We enter the tenth year of Vista Capital's existence with enthusiasm for the investment opportunities and the consolidation of our company in the challenging and competitive field of asset management. None of this would be possible without the trust and partnership of our clients and friends.

We would like to express our gratitude for being part of the management of the wealth of your families and extend our sincerest wishes for health, peace, and prosperity in the coming year.

Reflecting on successes and mistakes is ingrained in our culture, especially after a complex year in global markets. Our investment strategy, primarily focused on combining long-term positions with protections perceived as asymmetric, has proven to be robust throughout our existence. The year 2023, in particular, was significant as it marked the end of our investment thesis in oil. Translated into various assets and instruments over the past 5 years, the outcome of this position was only negative in 2023.

In the following sections, we will briefly discuss the performance of the funds and some of the central theses guiding the construction of the current portfolio.

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Vista Multiestrategia Fund and Vista Hedge Fund registered returns of 4.25% and 2.52% respectively in December and 6.75% and 12.32% respectively in 2023.

In December, the fund's gains were highly diversified across asset classes, although the main contributions came from receiving positions in developed countries' rates and the long position in domestic equities. We also achieved positive results with the long position in uranium, investments receiving local nominal interest rates, and long-short currency strategies, particularly with the long position in the yen and short position in the euro. Losses were concentrated in international equities, especially in Europe.

The result for the closed year of 2023, only the second in the history of the Vista Multiestratégia Fund where we closed below the benchmark, reflects two distinct phases. The first four months were associated with closing the oil thesis, incurring significant losses during this period, and aligning the funds with our rigorous risk metrics. Since May, we have observed a significant recovery (especially considering the reduced risk utilization compared to the average of recent years) well distributed across different asset classes. The main drivers of this positive performance include positions in fixed income, despite the notable volatility faced by this asset class throughout the year, along with allocations in domestic equities and uranium, which offset a substantial portion of the losses incurred in the oil thesis.

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In 2023, the most emblematic post-mortem evaluation was naturally that of the oil position, our central thesis for many years. Therefore, retracing our steps and questioning possible alternatives in the investment process is, in our assessment, of paramount importance.

With the benefit of nearly 12 months since the end of the thesis, we now assess that the decision to close the position, based on fundamentals rather than price, seems to be accurate. Even though the price of an oil barrel has been relatively stable since then, the successive production cuts by OPEC and a tumultuous geopolitical environment in the Middle East depict a market far from a structural imbalance between supply and demand.

Furthermore, returning to the theme of the last letter, the likely disruption of fossil fuel demand due to the increasing electrification of the automotive fleet and the bullish surprise in the supply from non-OPEC producing countries bring complex long-term winds to the asset. Considering that OPEC currently has one of the widest idle capacities in history, oil should, at the very least, be a non-inflationary vector for the global economy.

In the commodities segment, the year 2023 was particularly relevant for the uranium thesis. As mentioned in previous letters, we have observed in recent quarters the unfolding of the fundamentals of the thesis that we envisioned back in 2021 when we initiated our investment.

On the demand side, the world increasingly recognizes the importance of nuclear power generation in the global energy matrix. This led to the agreement made at COP-28 in December, where 22 countries call for the tripling of nuclear energy by 2050 to meet decarbonization goals.

Such a change may seem insignificant, but it is important to remember that societies often revolve around narratives rather than necessarily well-established facts. The superiority of nuclear power generation over some other forms of energy is clear, be it in terms of reliability, cost, or carbon footprint. The policymakers' inability to implement energy policies with this perspective, especially in Europe, reflected the trauma from the Fukushima accident. COP-28 consolidates the shift in the anti-nuclear narrative, drawing attention to the fact that even the CDU, Angela Merkel's German party that spearheaded the policy of closing German nuclear plants in the last decade, has changed its stance.[1] In this way, China, which currently has 26 nuclear plants under construction, is likely to be joined by several Western countries seeking cleaner energy.

[1] *"Conservatives advocate the return of nuclear energy in Germany". Deutsche Welle. Dec 11, 2023.*

On the supply side, we observed another year of disappointment from the two largest global producers, who did not meet their annual production guidelines. It is estimated that the gap between primary production and demand in 2023 was 40 million pounds, and the outlook is that this figure will only increase over the coming decades. If in 2022 utilities seemed to have finally awakened to the situation in the sector, 2023 was a year of broad acknowledgment of this new scenario. In this context, we are expected to close the year with utility contracting levels close to their annual demand, known as replacement rate contracting, something that has not occurred since the pre-Fukushima period.

All these favorable winds for the thesis had significant repercussions on sector asset prices in 2023. Our two main allocations throughout the year, the spot commodity, and Cameco (the second-largest global producer), saw increases of 88% and 90%, respectively. For 2024, we remain very confident in the fundamental underpinnings of the investment case and are positioned accordingly. We chose to close our Cameco position after the third-quarter results, and now we focus most of our investment on spot uranium, along with two other North American companies where we see a very attractive valuation for this point in the cycle.

* * *

The excerpts below from our October 2022 letter, when markets resonated with pessimism regarding the outcome of the presidential election, were one of our attempts to reinforce our view that global cyclical forces often prevail over changes arising from local political-electoral cycles. After another year where economic activity pleasantly surprised (largely driven by the commodities sector), inflation exhibited a benign dynamic, and the trade balance reached USD 100 billion, it appears evident to us that the political factor was overestimated by the market consensus.

> *"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 the BNDES (Brazilian Development Bank), 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."*

Throughout the year, we concentrated our Brazil risk allocation in both equities and local interest rates, with receiving positions. Even with the significant reduction in fund risk at the end of the first quarter, both asset classes generated positive results, primarily in the second quarter of 2023.

Given the nature of the funds and the negative correlation between returns and volatility, especially prominent in emerging markets, it becomes imperative to briefly discuss the subtleties of the current political scenario and its impacts on asset volatility. In the previous government, the Finance Minister adopted the strategy of using "market crises" as a means to persuade the National Congress and the president to avoid the implementation of measures perceived as heterodox in fiscal matters. Superlative terms such as tsunami, meteor, and kamikaze were recurrent in his discourse, with significant short-term consequences on asset prices. In the current political formulation, the modus operandi has proved different. Meetings are held behind closed doors, with minimal leaks and continuous negotiations. In a way, the suppression of "volatility" seems to be part of the political objective.

Despite believing that the revenue-raising measures proposed by the Ministry of Finance regarding historical loopholes in the national tax system may have overall balancing effects greater than discussed, we enter the year 2024 assessing that there is no longer a significant deviation between our view and the market consensus, which is now more positive than before regarding the Brazilian economy.

As fiscal uncertainties have not been fully resolved, and the government continues to signal quite ambiguous messages beyond the doors of the Ministry of Finance, we are progressing in building hedges for the long position in Brazil. We are inclined to seek protection in the fixed-income market and sell shares of state-owned companies against our long position in domestic equities. Although we remain optimistic about the inflation dynamics, we assess that there is an asymmetry between what is discounted in our stock portfolio and the yield curve.

*   *   *

"From a cyclical point of view, we also believe that some sustaining vectors of the 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, 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 excerpts above from our May 2023 letter reveal the beginning of constructing a thesis based on both cyclical and structural factors. Motivated by increasing analytical investigation and intense internal discussion, we dedicated significant efforts to finding efficient vehicles for its execution. Since this initial exposition, there has been a relevant cyclical deterioration, especially in the industrial sector. Germany, a country that epitomizes our view of the structural decline of the European growth model, and the Eurozone may close the year in technical recession. The median Bloomberg projections for 2024 GDP growth, in turn, shifted from both 1% to, respectively, 0.3% and 0.6% in the interim.

> *"BYD exported nearly 250,000 cars last year and — even without the US or European markets — management have told investors they believe they can increase that by more than tenfold over the coming years."*

The projection[2] above, in a way, reflects part of our structural pessimism. Here, it is symbolized in the onslaught that the European automotive industry, extremely relevant to some of the region's major economies[3], will endure in the coming years. China has nearly quintupled its automobile exports compared to 2020, heading towards closing 2023 with over 5 million vehicles exported[4]. Of this total, 40% comes from electric cars. For the first time in history, the trade balance for cars up to 10 passengers[5] between the European Union and China is in deficit. It's an avalanche that will engulf the traditional automotive sectors. As economist Brad Setser reminds us: "this is the new China shock."[6]

The threat of paradigm shift, like a powder keg, has served as a catalyst for political reactions in Europe. Protectionist measures[7] seeking to limit the entry of electric cars imported from China are already being discussed. This intrinsically contradictory move, favoring traditional industries over new technologies more conducive to the ambitious decarbonization goals of the old continent, is just one of several examples of the difficulty of overcoming the structural issues plaguing the region.

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[2] *China's electric vehicle dominance presents a challenge to the West. Financial Times. Jan 5, 2024.*
[3] *Almost a quarter of the gross value added (GVA) in the German economy is generated by the industry. The automotive sector accounts for approximately 20% of this share.*
[4] *China Auto Export in 2023. Canalys. Oct 25, 2023.*
[5] *Automobiles and other motor vehicles primarily designed for the transport of fewer than 10 people, including station wagons and racing cars, and their breakdowns based on the type of engine.*
[6] *twitter.com/Brad_Setser/status/1743390767286976755*
[7] *Europe probes China's electric car subsidies as imports soar. CNN Business. Set 14, 2023.*

In summary, regardless of the speed at which the process of destruction of sectors of European manufacturing will occur, we believe that the economic and geopolitical model of the region symbolized by Germany is broken. Without the advancement of structural reforms that increase productivity, we foresee a long and slow decline in the economy, accentuated by an adverse demographic picture and an increasingly tumultuous political environment with the rise of radical parties in regional elections and opinion polls[8].

Throughout much of the year, we expressed this negative view by considering Europe as the funding source for the portfolio, through positions short both the currency and equities. In recent months, we have concentrated more risk in positions receiving short-term nominal interest rates, with positive results for the funds, in contrast to the positions short currency and local stocks.

* * *

In the face of uncertainties in the global environment and our assessment that global markets appear well-priced for a soft-landing scenario led by the American economy, funds continue to concentrate risk in relative value trades. The short position in European assets, both in equities and currency, remains the primary source of funding for our portfolio, as mentioned earlier. On the long side, in addition to Brazil, we maintain a small position in Argentinean stocks.

We remain at your disposal.

Vista Capital

[8] *According to Politico's Poll of Polls, the AfD in Germany increased from 9% in early 2021 to 22% by the end of 2023, trailing only behind the CDU with 32% in voting intentions.*

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	2.7%	2.8%	-0.2%	1.2%	-3.5%	0.9%	-3.6%	8.8%	-2.3%	**6.7%**	13.0%
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%
Dec	0.4%	1.5%	0.2%	2.5%	-2.2%	0.5%	0.8%	0.7%	-0.2%	**4.3%**	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	1.4%	2.0%	0.1%	0.8%	-1.6%	0.6%	0.5%	10.6%	-2.1%	**12.3%**	13.0%
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%
Dec	0.2%	0.7%	0.1%	1.3%	-1.1%	0.3%	0.4%	0.8%	-0.2%	**2.5%**	0.9%