VIEW FROM VISTA

October 13, 2003

Dear Valued Client,

Enclosed is your Quarterly Report from Vista Capital Partners for the third quarter of 2003. Needless to say, we are pleased to be sharing positive investment returns with you for the second quarter in a row. Stocks of all shapes and sizes continued their rise during the third quarter. Large company stocks, small company stocks and international stocks were up 2.7% (S&P 500), 9.1% (Russell 2000) and 8.1% (MSCI EAFE), respectively, for the quarter. Of all the major asset classes, only bonds suffered a negative return during the third quarter, down a slight -.1% (Lehman Aggregate Bond Index).

While recent positive returns can't help but make us smile, our enthusiasm is tempered by the risks we now see in many areas of the financial markets. Stocks in the S&P 500 Index and the tech-heavy NASDAQ trade in excess of 20 and 40 times estimated 2003 earnings, respectively. Keep in mind the 100-year average P/E for U.S. stocks is around 15. While there is some hope earnings will grow quickly as the fledgling recovery takes hold, this is far from a certainty. Bond yields of just over 4.0% and money market yields of sometimes less than 1.0% don't help us sleep a whole lot better at night either. So, while we are thankful for the returns that 2003 has brought us thus far, we will be investing your money with a cautious eye towards the future and we ask you adjust your expectations for future returns accordingly.

- Since the rate on the benchmark 10-year Treasury note bottomed at a 45-year low of 3.11% on June 13, the yield has risen by more than 1.15 percentage points to 4.28%, the sharpest increase in such a short period of time since 1987. *Not surprising given the stimulus being injected into the economy in the form of tax cuts and low borrowing rates.*
- One of our favorite economic measures, productivity, rose at a 6.8% clip in the second quarter and has now grown at an average annual rate of 5% since the end of 2001. *This is one of the fastest rates of productivity growth since the early 1960s and bodes well for our standard of living.*
- Stock funds took in a net $26 billion in August, the third-largest amount in more than three years, marking the sixth-consecutive month of new money going into stock funds. *We never cease to be amazed at how investors continue to buy high and sell low, chasing the latest hot streak. We can think of no other activity where people continue to short-change themselves in the face of overwhelming evidence that what they are doing doesn't work.*
- The federal budget deficit is now expected to exceed the $500 billion mark in 2004. *Deficits of this magnitude will eventually hurt the economy in the form of higher interest rates as a result of the additional supply of government debt needed to finance the deficit.*
- Equity mutual fund expense ratios reached an all-time high of 1.6% last year. *The combination of rising expense ratios, excessive trading and recent charges of illegal and improper trading is eroding the public's trust in the mutual fund industry.*

- 173 companies have either increased their dividends or started paying one for the first time, up from 121 a year ago. Additionally, the number of S&P 500 companies that pay a dividend has increased from a low of 351 at the end of 2002 to 366 today. *A welcome trend that's a direct result of the tax-cut package that slashed the top tax rate on dividends to 15%.*

The Vanguard Group is known for providing outstanding money management at ultra-low costs via their family of funds. We have always admired Vanguard for their commitment to putting their investors' interests ahead of their own. A recent Vanguard newsletter listed nine principles of investing they feel serve as the framework for a sensible, long-term investment plan. These principles so closely mirror what we believe in here at Vista, we feel compelled to share them.

- Investing is for long-term financial goals; saving is for meeting short-term goals.
- Broad diversification, with exposure to all parts of the stock and bond markets, reduces risk.
- An investor's most important decision is selecting the mix of assets to be held in a portfolio, not selecting the individual investments themselves.
- Consistently outperforming the financial markets is extremely difficult.
- Minimizing the costs of investing is vital for long-term investment success.
- Investors should know how each investment fits into their plan and why they own that particular asset.
- Investors should weigh "shortfall risk" – the possibility that a portfolio will fail to meet longer-term financial goals - against "market risk", or the chance that returns will fluctuate.
- Market-timing and performance-chasing are losing strategies.
- An investor should not expect future long-term returns to be significantly higher or lower than long-term historical returns for various asset classes and subclasses.

Sincerely,

Doug Michael

Douglas E. Johanson, CFA Michael J. O'Reilly

Comparative Returns:

Index	2003 Returns	Description
S&P 500	+14.70%	*Large Cap Stocks. 500 of the largest U.S. companies in all sectors of the economy.*
Russell 2000	+28.60%	*Small Cap Stocks. A broadly diversified index consisting of about 2000 small companies.*
MSCI EAFE	+18.40%	*International Stocks. An aggregate of 21 major country indexes, excluding the U.S.*
Wilshire REIT	+24.70%	*Real Estate. Measures the performance of publicly traded real estate equity.*
Lehman Bros. Aggregate Bond	+3.80%	*Bonds. Represents the performance of the entire US bond market.*