Vista Multiestrategia Fund and Vista Hedge Fund registered returns of -5.24% and -1.13% respectively in June and 39.11% and 16.15% respectively in 2022.

In June, the losses of the funds were mainly explained by the mismatch of the hedge in interest rates and the main position of the fund, oil. In parallel, international equities contributed positively to the result.

* * *

"In addition, considering the magnitudes of projection errors since 2020, we are especially skeptical about the ability of market consensus and economic policymakers to anticipate, with some precision, the inflation and activity scenarios of the coming years. The magnitude of demand and supply shocks was so powerful, causing economic surprises not seen for more than four decades, that the effects of the partial reversal of these shocks should not be underestimated."

This excerpt from our last letter has generated intense internal debates and only increases our conviction that we are facing a very complex and uncertain scenario. Despite all the forecast errors in recent years, the major central banks have capitulated. Led by the FED, they decided to change gears altogether. The *"whatever it takes"* moment in combating inflationary pressures, symbolized by the 75-basis points raise “announced” on the eve of the June meeting surprised us, but it makes clear that a mild recession is an acceptable price for inflation to cool down.

Although timidly or hidden in the FED narrative, there is a certain conviction in the resilience of the American economy to shocks, whether they are the result of monetary squeeze or energy shock. The excess in family savings, the tightening of the labor market, the healthy balance sheet of private agents, and the low vacancy rate of the real estate market are factors that would avoid activity from worsening. An eventual recession would be mild and not prolonged, causing only a limited worsening of the labour market. Recent Fed communications are heading in that direction.

Especially in the post-pandemic world, as we talked about earlier, we are skeptical about such very ingrained convictions and especially about the excessive weight attributed to short-term data. The FED's low emphasis on monetary policy gaps, which has been visible since last year, and the excessive emphasis on the latest inflation figures seem to us to be a misunderstanding.

Moreover, we wonder if the weight of simultaneous supply shocks is not being underestimated to explain the strong global inflationary worsening.

Taking a step back, we understand that in the view of those who defend the need for a more restrictive monetary policy, monetary and fiscal stimuli have brought an excess of demand to a world with important supply constraints. Even with the cooling of major constraints in the production chains and the dissipation of the stimuli effect, inflation would be more rooted and inertial.

To validate this thesis, we seek the traditional historical parallels. Despite our bias of cycles recurrence, the parallels with the 1970s seem to us exaggerated and with important differences in fiscal policy, in the credibility of central banks, and in the power of trade unions.

The current cycle seems unique and the result of several simultaneous economic and geopolitical events. Such events (or shocks) intertwine in some way, but with very disparate consequences and causes, possibly clouding traditional analysis.

"With the possible exception of the period immediately after WW2, the economy we have today is not like anything we have seen before. So, rather than take comfort from the cosy sellside consensus, investors should try to test the sensitivities of these forecasts. New information over the next six months, if it provides some clarity, could profoundly shift current market narratives." [1]

* * *

Still in 2019, the drop in productivity of the American *shale* and doubts about OPEC's production capacity supported the beginning of our oil investment thesis, which had no relation to the monetary policy debate. Since then, the shortage of capital for the sector, partly fueled by the ESG wave, the traumas fueled by price collapses in 2015 and 2020, and the lack of labor and equipment supply have leveraged the price of the commodity.

Without going into the details of what is still the main position of the fund, an important point draws our attention. Although the important price valuation since 2020, the total demand of oil still did not surpass that of 2019. Without the pandemic and the rather persistent mobility constraints associated with it, would we be at even higher levels of oil prices?

Using diesel as a reference, the steep rise in price to something close to USD 200/barrel does not have any relation with excess demand but with serious problems on the supply side, in our opinion.

The closure of five refineries in the US only in the last two years and the withdrawal of the equivalent of more than 5 million barrels/day of market refining capacity between 2019 and 2023, spread across several countries, are very clear evidence in this direction. In crude oil production in the US, we are almost 1 million barrels lower than in the pre-pandemic, even at prices above the supposed marginal cost.

[1] *PERKINS, Dario. Don't Extrapolate From This Fake Business Cycle. TS Lombard. 13 jan. 2022.*

Parallel to the energy shock and the ongoing pandemic, the Ukrainian war was another seismic event that hit the world, especially Europe, with inflationary and recessionary consequences not yet fully known.

While we understand the concern about the second-round effects of supply shocks on inflation, are their recessive effects, particularly in Europe, not being underestimated? Is it really a monetary shock the most appropriate answer to dealing with so many high-intensity supply shocks? The deterioration of 4 percentage points of GDP in the eurozone trade balance since the beginning of 2021, mostly explained by the worsening in balance of energy and food, is emblematic on the magnitude of the real income shock suffered by the region.

Germany's latest June employment data also opens an interesting discussion. What will be the disinflationary effect on the European labour market of mass emigration from Ukraine? The unexpected increase from 5% to 5.3% in the percentage of people in the German workforce who are seeking unemployment assistance, mainly explained by the entry of Ukrainians, may already be a sign in this direction. In the specific case of Germany, we estimate that there is a potential positive shock of at least 1% in the labor supply.

In general terms, we have been asking ourselves recurrently where we will be in 6 months. Will central banks, today boasting concerns about inflation and the risk of undocking expectations, not change the focus to the risks of recession, especially in Europe? Will we be still discussing monetary tightening if Europe has a more traumatic gas disruption from Russia? How will the German industrial model be sustained with such a rupture in the country's energy matrix?

The number of questions in this letter reflects the uncertainties. We estimate that the global economy is facing multiple vectors that historically are contractionary for activity. Despite this, central banks, which have underestimated inflationary acceleration since 2020, now tell us that the monetary policy only goal is to resume price stability and firmly anchor inflation expectations. We have wondered if, once again, they are not *"fighting the last war."*

We remain at your service.

Vista Capital

Vista Hedge FIC FIM

Year	Onshore			Offshore				Cash	Fees	Return	CDI
	Fixed Income	Equities	Currencies	Fixed Income	Equities	Currencies	*Commodities*				
2018	0.7%	7.6%	0.9%	-0.1%	0.3%	-0.7%	0.1%	3.8%	-2.9%	**9.6%**	4.1%
2019	0.0%	10.1%	-0.1%	-0.7%	-2.0%	-1.4%	1.0%	4.3%	-2.5%	**8.6%**	6.0%
2020	1.1%	3.0%	2.6%	-1.0%	4.7%	1.0%	1.8%	2.1%	-4.5%	**10.7%**	2.8%
2021	0.5%	0.5%	-1.6%	0.8%	2.3%	-1.3%	9.7%	3.3%	-3.2%	**11.0%**	4.4%
2022	0.0%	1.0%	1.1%	-1.1%	2.9%	0.4%	11.3%	4.5%	-3.9%	**16.1%**	5.4%
Jan	-0.3%	1.0%	0.3%	-0.1%	0.8%	-0.2%	1.5%	0.7%	-0.7%	**3.1%**	0.7%
Feb	-0.2%	-0.1%	0.0%	0.0%	-0.2%	-0.1%	2.9%	0.9%	-0.6%	**2.4%**	0.7%
Mar	0.8%	0.4%	0.4%	0.3%	-0.6%	0.0%	4.5%	0.5%	-1.3%	**5.1%**	0.9%
Apr	0.2%	-0.7%	0.1%	0.0%	0.9%	0.9%	1.7%	0.6%	-0.7%	**3.0%**	0.8%
May	0.0%	0.8%	0.0%	0.7%	0.8%	-0.3%	0.8%	0.8%	-0.7%	**2.9%**	1.0%
Jun	-0.4%	-0.3%	0.2%	-1.7%	0.8%	0.0%	-0.7%	0.7%	0.3%	**-1.1%**	1.0%

Vista Multiestratégia FIC FIM

Year	Onshore			Offshore				Cash	Fees	Return	CDI
	Fixed Income	Equities	Currencies	Fixed Income	Equities	Currencies	*Commodities*				
2015	-0.8%	6.7%	16.4%	0.0%	1.5%	2.9%	0.3%	16.8%	-8.1%	**35.7%**	12.2%
2016	4.0%	27.8%	-3.0%	1.9%	1.5%	4.0%	0.3%	14.1%	-9.4%	**41.3%**	14.0%
2017	2.6%	-1.9%	-3.7%	1.4%	6.9%	-1.8%	0.0%	5.2%	-3.1%	**5.6%**	10.0%
2018	1.3%	37.0%	2.8%	0.3%	4.8%	-2.4%	0.3%	4.3%	-10.0%	**38.4%**	6.4%
2019	-0.5%	25.9%	0.7%	-2.0%	-6.6%	-3.8%	2.5%	2.4%	-5.7%	**12.8%**	6.0%
2020	3.3%	9.1%	7.9%	-3.0%	14.2%	2.9%	5.3%	0.9%	-10.4%	**30.2%**	2.8%
2021	-0.1%	1.7%	-5.1%	2.7%	5.7%	-4.4%	32.7%	2.0%	-7.9%	**27.2%**	4.4%
2022	-0.1%	2.6%	4.0%	-4.8%	10.6%	1.3%	35.2%	1.3%	-11.1%	**39.1%**	5.4%
Jan	-0.9%	3.1%	1.1%	-0.4%	2.5%	-0.5%	4.5%	0.3%	-2.2%	**7.4%**	0.7%
Feb	-0.5%	-0.4%	0.0%	-0.1%	-0.8%	-0.3%	8.6%	0.3%	-1.5%	**5.2%**	0.7%
Mar	2.3%	1.3%	1.5%	0.9%	-1.8%	0.0%	12.3%	0.1%	-3.5%	**13.1%**	0.9%
Apr	0.6%	-2.3%	0.3%	0.0%	2.8%	2.7%	5.3%	0.1%	-1.8%	**7.7%**	0.8%
May	-0.1%	2.3%	0.1%	2.1%	2.6%	-1.0%	2.4%	0.1%	-1.7%	**6.7%**	1.0%
Jun	-1.2%	-1.1%	0.5%	-5.5%	2.5%	0.0%	-1.7%	0.2%	1.0%	**-5.2%**	1.0%