Vista Multiestratégia Fund and Vista Hedge Fund registered returns of 2.13% and 1.52% respectively in July and -4.32% and 4.04% respectively in 2023.

In July, the gains of the funds were mainly explained by the long position in Brazilian equities. We also had a positive result in commodities, particularly in the uranium position.

The global macroeconomic environment continued to bear significant uncertainties, involving both positive and negative recent developments. In the case of the US economy, on the one hand, we have confirmation of a more benign inflationary dynamic. On the other hand, the fiscal situation has raised concerns and contributed to upward pressure on the longer end of the yield curve, as it is unusual for the US to have a fiscal deficit between 6% and 7% of GDP at such a favorable moment in the economic cycle.

In China, the real estate market continues to show no signs of stabilization and some of the main developers in the country are virtually bankrupt. Meanwhile, Chinese economic policymakers navigate the fine line between trying to boost private sector confidence and low ability to deliver traditional stimulus typically associated with investment in infrastructure and real estate. After all, the Chinese economy already has a very high capital stock for its stage of development and there are several pockets of excessive indebtedness, both in the private and public sectors, especially in local governments. The likely end of the regulatory frenzy of recent years against the technology sector, in turn, appears to be a low hanging fruit measure that aligns with the recent official goal of stimulating the capital market and using it as a lever for economic growth.

In Europe, Germany's recent manufacturing PMI below 40, a level reached only in the 2008 financial crisis and at the height of the pandemic in 2020, is symbolic of the enormous cyclical and structural challenges of the European economy, as we discussed earlier.

The war in Ukraine, although on the back burner for the markets, seems to be entering a funnel of possible solutions. The increase in armament on both sides, the approach of winter, and the presidential elections in the United States in 2024 may lead to a search for faster outcomes, increasing the risk of tail events for the markets.

Largely due to the points above, our international *portfolio* has prioritized relative value operations. In any case, these are extremely important variables involving the main global economic forces, with some possibly more perennial factors that deserve our close monitoring.

In the next sections, we will briefly present the update of our outlook on Brazil and we will discuss in more detail our thesis of investments in uranium, a position that we have held since 2020 and that has been gradually increased over the last few years, as we deepen analytical investigation and gain the necessary confidence around the investment case.

Brazil

The excerpts below from our last letter from March are consistent with the benign macroeconomic outlook that has unfolded – lower inflation, lower interest rates, a favorable outlook for external accounts, and still resilient activity.

> *"However, despite the uncertainties caused by the new government, especially with regard to the microeconomic agenda, we wonder if 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, a reflection of the "Brazil commodities" boom, may be important points in sustaining a scenario that is less adverse than anticipated by the market consensus."*

However, the persistent disruptions in the government's microeconomic agenda, especially the more explicit intervention in Petrobras' pricing policy and the discussion around the new PAC (Growth Acceleration Program), bother us to some extent. Even though the most likely scenario is the persistent middle ground, the positioning and risk premiums in the different markets are very different compared to the beginning of the year.

In this way, the funds significantly reduced their directional exposure in rates and equities, so that now we have a receiving real rates position with a hedge on the short end of the nominal yield curve, and a long-short portfolio in equities, with a slightly long bias.

Uranium

In the pivotal month of March 2020, it caught our attention that the uranium spot price rose by approximately 9%, followed by another 19% rise in April, from $24.80/lb to $32.50/lb. Such a sudden movement, contrary to market trends, was more than enough to pique our curiosity. Upon initial investigation, we understood that due to the restrictions imposed by COVID-19 in several countries, around 30% of global uranium production had been interrupted indefinitely.

As we continued our studies, we concluded that there was much more to it than a simple temporary supply disruption. In fact, we were facing an imbalance between supply and demand of a much more perennial and acute nature that intensified year after year, the result of a bear market that had begun almost ten years earlier.

Nuclear energy has always been relevant in electricity generation throughout this century, being around 10% of the global mix and reaching up to 65% in a developed country like France. Its main characteristics of non-intermittency and very high energy density completely differentiate it from other renewable sources in the carbon-zero spectrum, resulting in much more efficient generation, as evidenced by its *EROEI (Energy Return on Energy Invested)* much higher than the others.[1]

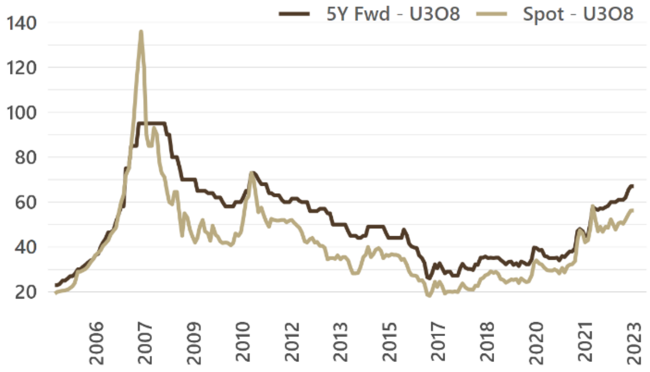
In our assessment, a carbon-zero world by 2050, as set out at COP27 by many countries, necessarily involves a more pro-nuclear world, a trend that has intensified over the last few years, both on the part of governments and for greater society endorsement. Even in Japan, popular acceptance went from 30% in 2020 to 51% in 2023. Before that, the industry underwent extremely hard years since the nuclear accident at the Japanese Fukushima Daiichi plant in 2011, which ended up having a brutal impact on the entire chain linked to nuclear generation around the world, especially in uranium.

Japan had almost 30% of its electrical generation coming from its 50 nuclear reactors in operation. In the 12 months after the accident, that number reached zero, impacting around 10% of the global generation. Spot uranium, whose price traded around \$143/lb in 2007 and close to \$75/lb pre-Fukushima, experienced the lows of \$19/lb in 2016, as a result of the gigantic oversupply in the market. After all, with this brutal shock on the demand side, Japanese utility companies flooded the spot market with their inventories.

At that moment, the scenario could not be worse for mining companies, so that several of them became economically unfeasible and ended up closing their operations. In 2017, the two main global producers (Kazatomprom from Kazakhstan and Canada's Cameco), which held 55% of the global supply, finally decided to reduce production and became net buyers of uranium in the spot market, with the aim of starting a painful and necessary adjustment process.

Before the Fukushima accident, there was a market for medium to long-term contracts between utility companies and miners, where miners were price makers. However, with material in abundance in a spot market that was previously almost non-existent, a huge price disparity between the spot and forward market emerged.

Uranium: Spot x LT Contract Prices
US$/lbs

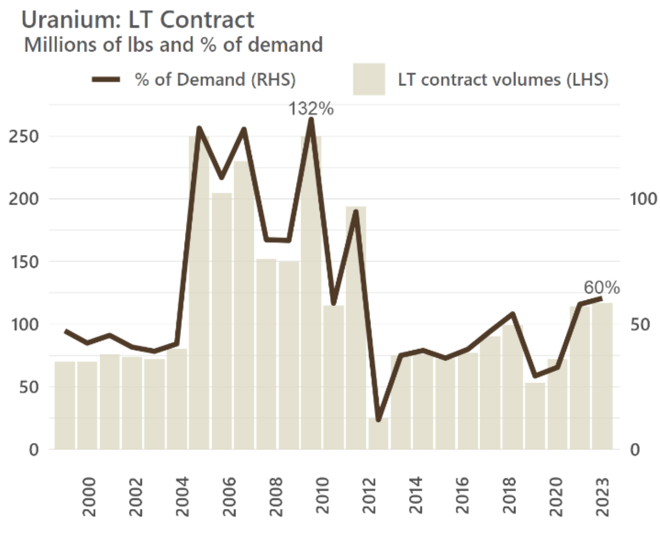


Source: UxC and Vista Capital

[1] *Nuclear: 75, Hydro: 49, Coal: 30, Natural Gas: 28, Solar: 19, Wind: 16*

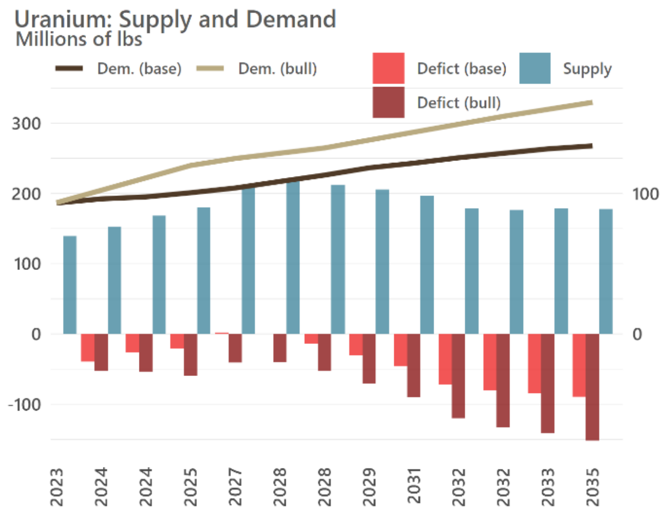
While this was the worst possible scenario for producers, it was smooth sailing for utility companies, as they wouldn't have to worry about securing the uranium supply, they would consume years down the line, as happened in the last bull cycle until 2011. Because uranium represents a small portion of their overall costs, utility companies have always prioritized a guaranteed uranium supply, since the costs incurred in a potential shutdown due to material shortage would be devastating to their operations.

At that moment of abundant supply in the spot market, however, this was clearly not a problem, and we then observed a sharp drop in contracting by utility companies over the years 2012 to 2021.



Source: UxC and Vista Capital

This scenario paved the way for massive underinvestment along the entire nuclear fuel production chain (mining, conversion, and enrichment) in the past decade, making the gradual destocking process become the hallmark of this market over the course of many years. Participants in this industry, therefore, had to remain patient and disciplined for the arduous adjustment process to take its course, which happened and was exponentialized in early 2020, with the impact of the pandemic on global supply.



Source: CG (Cannacord) and Vista Capital

As demonstrated by the global supply and demand chart above, this is a market that remains significantly imbalanced for the years ahead. Demand continues to grow, while the reputation of the nuclear industry has recovered in a world focused on the "zero-carbon" goal. Furthermore, the marginal supply needed to close this gap still seems far from materializing.

It is important to emphasize that uranium in its mineral form (U3O8) is abundant on earth. However, considering the very low investment made over the last decade, the lead time for greenfield projects of around 8 to 10 years and, mainly, a price level that does not encourage new production, we believe that the only remedy to contain such deficit exponential is a rapid price escalation. The price needed to balance this market in the long term is estimated to be approximately $75/lb, with some believing that as much as $90/lb is needed. Although these are only estimates, the reality is that with prices already above $50/lb for almost 12 consecutive months, there is no indication that this market is close to equilibrium.

Over our time invested, we were satisfied that the thesis has been unfolding the way we imagined. On the demand side, with each passing month we have seen new announcements from countries showing pro-nuclear energy: (i) Japan restarted reactors, bringing capacity to the highest levels in recent years; (ii) China came with a pipeline to build 150 new reactors in the coming decades (more than the current generation capacity of the rest of the world); and (iii) several western countries presented plans to build new reactors and/or extend the useful life of those that are already operating, with Germany being an exception to the rule.

Another central point of the thesis was that we would enter a new cycle of long-term contracting by utility companies, which has been happening and is in clear evolution over the last 12 months. In 2023 alone, we've already had £119m committed to new contracts, more than last year's total and more than double that of 2019. Finally, in line with our expectations, we had no news on the supply side during this time. Marginal production inputs were added to match the latent demand from utility companies, something natural with the acceleration of their contracting cycle. In other words, utility companies are no longer in charge of this market, but producers, a radical change from what was observed until recently.

This series of developments, in the context of a very tight market, creates sensitivity to marginal news on both demand and supply sides. Bearing this in mind, we continue to see a very interesting asymmetry for us to remain exposed to the theme. We express our thesis through long positions in the commodity itself and in the purchase of shares in Cameco, the largest producer in the West. In addition to the security's ample liquidity and an attractive valuation, the company is an industry leader, and we have high confidence in its ability to execute.

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	2.2%	0.6%	0.3%	-1.7%	1.2%	-0.9%	-10.4%	5.5%	-1.2%	**-4.3%**	7.6%
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%
Jun	0.8%	2.4%	1.1%	-0.9%	1.6%	-0.5%	-0.2%	0.9%	-0.1%	**5.0%**	1.1%
Jul	-0.4%	1.0%	0.3%	0.3%	-0.1%	-0.3%	0.8%	0.8%	-0.2%	**2.1%**	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	1.1%	0.9%	0.4%	-0.7%	0.9%	-0.4%	-3.3%	6.2%	-1.1%	**4.0%**	7.6%
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%
Jun	0.4%	1.2%	0.5%	-0.4%	0.8%	-0.2%	-0.1%	1.1%	-0.2%	**3.0%**	1.1%
Jul	-0.2%	0.5%	0.1%	0.1%	-0.1%	-0.1%	0.4%	0.9%	-0.2%	**1.5%**	1.1%

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