Vista Multiestrategia Fund and Vista Hedge Fund registered returns of -1.88% and -0.45% respectively in August and -6.12% and 3.57% respectively in 2023.

In August, gains from the long uranium position and long dollar hedge, particularly against the euro, were insufficient to offset the losses in Brazilian assets - even though exposures were reduced compared to July - and in international equities.

Due to our risk policy, the funds remain within a tighter risk utilization range compared to the average risk usage of recent years. We continue to hold a constructive view for Brazilian assets, increasing the reduced exposure from July, with a focus on equities. Relative value operations in the international market and short positions in European currencies and equities, previously discussed, also form part of the portfolio.

In the following sections, we will present topics relevant to our portfolio: macroeconomic updates in Brazil and Europe, and recent developments in the uranium market.

**Brazil**

In last month's letter, we expressed discomfort with the possibility of more explicit government interference in Petrobras' pricing policy and with other noise surrounding economic policy. We also noticed that the positioning and risk premiums in the different markets were very different compared to the beginning of the year. Given this environment, we ended the month of July with a significantly lower directional exposure in rates and equities.

After the price correction of domestic assets throughout August, largely explained by the more hostile international environment for emerging markets, we once again increased exposure to Brazil.

Despite the legitimate doubts that still exist about the medium-term fiscal situation, we understand that the benign evolution of inflation and external accounts, along with recurring positive surprises in economic activity, are the predominant factors. Furthermore, as we constantly reinforce, we assess that the positive performance of commodities outweigh political factors. Such an environment still suggests a compression of asset risk premiums, the speed of which will be conditioned by the evolution of the external scenario and flows into local equities and fixed-income markets, which continue to be scarce.

> *"Perhaps this growth is the cumulative power of the last reforms that were implemented, and I'm not referring to [reforms implemented by] the last government but to several of them."*

The excerpt from the recent speech by the President of the Central Bank of Brazil, Roberto Campos Neto, coincides with questions we have raised throughout several of our letters. In our assessment, the various post-2016 reforms and the multiplier effects of the agricultural boom and the favorable cycle of our key commodities have led to growth well above expectations. Given that there have been no concerning counterparts in our current account deficit or inflation dynamics, it does not appear to us that we are experiencing yet another short-lived surge.

Despite this, we do not expect GDP growth to maintain the extremely strong pace of the first half of 2023, exceeding 3.5% YoY. Sectors more sensitive to the sharp increase in the cost of capital have already exhibited weaker activity dynamics than what the evolution of GDP suggests.

Finally, it is worth noting the recent decision by Petrobras to raise fuel prices, with adjustments exceeding market expectations, and the introduction of the administrative reform into the political agenda. These are symbolic agendas, either because they demonstrate that there are limits to the reversal of the microeconomic agenda, or because they reinforce that the center-right political establishment is responding to pressures to ensure that the fiscal adjustment does not fall entirely on the tax burden, which appears to be the intention of the current government.

**Uranium**

Throughout August, we observed another strong appreciation in the spot price of uranium, with positive effects for companies in the sector.

An important optionality of our investment thesis consists of the difficulty for producers to deliver the projected growth in supply. The recently released operational results of Kazatomprom, the largest producer in the sector, exemplifies this. The company's guidance released in 2021 indicated production of 59 million pounds in 2023 and 66 million in 2024. The reality has been different, with the expected production for 2023 having been revised to 54 million pounds, a volume lower than that observed in 2022. A possible downward revision of the 2024 guidance would place the market in a position of even greater imbalance.

Along the same line, Cameco, the world's second largest producer, also announced a reduction in expected production for 2023 of 3 million pounds, citing operational and logistical difficulties.

This relevant fact was announced on the weekend just before the most important congress of the year for the sector, the *World Nuclear Symposium (WNA)*, held in London and which we are attending. The move can be interpreted as a message to the utilities sector that not even the most robust company in the market is able to meet its production expectations.

Furthermore, a factor set to boost demand in the short term is the resumption of activity by funds that buy physical uranium. Since February, Sprott, the main physical uranium trust, has been trading at a discount to its net asset value, preventing it from operating in the market by issuing new shares. The recent rise in the spot price of uranium has contributed to the discount being significantly reduced, bringing Sprott closer to once again acting as a buyer in the tight spot market.

**Europe**

In the May 2023 letter, we exposed the cyclical and structural challenges faced by the most important economies in the eurozone, especially Germany.

On the cyclical front, we believed that the end of the stimuli associated with the reopening, the shift in fiscal policy direction, the restructuring of the industrial order backlog, the diminishing household savings surplus, and the lagged effects of tighter financial conditions would lead to a more pronounced economic slowdown than anticipated. Since then, market consensus as measured by *Bloomberg* has revised Germany's expected GDP for 2023 from 0.0% growth to -0.3% and for 2024 from 1.0% to 0.8%.

Over the same period, the German manufacturing PMI continued to decline and is below 40 for the second consecutive month, a level historically associated with recessions.

From a structural perspective, we continue to believe that economies like Germany will face adversities with their very negative demographic picture, temporarily mitigated by Ukrainian immigration, and growing challenges to the competitiveness of their traditional industries. The automobile industry is an example and has been particularly attacked by the *boom* in electric car production in China.

The regulation approved in March 2023 by the *European Council* banning the sale of combustion engine cars from 2035 onwards should further accentuate the inability of the European automobile industry to compete with China, as stated in recent days by the CEO of BMW in an interview with *Financial Times:*

> *"The base car market segment will either vanish or will not be done by European manufacturers. I want to send a message: I see that as an imminent risk."*

Considering that China's goal of continuing to move up the value-added chain will have more permanent effects on the European industry, it appears that the growth differential between the eurozone and the United States will become increasingly evident, with not yet priced effects on the exchange rate and stock market. In this way, we continue to use the short Euro and European equities positions as *funding* for our 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% | 0.0% | -0.1% | -2.2% | 0.1% | -0.4% | -9.6% | 6.3% | -1.5% | **-6.1%** | 8.9% |
| 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% |

## 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 | 0.6% | 0.5% | 0.1% | -1.0% | 0.3% | -0.1% | -2.8% | 7.3% | -1.4% | **3.6%** | 8.9% |
| 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% |