Vista Multiestrategia Fund and Vista Hedge Fund registered returns of -10.49% and -3.10% respectively in November and 17.30% and 13.54% respectively in 2022.

The losses of the funds were mainly explained by the long position in commodities and the relative position of domestic stocks against the Ibovespa index.

As discussed in this forum, investing with long horizons, our main goal, has always required a special dedication to hedges that would allow us to navigate short-term fluctuations. Like the main long-term positions, hedges are fundamental parts of our management model and, as such, objects of intense and continuous scrutiny.

In 2022, abrupt reversals and breaks in historical correlations in the most diverse asset classes increased the complexity of global markets and generated additional difficulties in the most diverse management models – ours included.

In the following sections, we will comment on the main exposures of the funds, which remain duly reduced due to the restrictions imposed by our risk management policy.

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On the oil supply side, several potentially bullish price developments corroborated our expectations throughout the year: *(i)* US and OPEC oil production levels were a negative surprise; *(ii)* US and Iran could not reach an agreement; and *(iii)* Russia, the world's third largest producer, spent much of the year at war; and *(iv)* global oil inventories fell 115 million barrels, approximately 4.5% of the total.[1]

Despite this, the price of an oil barrel has been practically stable since the beginning of the year, which we estimate is partly the result of the release of strategic reserves from the SPR, the persistence of the zero-Covid policy in China, and the difficulties associated with refining, which caused the price increase to have focused on diesel and not on oil.

In the last letter, we commented that November should be an important month, marked by the reduction in sales of the American strategic reserve (SPR) and the cut in OPEC production, potentially upward vectors for the price. The approximately 20% drop in the price of the commodity in the month was an undeniable surprise.

The reasons for such a weakness in the physical market are unclear. The worsening of mobility in China, still a reflection of the zero-Covid policy, certainly explains part of it. Beyond this factor, the accumulation of floating supplies and the increase of the freight cost indicate that the participants may

[1] *Considering only global commercial inventories, ex-strategic reserves.*

have anticipated the purchases ahead of the expectation around the sanctions that later would be imposed to Russia. The increase in freight also raises the discussion about the participation of Venezuelan and Iranian oil, which are stored in ships, in this reallocation of such product. Information on this market share, especially involving sanctioned countries, is obviously scarce.

Where the information is clearer, as in the inventories released by the EIA, the proximity of the end of the sale of US strategic inventory shows the result we expected. In the third week of November, for example, crude oil inventory fell by 12 million barrels, the third largest reduction in the historical series in a week. By way of comparison, the fall of 35.7 million barrels in US inventory in November represents 4.2% of total US reserves, and almost 10% of the rest of strategic reserves.

Looking ahead, the floating inventory seems to have been largely consumed, leaving only the vagueness about the circulation of Russian oil.

In China, after almost three years of mobility restriction policies that have significantly impacted economic activity, the signs of an end to the zero-Covid policy are unequivocal. Doubts lie in the hospital capacity and power of the virus versus vaccines. Whether fast or slow, as in the Western world, we expect a strong reopening of productive activities in 2023, with a direct impact on the consumption of petroleum products.

In turn, US strategic reserves returned to levels reached in the mid-1980s – about half the year-end level from 2021 to 2022 – and the drilled but not completed wells of the shale industry appear to have been depleted. That is, both in production and in direct inventories, much of the American oil supply capacity was burned in 2022.

The year leaves us frustrated with the result of the main position, especially if we consider the course of events in line with our expectations. For 2023, we remain confident that global oil demand will surpass supply. The subterfuges used to avoid the price increase are running out in sequence and possibly become positive vectors with the repurchase of US reserves vented by the Biden government.

Our focus of concern is concentrated on the possible fall in demand from the Western world, which would probably be, *ex-post*, explained by a policy mistake.

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As well as the yield of the position bought in oil, the yield of the position of domestic stocks against the Ibovespa brings certain frustration, when we consider that our expectation on the economic activity really happened.

The realization of a stronger than expected economy did not prevent a significant de-rating of the trading multiples of the companies in our “domestic” equity portfolio. Even so, hedges and the absence of net exposure to Brazil during most of the year proved to be fundamental for a positive result in Brazilian equities in 2022.

In the long position, we keep a high bar for the selection of our companies, concentrating on those capable of navigating scenarios of less economic and political stability.

In our view, the political environment points to a path of heterodoxies, but the potential effects of the new economic policy arrangement on state-owned companies, commodity companies and banks do not seem as priced as they are in our domestic stock portfolio.

In our perception, companies with low leverage, price transfer capacity, exposed to the agricultural cycle, which are partly oligopolies or natural monopolies, will be winners in the new scenario. Some of them will also benefit from the difficulties imposed on their competitors, which will deal with higher capital costs and uncertainties about the activity, eventually opening doors for market share gains and increased margins of market leaders, as observed in some cases during the Dilma government.

From a macroeconomic point of view, we have a more benign view than the consensus for 2023. GDP growth of 2022, around 3%, hardly will be repeated next year: the process of reopening the economy is virtually complete, the fiscal impulse is not as relevant and there are more consistent signs of worsening in the credit market, as evidenced by the increase of almost 2 percentage points in the default of individuals in October compared to the same month of the previous year. However, we do not endorse concerns with a recessive scenario and believe that cycle forces will continue to prove resilient.

We continue to see a long period of high commodity prices – especially oil and agriculture, whose effects are decisive for the Brazilian economy. We also believe in the lagged effect of the various recent reforms and the concession boom.

In a world concerned with energy resources and food security, the Brazilian crop of grains, cereals, and legumes is expected to total 288.1 million tons in 2023, according to the prognosis of the Systematic Survey of Agricultural Production (LSPA) of IBGE. This production represents a new historical record and an increase of almost 10% compared to the 2022 estimates, which will also contribute to a more benign picture of food inflation.

In addition to productive capacity, the Brazilian differentiation regarding delivery security is remarkable, a topic that has become relevant with the recent political and military conflicts involving important producers.

On the energy front, renewable and reliable production, at a cost substantially lower than that incurred by other countries, generates effects on inflation and competitiveness.

In addition to a more benign framework for food inflation, the accumulation of global disinflationary forces, symbolized by the normalization of production chains and the global glut of goods, can also contribute to a significant improvement in our inflationary framework in 2023. In any case, we understand that the direction of public policies over the next four years points to the risk of an excessive acceleration of stimuli on several fronts. After all, it is difficult to disagree with the diagnosis that we are entering into a regime of greater spending and greater State intervention in public companies and in the allocation of credit.

The possibility of an attack on the autonomy of the Central Bank, including in a constitutional manner, is also a relevant risk to the scenario and seems underestimated in the format of the Brazilian interest curve.

Despite the positive expectation with the macroeconomic scenario of 2023, the troubled political environment requires caution and the relative position in Brazilian equities continues to occupy secondary and reduced space in the funds.

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	-0,2%	1,1%	0,7%	-3,7%	2,9%	1,1%	6,7%	9,0%	-4,0%	**13,5%**	11,1%
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%
Jul	0,3%	0,8%	0,0%	1,7%	0,3%	1,0%	0,3%	0,6%	-0,8%	**4,1%**	1,0%
Aug	-0,1%	0,1%	0,1%	-1,2%	0,2%	0,5%	-0,4%	0,9%	-0,1%	**-0,1%**	1,2%
Sep	-0,4%	-0,1%	-0,3%	-1,9%	0,1%	0,5%	-3,1%	0,7%	0,8%	**-3,8%**	1,1%
Oct	0,0%	0,8%	0,4%	-0,6%	-0,4%	-0,8%	1,0%	0,8%	-0,3%	**0,8%**	1,0%
Nov	0,0%	-1,6%	-0,5%	-0,1%	-0,2%	-0,6%	-1,5%	0,8%	0,7%	**-3,1%**	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	-1,3%	2,1%	2,6%	-15,4%	10,5%	4,5%	18,7%	2,5%	-6,9%	**17,3%**	11,1%
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%
Jul	1,1%	2,2%	0,1%	5,0%	0,9%	3,0%	0,7%	0,1%	-2,4%	**10,6%**	1,0%
Aug	-0,4%	0,3%	0,2%	-3,6%	0,6%	1,2%	-1,1%	0,1%	0,3%	**-2,3%**	1,2%
Sep	-1,5%	-0,5%	-0,9%	-6,0%	0,3%	1,4%	-9,3%	0,1%	3,3%	**-13,1%**	1,1%
Oct	-0,1%	2,1%	1,1%	-1,8%	-1,5%	-2,0%	2,8%	0,3%	-0,6%	**0,3%**	1,0%
Nov	0,1%	-4,7%	-1,5%	-0,4%	-0,6%	-1,8%	-4,1%	0,2%	2,2%	**-10,5%**	1,0%