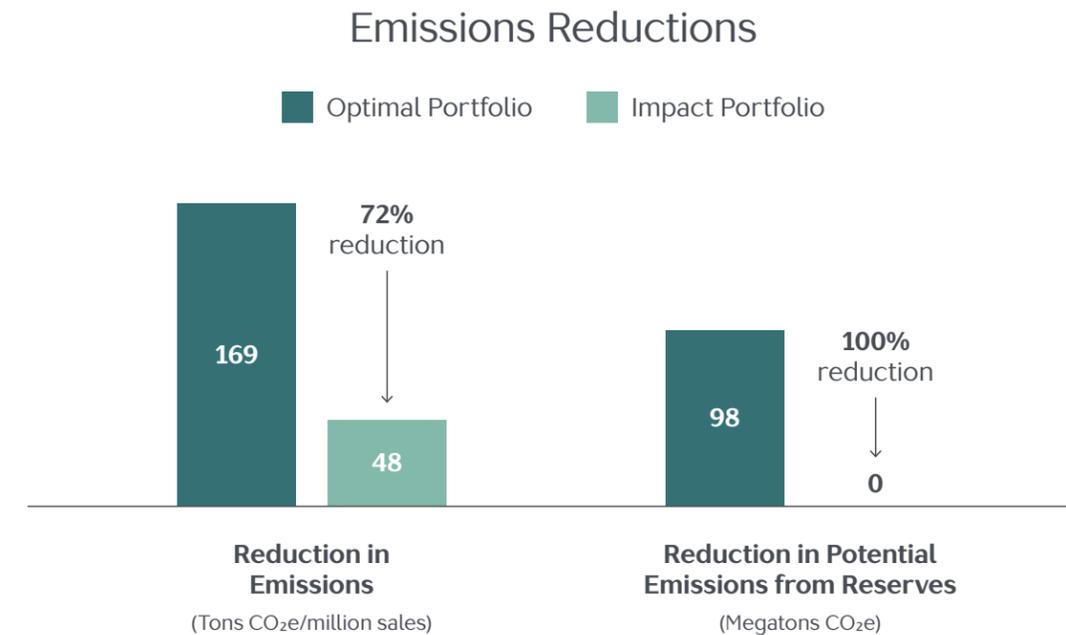
Source: Morningstar and Vanguard, August 2020.

What is the impact?

Does sustainable investing matter? Can we change the way companies do business by sending a message as investors?

Time will tell, but early results are promising. We're seeing more companies improve their climate risk disclosures, implement sustainable forestry practices, adopt goals to reduce energy use, and more.

By excluding or deemphasizing the top contributors to greenhouse gas emissions in a typical portfolio, the Impact Portfolio is structured to reduce greenhouse gas emissions by more than 70% while eliminating all potential emissions from fossil fuel reserves.



Source: DFA Quarterly, Q1 2020

We are optimistic that impact investing can drive positive change.

Interested in impact investing?

If you have questions about sustainable investing, speak with your Vista team. We're happy to help.

Notes

Greenhouse Gas Emissions Intensity represents a company's most recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) greenhouse gas emissions normalized by sales in USD (metric tons per USD million sales). Greenhouse gases included are the six gases mandated by the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). This methodology is subject to change with data developments or other findings or events.

Potential Emissions from Reserves is a theoretical estimate of carbon dioxide produced if a company's reported reserves of oil, gas, and coal were converted to energy, given estimated carbon and energy densities of the respective reserves. Companies are evaluated using estimated Potential Emissions from Reserves divided by Assets in USD. One megaton is the equivalent of 1 million tons. This methodology is subject to change with data developments or other findings or events.

Important Disclosure Information

Past performance may not be indicative of future results. Optimal does not mean profitable or most profitable. To the contrary, different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by Vista Capital Partners ("Vista"), or any non-investment related services) will be profitable, equal any historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Vista is neither a law firm nor accounting firm, and no portion of its services should be construed as legal or accounting advice. Moreover, you should not assume that any discussion or information contained in this document serves as the receipt of, or as a substitute for, personalized investment advice from Vista. Please remember that it remains your responsibility to advise Vista, 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, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure brochure discussing our advisory services and fees is available upon request. The scope of the services to be provided depends upon the needs of the client and the terms of the engagement.

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