Vista Multiestratégia Fund and Vista Hedge Fund registered returns of -1.16% and 0.05% respectively in April and -12.13% and -1.79% respectively in 2023.

Reiterating our last letter, the funds have closed the oil position and continue to operate with below-average risk and within the limits imposed by our risk control policy.

We would like to present in this letter three themes that have been of interest to us and guide the present positions in the funds. In the following sections we will present still preliminary views on these matters, and we are available to discuss new angles and consequences unexplored by us surrounding these themes.

*   *   *

U.S. Banking Crisis

Even though concerns about systemic risk remain low, the current crisis involving U.S. regional banks is likely to cause non-negligible impacts on the economic activity, since they account for a significant portion of credit granting.[1]

On the positive side, the timely action by the authorities has reduced the risk of a serial collapse of medium and small size banks, which is already evident in the reduction of widespread deposit outflows and the reduced use of the Fed's emergency lines.

However, the current higher interest rate environment is still the background for the essential problem that exists in hundreds of U.S. banks. On the one hand, higher interest rates theoretically favor banks because the NIM (net interest margin) rises as the interests they receive on their assets exceed their funding costs. In other words, the evolution of deposit rates is much slower than the increase in market rates of floating rate assets. As Larry Summers has reminded us, as per a quote from our last letter, the core problem with the American model is to assume that a good number of households will resign themselves to earning almost zero on their deposits (or something much lower than the current 5% of the rates obtained in the money markets).

In recent monetary tightening cycles, there has also been a significant and persistent mismatch between deposit rates and federal funds rates, with this phenomenon being likely to happen again. However, unlike other times in history, technology and a greater dissemination of information in the present times may potentiate a movement towards higher deposit rates. The speed with which bank runs can happen in the digital world, as per recent examples in the U.S., is also a major point of attention and were

[1] *According to Fed data, banks with less than US$ 10 billion in assets held about 20 percent of U.S. banking assets, in 2020, and granted about 45 percent of commercial and industrial loans.*

highlighted in the Fed's latest quarterly financial stability report.

> *"The unprecedented speed of the run on SVB was likely facilitated by widespread adoption among SVB's tightly networked depositor base of technologies enabling depositors to submit withdrawal requests electronically and to share messages about the bank's perceived problems via messaging apps and on social media."*

In any case, even if banks are not going to suffer abrupt losses in deposits – such that they are forced to deal with the duration mismatch in assets and liabilities by means of asset sales which, after mark-to-market, would lead to significant capital losses and potential liquidation – the direction seems to be towards lower return. As deposit rates go up and deposit stock goes down, while depositors continue to seek more expressive returns in the money market, this trend of lower bank returns should consolidate and, with this, stress the environment that is already of much tighter credit criteria.

When we add the lagged effects of monetary tightening, the scenario of scarcer and more expensive credit, the worsening of the manufacturing cycle, and the risks associated with the debt ceiling, the objective conditions seem to be set for an additional deceleration of U.S. economic activity, despite the resilience thus far concerning the labor market and the healthy balance of U.S. households.

Geopolitical Risk

As if the complexity of the potential economic scenarios of the post-pandemic world were not enough, it is undeniable that current times witness a geopolitical effervescence with few parallels in the post-Cold War world.

In the 1990s and early this century, the global dominance of the United States was unquestionable, as was the extent of their military, technological, and economic leadership. The U.S. had unwavering allies, including almost all of the world's wealthiest countries, and the institutional framework that united them, primarily established in the post-war era, was under the fundamental leadership of Washington. It was also the stage for formulating consensus on economic policies that guided a significant portion of reform agendas worldwide.

However, in the last two decades the United States has experienced two failed military interventions, in Afghanistan and Iraq, a severe financial crisis and an increasing domestic political polarization. Moreover, presidents like Obama and Trump have openly or covertly advocated a more isolationist attitude, giving up to some extent the role of world sheriff. It is also worth pointing out that this less interventionist attitude of the United States, especially in Middle East issues, coincides with the amazing growth of the shale industry and the end of the country's energy dependence.

Simultaneously with the perceived decline in the absolute hegemony of the United States, China consolidated itself as the second largest economy in the world and oriented its ambitious geopolitical strategy to expand its global influence, modernize its armed forces and increase its technological power. The "One Belt, One Road" program, for example, consists of financing investment in infrastructure projects in several countries, aiming to connect China with Europe, Africa, and Asia through a network of transportation and trade routes. Despite the high financial cost of some projects, often accentuating debt problems of poorer countries, it is undeniable that China has expanded its political and economic influence.

It is also noteworthy that China has for years been strengthening its bilateral relations with countries like Russia, Iran, and Venezuela, in what appears to be a combination of economic, political, and strategic interests. With the prolonged Ukraine War, China has chosen the path of strategic ambiguity as they advocate the path of diplomatic negotiations while making important nods to Russia. Even though there is no formal strategic alliance between China and these countries, there seems to be a long road to the formation of an economic and military pole that antagonizes the bloc led by the United States.

More recently, the peace agreement between the Sunnis in Saudi Arabia and the Shiites in Iran, brokered by Xi Jinping in the very week that the Chinese leader won his third term in office, has caught our attention. What other countries in the emerging world might be susceptible to deeper alliances with China, especially in the BRICS universe? The recent accusation by the U.S. that South Africa had supplied arms to Russia, for example, may have important ramifications and open another chapter in the universe of sanctions.

Our evaluation is that we will have a long bull market in geopolitical issues, that is, we do not have a momentary effervescence but a long path of conflicts and tensions that will mark a generation. On the American side, the attempt to restrict Chinese access to technology, using national security arguments as justification, seems to be the only consensus between the two parties. The economic interests of large American companies in China will certainly serve as a counterweight to the anti-China political consensus. On the China side, with the weight of 5,000 years of history and the conveniences of an autocratic regime, aiming for the long term is easier than in the West. The stitching together of new alliances, the emphasis on advancing technology warfare against the United States, hostility against Taiwan, and stimulation of the debate on "de-dollarization" will be issues of increasing importance to China in the coming years.

Despite the emphasis on long-term themes, we believe that the Turkish election later in May, a possible escalation of the war in Ukraine, and the proximity of the U.S. presidential election should significantly increase the temperature of the geopolitical world in the coming quarters.

We will keep following closely the geopolitical risk theme and will discuss it in our next communications.

Brazil

> *"However, despite the uncertainties caused by the new government, particularly with regard to the microeconomic agenda, we wonder whether the expectations of the agents are not excessively negative. After all, the implementation of the new fiscal framework, the improvement in the inflationary picture, and the excellent performance of our external accounts, reflecting the "Brazil commodities" boom, may be important points sustaining a less adverse scenario than anticipated by the market consensus."*

The excerpt above from our last letter continues to reflect our perception. Moreover, despite the noises coming from the government on several fronts, it has become clear that Congress has been playing its role demonstrating its right-leaning stance on important issues such as the Sanitation Framework. Taking into account the apparent limitation in the government's capacity for political articulation and using recent history as a reference, where the Executive generally ends up giving into the Legislative, we believe that such divergences tend to intensify.

Commodities, whose role in the positive surprises in tax collection and in the persistence of a positive picture for national income has been consistently underestimated, can also play an important role in the disinflation that we anticipate in the coming months.

In other words, we may be entering an environment where commodities do not fall enough to materially affect the fiscal picture, but cause potentially important effects on inflation, even more so in an environment where global production bottlenecks have been addressed and there are still lagged effects from the upcoming monetary tightening cycle. Therefore, we are facing a scenario that contrasts with that experienced in 2021 and most of 2022. During this period, real domestic interest rates were negative, preventing the transfer of the increased commodity prices to the exchange rate, which increased the inflationary pressure. Today, with extremely high real interest rates, it is possible to maintain a more appreciated exchange rate, even with the fall in commodity prices.

Furthermore, we will have the bumper grain harvest of 2023, which may reach an inter-annual growth higher than 15%, according to CONAB. In addition to the effects already evident on the recent positive revisions in GDP growth, the harvest can generate an important decoupling in the prices of some food items in relation to international prices and accentuate a scenario of disinflation.

That is, despite the noises from Brasilia and the relevant uncertainties that still exist about the long-term fiscal picture, we believe that Brazil's macroeconomic environment looks more benign than reflected in asset prices.

* * *

Given the discussions here and the current limits set by our risk policy, the funds have small positions in gold, which tends to compose well the portfolio both in scenarios of weaker US activity and heightened geopolitical tensions. We have also held a position receiving rates in Brazil, consistent with a more disinflationary global and domestic environment. Positions receiving global rates, long in U.S. and Brazilian equities, can also tactically be part of the portfolio.

We remain at your disposal.

Vista Capital

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	-0,4%	0,4%	2,5%	-16,1%	8,9%	4,6%	18,6%	3,1%	-6,2%	**15,3%**	12,4%
2023	1,3%	-3,3%	-0,8%	-0,9%	-0,2%	-0,2%	-10,2%	3,0%	-0,7%	**-12,1%**	4,2%
Jan	0,4%	1,2%	-0,4%	-0,1%	2,8%	0,3%	-2,0%	0,8%	-0,6%	**2,5%**	1,1%
Feb	1,1%	-1,4%	-0,2%	-1,3%	-1,7%	-0,5%	-4,3%	0,7%	0,2%	**-7,4%**	0,9%
Mar	0,0%	-3,4%	-0,1%	0,4%	-0,7%	0,1%	-3,4%	0,8%	-0,2%	**-6,4%**	1,2%
Apr	-0,2%	0,2%	-0,1%	0,0%	-0,7%	-0,2%	-0,7%	0,7%	-0,2%	**-1,2%**	0,9%

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	0,1%	0,6%	0,7%	-3,9%	2,4%	1,1%	6,7%	10,0%	-4,0%	**13,6%**	12,4%
2023	0,5%	-1,1%	-0,3%	-0,3%	-0,1%	-0,1%	-3,4%	3,8%	-0,8%	**-1,8%**	4,2%
Jan	0,1%	0,4%	-0,1%	0,0%	0,9%	0,1%	-0,6%	1,0%	-0,3%	**1,6%**	1,1%
Feb	0,4%	-0,5%	-0,1%	-0,4%	-0,6%	-0,2%	-1,4%	0,9%	-0,1%	**-1,9%**	0,9%
Mar	0,0%	-1,1%	0,0%	0,1%	-0,2%	0,0%	-1,1%	1,1%	-0,2%	**-1,5%**	1,2%
Apr	-0,1%	0,1%	0,0%	0,0%	-0,2%	-0,1%	-0,2%	0,8%	-0,2%	**0,0%**	0,9%