Vista Multiestratégia Fund and Vista Hedge Fund registered returns of 1.55% and 1.29% in May and -10.76% and -0.53% in the 2023, respectively.

In May, the fund's gains were mainly driven by the receiving rates position in Brazil and long position in Brazilian equities, with losses in the international market, particularly in gold.

In this letter, we will once again address topics that are part of our internal discussions. Although they are not strong enough to be reflected in structural investment theses, they are important themes that guide the funds' positions. These include the persistent escalation of geopolitical tensions, including our view that the war in Ukraine may see more tense chapters in the coming months; the relative political stability of Brazil, in addition to the evident improvement in the economic scenario; and the weakening of the Eurozone economy, especially Germany.

Geopolitical risk

> *"No plan of operations extends with certainty beyond the first encounter with the enemy's main strength." Often quoted as: "No plan survives contact with the enemy."*
>
> - Helmuth von Moltke, Prussian Marshal

Fifteen months after crossing the Ukrainian borders in hopes of a victory within 72 hours, the Russians find themselves trapped in both a potential military failure and a geopolitical trap.

In the current scenario, the Kremlin finds itself in quantitative and qualitative decline in the face of a Ukraine sustained by high domestic morale and extensive support from the West, which has found an opportunity to undermine the military apparatus and rival geopolitical influence at a relatively limited cost[1].

Russia's military fragility was evident in the failed winter offensive that, after April, gave way to weeks of little military action. In contrast, Zelensky maintained an intense geopolitical agenda and succeeded in continuous Western military aid with equipment that added qualitative value, such as the Leopards I and IIs tanks and the Storm Shadow/Scalp EG missiles.

Reinforced by NATO, the Ukrainians positioned themselves for a summer counteroffensive, aiming to break the land bridge between Rostov and Crimea, defended by numerous Russian fortifications. A possible success of Ukraine would lead to threats to Crimea, which, in contrast to the post-invasion occupied provinces, is a key territory for the Kremlin[2].

Having lost its best men and equipment, Russia is cornered against a rival that will continue to receive

[1] *U.S. aid to Ukraine is 77 billion dollars, according to data from late February.*

[2] *Both the ethnic Russian majority and its geographical location allows greater influence over the Black Sea.*

Western support until at least 2024, and therefore may be willing to resort to more extreme measures to protect the peninsula.

In the materialization of possible new Ukrainian advances, we see two relevant risks: the increase in domestic political tensions of a nuclear power and more aggressive responses from the Kremlin, exemplified by the recent destruction of the New Kakhovka dam.

In the coming months, therefore, it is likely the war will move towards a period of escalation and fatter distribution tails, especially if we take into account that both sides cannot accept defeat. Putin, in turn, knows that few dictators survive a military defeat. On the other hand, considering that the Biden government seems increasingly committed to financial and military support for Ukraine, it is worth remembering the American history has few losers on the battlefield with political success, especially in an election year.

Europe

In the Eurozone, although economic activity has shown surprising resilience over the past few quarters, signs of a cooling economy are increasingly evident.

The main contribution to this slowdown stems predominantly from the weakness of the German economy. After two consecutive quarters of significant declines in Germany's quarterly GDP, the current scenario inspires questions about the sustainability of its growth model, largely anchored in the manufacturing industry[3].

It is noteworthy the German economy has benefited from the globalization *boom* since the 90s, evident in the brutal increase in all trade opening metrics – exports and imports of goods and services, for example, have gone from less than 50% of GDP to more than 90% of GDP in the last three decades. Therefore, the partial reversal of globalization trends, in particular the restructuring of *supply chains* and the associated movements of nearshoring or friendshoring, tend to be detrimental to German industry.

From a cyclical point of view, we also believe that some sustaining vectors of Eurozone activity as a whole will dissipate. In particular, we will no longer have the economic impulses associated with reopening, fiscal policy will cease to be expansionary, the backlog of industry orders will be taken into consideration, and household excess savings will be significantly lower. All of this is expected to coincide with the lagged effects of tighter financial conditions,

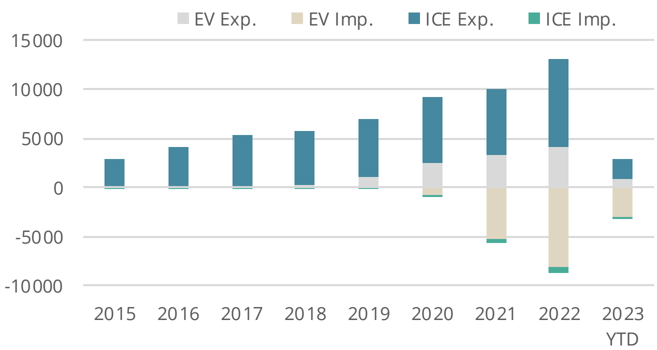
[3] *Manufacturing accounts for almost 20% of the German economy's GDP, significantly more than other developed economies, with the exception of Japan.*

already evident in the credit *surveys* organized by the ECB.

From a more structural perspective, economies like Germany will face enormous challenges with a very adverse demographic picture (temporarily mitigated by Ukrainian immigration) and with difficulties in competitiveness in traditional industries that have been marked by innovation *booms*, such as the automobile industry.

The chart below shows this phenomenon. Europe has traditionally achieved relevant trade surpluses in the automotive industry against China throughout its history. In 2023, however, this relationship – with data up to the first quarter – reversed. The continent, the birthplace of traditional automobile companies, has become a net importer of Chinese automobiles, with an emphasis on electric vehicles. This process, a direct result of the Chinese escalation in the value-added chain, shows no signs of cooling down or of being restricted to just this segment.

Europe vs China - Car trade balance (<10 passengers)
Euro, Millions



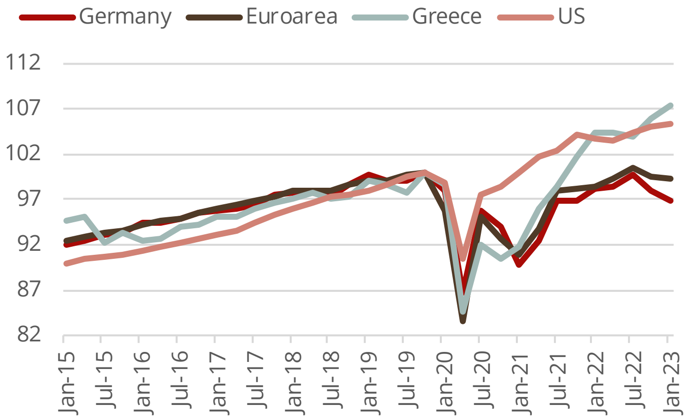
"In the first quarter of this year, no one noticed, but we noticed that something monumental happened in our industry where China became the number one exporter of vehicles globally. It had always been the Germans and the Japanese. They exported more than a million units away from China, increasingly to China. 50%,60% of the Chinese markets going to be EV digital products."

\- *James* Farley, CEO of FORD

Paradoxically, some of the peripheral countries that went through acute financial crises and painful economic adjustment processes in the previous decade are the *bright spot* of the Eurozone, consolidating a robust recovery after the pandemic. Greece, driven by the tourism, is an example. The country maintains a stable political landscape, with the ongoing reelection of the current Prime Minister Kyriákos Mitsotákis, a restructured fiscal situation, and the availability of funds from the NGEU program.

In any case, we understand today that Europe has important cyclical and structural weaknesses and they can be accentuated by an economic slowdown in both China and the United States. Therefore, our bias in portfolio construction is to use assets from Europe, such as currency and exchanges, as *funding* in our relative value operations.

European GDP Growth Across Selected Countries vs US
Index, Q4 2019 = 100, SA



Brazil

"In relation to the recent political developments in Brazil, the tight outcome of the presidential elections, the strengthening of the center-right political forces, and the recent protests suggest a vigilant society against the return of economic policies that have thrown the country into a long economic stagnation.

On the positive side, it is worth remembering that Brazil has one of the cheapest and cleanest energies on the planet. Commodities production is robust, reliable and growing, in a world where themes such as energy scarcity and food security are increasingly strong. The capital market has been thriving since the beginning of the deleveraging of BNDES, the approval of the TLP (long-term rates), and the evolution of fintechs."

"Moreover, we do not underestimate the lagged effect of several recent reforms and the concessions boom, which work towards increasing potential growth. The tax reform, thoroughly discussed over the past few years, would be a potentially relevant step towards increasing our productivity."

The excerpts above from our October 2022 letter converge, to some extent, with the scenario that we believe is prevailing in 2023. That is, a center-left government is being constrained by the center-right establishment, and the Brazilian economy is riding the favorable winds of the agribusiness boom and likely the lagged effects of post-2016 reforms.

In spite of the noise generated mainly in the period immediately following the 2022 elections, we believe the current government has generated less volatility for the markets than its ideological varnish could suggest. The restrictions imposed by the Brazilian Congress, an increasingly important part of our *de facto* semi-presidentialism system, certainly play an important role in this assessment. The conciliatory profile of the Minister of Finance goes in the same direction.

Furthermore, the previous government had the characteristic in its political strategy of engaging in confrontations on social media and continuously creating controversies, in other words, it was a “volatility buyer.” The economic team itself frequently resorted to 'meteorites' in the market to successfully exert pressure on lawmakers and jurists when facing an adverse scenario in the National Congress. The current government appears to be more inclined towards traditional politics, where debates predominantly unfold behind closed doors and are resolved through appointments and funding.

Last but not least, the consolidation of a more benign inflationary framework, a theme that we discussed in previous letters, significantly increases the degrees of freedom in which the new government and the Central Bank will operate.

* * *

Due to our risk limits, fund positions remain reduced relative to the average risk utilization of recent years. In short, we have had a constructive vision for Brazilian assets and have implemented relative value positions in the international market, using the purchase of the dollar against some currencies as a hedge.

In the specific case of Brazilian assets, we significantly reduced the allocation of risk in nominal interest rates in favor of real interest rates and stocks.

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	1.8%	-2.4%	-0.9%	-1.1%	-0.1%	-0.2%	-11.0%	4.0%	-0.9%	**-10.8%**	5.4%
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%
May	0.7%	0.9%	-0.1%	-0.2%	0.2%	0.0%	-0.8%	1.1%	-0.2%	**1.5%**	1.1%

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	0.9%	-0.8%	-0.3%	-0.4%	0.2%	0.0%	-3.6%	4.2%	-0.8%	**-0.5%**	5.4%
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%
May	0.4%	0.4%	-0.1%	-0.1%	0.1%	0.0%	-0.4%	1.2%	-0.2%	**1.3%**	1.1%