Vista Multiestrategia Fund and Vista Hedge Fund registered returns of 2.00% and 1.47% respectively in November and 2.40% and 9.56% respectively in 2023.

In November, the gains of the funds were primarily explained by the long position in equities in Brazil and Argentina, as well as the position in domestic nominal interest rates. We also experienced positive results from positions in developed countries and the long position in uranium. Losses were concentrated mainly in hedges and relative value operations, both in international equities and currencies.

Throughout the month, more benign inflation indicators in the developed world increased market confidence in the soft landing of the global economy, leading to a significant improvement in financial conditions. Despite the relevance of this theme, in the following sections, we choose to elaborate on less-discussed developments that are also relevant, particularly for the construction of our portfolio.

* * *

Europe

As addressed in previous letters, we believe that the Eurozone is undergoing a stagnation process resulting not only from cyclical factors but also from structural elements. A significant portion of this slowdown in activity is attributed to an endogenous component related to contractionary monetary policy. However, some recent events with implications for both the short and medium term have reinforced our pessimistic view, outlining an even more complex and challenging scenario for the region.

First, the speed at which the trade balance in automobiles[1] between Europe and China is deteriorating, primarily driven by the electric car sector, continues to surprise us. In the cumulative data until September of this year, Eurozone imports of vehicles of Chinese origin reached 8.4 billion euros, resulting, for now, in an unprecedented trade deficit in this category. In comparison, in the full year of 2019, these imports recorded the negligible value of 200 million euros.

As highlighted in previous letters, this dynamic reinforces our thesis of China's ascent in the global value manufacturing chain. Meanwhile, the Eurozone appears to be falling behind in certain sectors, remaining tied to its traditional industries that are gradually losing their comparative advantages relative to the rest of the world.

Another noteworthy event was the decision of the German Federal Constitutional Court in response to the action filed by the CDU. The court ruled that certain off-budget borrowings would be subject to the debt brake mechanism, a fiscal rule that sets a limit of 0.35% of GDP for the annual cyclically

[1] *Automobiles and other motor vehicles primarily designed for the transportation of <10 people, including station wagons and racing cars, along with their breakdowns based on the type of engine.*

adjusted fiscal deficit. Furthermore, the principle of annuality was emphasized, making it illegal to practice using budgetary credits accounted for in a particular year in subsequent fiscal years.

The direct and indirect effects of this decision are still unfolding, but it has significant implications for extra-budgetary federal funds (Economic Stabilization Fund or ESF-E and Climate and Transformation Fund or KTF) and for German fiscal policy. The KTF has 212 billion euros to be used by 2027 in the green transition and infrastructure projects related to the energy sector. The ESF-E, on the other hand, is a 200-billion-euro fund created in 2022 to mitigate the shock of energy prices. The use of both funds is now in question with the decision.

As a starting point, the budget for 2024 could not include approximately 29 billion euros from the KTF and 17 billion euros from the ESF-E. These amounts would need to be cut or compensated for by other revenue sources or spending cuts. This is because the budget, without the use of extra-budgetary funds, has already reached the limit established by the debt brake.

In addition to the obvious contractionary implications through fiscal stimulus to activity, the decision also poses relevant political challenges to the incumbent coalition (SPD, FDP, and Bündnis90/Die Grünen). On one side, Finance Minister Christian Lindner, representing the FDP, maintains a discourse in favor of the debt brake and fiscal austerity, while on the other side, the SPD and Bündnis90/Die Grünen, represented by PM Olaf Scholz and his deputy Robert Habeck, advocate for more spending, focusing on their respective voter bases.

The complexity of this governance equation, previously balanced by extra-budgetary funds, puts the coalition in front of tougher and politically unfavorable choices, especially with the advance of the CDU/CSU and the far-right represented by the AfD in polls and regional elections.

This conflict of views also reflects in the electorate of each party. In a survey conducted by ZDF[2] in late November, 61% of respondents do not want the debt brake to be relaxed. Within the current coalition, 67% of Bündnis90/Die Grünen voters and 55% of SPD voters are in favor of relaxation. In contrast, among FDP, CDU, and AfD voters, these numbers drop to 31%, 20%, and 14%, respectively.

In this context, it does not seem that fiscal contraction will be avoided regardless of the political scenario, which is expected to have repercussions on the economic cycle and asset prices.

Finally, we observe an increase in the influence of radical conservative parties, representing a political

[2] *ZDF-Politbarometer. Nov. 24th, 2023*

risk that previously seemed less imminent but is now materializing in certain European countries.

The victory of Geert Wilders' PVV in the Netherlands—with its strongly anti-immigration discourse combined with fiscal populism—caught our attention. After surging in the polls in a short period, his party was the big winner of the election, garnering 37 seats—up from 17 in the 2021 election—out of the 150 in Parliament.

The regional elections in Germany in October also indicated changes. In Bavaria, the FDP was unable to surpass the minimum threshold of 5% of the votes to enter the regional parliament. The SPD and Bündnis90/Die Grünen, on the other hand, collectively lost 10 percentage points in the elections in Hesse. In both states, the AfD gained an average of 5 percentage points. In national polls, the party is now second in voting intentions (22%), behind only the CDU/CSU (30%)[3].

Even with the decline of Vox in the Spanish elections and the victory of Donald Tusk in Poland, the growth of the AfD and the outcome in the Netherlands may be leading indicators of what to expect from the European Parliament elections in 2024.

Oil

As discussed in our March letter, we closed our long investment thesis in oil earlier this year. The potential disruption of demand due to the increasing electrification of the automotive fleet and the surprise in supply from non-OPEC producing countries bring complicated long-term headwinds to the case, rendering a significant risk allocation in the commodity unfeasible.

Nevertheless, the deterioration of short-term fundamentals has taken us by surprise. Despite Chinese demand being at the lower end of estimates and U.S. oil and derivatives consumption not keeping pace with strong GDP expansion, global demand for oil and derivatives appears relatively robust. Additionally, Saudi Arabia's voluntary cut of 1 million barrels per day, likely to be extended, should lead to a more balanced market, which does not yet seem to be the case.

The scenario reflected in the curve, with negative short-term differentials and elevated total inventories, indicates a market oversupply, compelling OPEC to deepen its cuts.

If OPEC has needed in recent weeks to enforce compliance among its smaller members and seek additional quantities of cuts to prevent further oil price declines, what does this tell us about new cuts? If OPEC is at the limit of how much it can cut, and if we return to the $90 per barrel price range, how long would it take for supply to return? If OPEC artificially

[3] *Politico Poll of Polls – Germany. Dec. 8th, 2023*

holds the price, wouldn't that stimulate non-cartel affiliated producers to increase supply?

In summary, there are significant signs of fragility in both the oil market and the resilience of OPEC as a cartel. Considering that OPEC currently has one of the most extensive idle capacities in history, oil should no longer bring inflationary shocks to the global economy. Furthermore, we believe that oil-producing companies, such as Petrobras, should trade at lower multiples for the same level of oil vis-à-vis the scenario where the cartel has no more idle capacity, which was our discussion in 2022.

Argentina

The events that unfolded in Argentina throughout November were historic. Considering our limited exposure to Argentine bank stocks, primarily constrained by electoral uncertainty and the severity of the economic crisis, we now see a situation that has quickly become quite intriguing.

In this regard, the libertarian victory surprised us not only in the magnitude of the advantage over the Peronist rival but also in the swift moderation of the candidate's more extreme rhetoric related to China, Brazil, and the issue of dollarization.

Once accused of potential psychological issues by some and questioned for potential governance problems, the post-election Milei has proven to be more political and sensible than many observers anticipated. We understood that the recent pragmatism of the elected President would be a rational and necessary approach to navigate such a complex country immersed in a prolonged crisis.

As observed in Brazil in 2023, governance in the first year of the mandate tends to be more solid than expected. For the Argentine case, this trend will be accentuated by the needs of provincial political actors.

Similar to Carlos Menem and Néstor Kirchner, Javier Milei will wield political influence over governors with control of federal funds (0.7% of GDP), allowed by the null validity of the 2024 Budget. We expect this to smooth the path in the Senate for the Milei administration, which will already have fragmented[4] rival political forces and the effect of the "political honeymoon" to explore in the Chamber.

Furthermore, we find it challenging to endorse generalizations like those observed during the appointment of Fernando Haddad as Minister of Finance. We understand the political and economic challenges that the Milei government will face, but the comparisons drawn between him and the Bolsonaro government seem exaggerated to us. The Argentine leader has demonstrated more political finesse, adopting politically more coherent and less

[4] *The Peronists are without short-term leadership amid the decline of Kirchnerist influence in recent years. In contrast, the dovish faction of JxC is largely composed of Radicals, who are engaged in internal competition for leadership.*

populist speeches than those embraced by Bolsonaro.

Therefore, we believe that Milei was and still is underestimated by current observers, further fueling our enthusiasm to delve deeper into our analytical investigation of the investment thesis.

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	2.3%	1.2%	-0.4%	-1.4%	-1.3%	0.4%	-4.4%	8.1%	-2.1%	**2.4%**	12.0%
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%
Aug	-0.9%	-0.7%	-0.5%	-0.5%	-1.2%	0.5%	0.9%	0.9%	-0.3%	**-1.9%**	1.1%
Sep	0.2%	-1.0%	-0.2%	0.0%	-0.3%	1.7%	2.3%	0.7%	-0.3%	**3.0%**	1.0%
Oct	-0.7%	-2.0%	0.1%	0.2%	2.5%	0.8%	2.6%	0.5%	-0.2%	**3.8%**	1.0%
Nov	1.6%	4.1%	-0.2%	0.7%	-3.5%	-1.5%	0.5%	0.6%	-0.2%	**2.0%**	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	1.1%	1.2%	0.0%	-0.5%	-0.4%	0.3%	0.1%	9.7%	-1.9%	**9.6%**	12.0%
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%
Aug	-0.5%	-0.3%	-0.2%	-0.3%	-0.6%	0.3%	0.4%	1.0%	-0.3%	**-0.5%**	1.1%
Sep	0.1%	-0.5%	-0.1%	0.0%	-0.1%	0.9%	1.2%	0.8%	-0.2%	**1.9%**	1.0%
Oct	-0.4%	-1.0%	0.1%	0.1%	1.3%	0.4%	1.2%	0.8%	-0.2%	**2.3%**	1.0%
Nov	0.8%	2.1%	-0.1%	0.3%	-1.8%	-0.7%	0.3%	0.8%	-0.2%	**1.5%**	0.9%