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VINP.OQ - Q4 2025 Vinci Compass Investments Ltd Earnings Call

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PRESENTATION

Operator

Good afternoon, and welcome to Vinci Compass fourth-quarter and full-year 2025 results conference call. (Operator Instructions)

As a reminder, this call will be recorded. I would now like to turn the conference over to Anna Castro, Investor Relations Manager. Please go ahead, Anna.

Anna Castro - *Vinci Compass Investments Ltd - Investor Relations Manager*

Thank you, and good evening, everyone. Joining us today are Alessandro Horta, Chief Executive Officer; Bruno Zaremba, President of Finance and Operations; and Sergio Passos, Chief Financial Officer.

Earlier today, we issued a press release, slide presentation and our financial statements for the quarter and for the full year 2025, which are available on our website at ir.vincicompass.com.

I'd like to remind you that today's call may include forward-looking statements, which are uncertain and outside of the firm's control and may differ from actual results materially. We do not undertake any duty to update these statements. For a discussion of some of the risks that could affect results, please see the Risk Factors section of our 20-F.

We will also refer to certain non-GAAP measures, and you'll find reconciliations in the release. Also note that nothing on this call constitutes an offer to sell or solicitation of an offer to purchase an interest in any Vinci Compass fund.

On results for the fourth quarter 2025, Vinci Compass generated fee-related earnings of BRL80.4 million or BRL1.23 per share, FRE margin of 32.6% and adjusted distributable earnings of BRL81.3 million or BRL1.24 per share. For full year numbers, Vinci Compass posted fee-related earnings of BRL288.4 million or BRL4.52 per share, FRE margin of 30.4% and adjusted distributable earnings of BRL292.4 million or BRL4.58 per share. We declared a quarterly dividend of \$0.17 on the dollar per common share payable on April 2 to shareholders of record as of March 19.

With that, I'll turn the call over to Alessandro.

Alessandro Horta - *Vinci Compass Investments Ltd - Chief Executive Officer*

Thank you, Anna. Good evening, and thank you all for joining our call. We are delighted to be with you today as we present our results for the fourth quarter and full year 2025. As you all know, 2025 marked a pivotal chapter in our history. It was our first full year operating as a pan-regional platform following our business combination with Compass. I'm deeply proud of all the teams across our countries in Latin America who have worked tremendously to extract the most value from our merger.

In 2025, we were able to, right from the start, position our company as a Latin America platform, working together across all teams to drive synergies across products and commercial teams. In 2025, we also hosted our first Investor Day at Vinci Compass with the heads of all our main strategies present. We presented our vision for the next cycle and how and why we are well positioned to capture the growth in alternatives in Latin America.

On the same day as our Investor Day, we also announced the acquisition of Verde, which closed in December and added approximately BRL16 billion in AUM. As we did with Compass, we were able to start working on revenue synergies with the Verde team from the start. We are pleased to share that we have launched the first product born out of the collaboration between the two companies. The Vinci Verde FE Infra or VVFE Infra combines Vinci Compass' credit expertise with Verde's well-established multi-strategy track record as co-manager. The feedback from the local community has been great, and we are already seeing strong demand and growing interest from investors, especially in the intermediaries channel at this point.

We view this launch as a clear demonstration of the strategic rationale behind the combination, expanding our solutions set by joining forces, leveraging Verde's team's outstanding track record in multi-strategy funds and strong brand strength across intermediary channels and deepening synergies between the two firms. The collaboration between the teams has just started, and we are very excited about what's ahead. Having Luis Stuhlberger and the Verde team as partners is one of the proudest achievements of 2025 and will be an extremely fruitful partnership for the company in 2026 and coming years.

Shifting to a brief overview of our fourth quarter fundraising. We ended the year with BRL354 billion in total AUM, reflecting not only the impact of inorganic growth, but also strong capital formation and portfolio appreciation across our strategies. Only during this quarter, we had BRL14 billion in capital formation and appreciation favorably impacting our AUM. For the full year, this adds up to BRL42 billion, representing a 13% year-over-year growth.

Our fundraising momentum remained robust across the Global IP&S and Credit segments. Infrastructure credit specifically continues to demonstrate strong long-term momentum across multiple vehicles and client segments. The tax-exempt nature of several of these assets creates compelling investment opportunities, and we believe Vinci Compass has established itself as a reference manager in this space.

The positioning was further reinforced in January 2026 when we won a new BNDES tender process. We are very proud of this achievement, which marks the third time Brazil's Development Bank has appointed Vinci Compass to manage a long-term private credit fund focused on sustainable finance and incorporating strict ESG guidelines.

Another particularly strong highlight was in real assets, where we signed a BRL2.8 billion SMA with an Asian LP within our infrastructure strategy. We have been investing a lot of time in Asia, and this SMA represents a significant milestone for our platform and reflects the growing interest we have been highlighting throughout the year from global investors seeking alternative investment exposure in Latin America. In our view, this can be the first of several mandates that we arranged for global institutional investors to allocate capital to the region, and it reinforces our view that the macro backdrop continues to support increased international allocations to the LatAm opportunities.

Turning to private equity. The first couple of months of 2026 have been exciting for the segment. Our team has announced two transactions that increased the liquidity profile of both VCP II and VCP III. In January, VCP III IPO-ed Agibank on the New York Stock Exchange. This marks an important step in the fund's history, crystallizing a 3.8 times gross MOIC in Brazilian reais and a 35% IRR for VCP III at the IPO price. This is the first step to generating liquidity in this investment, which has been one of the best-performing assets in Fund III.

In February, the team signed a definitive agreement for the reverse IPO of CBO, a VCP II portfolio company into OceanPact, a Novo Mercado listed company. Upon closing, the combined company will become the second largest offshore service vessel operator in Brazil and the fifth largest globally by fleet size, forming a scaled and diversified offshore and environmental services platform with long-term contracted backlog.

This quarter, through the combination of markups in VCP IV and appreciation in our listed REITs position, we noticed a very positive impact on our unrealized ROE. As we underlined during our Investor Day, we expect this phase of the ROE cycle characterized by portfolio appreciation to continue supporting unrealized gains from our proprietary commitments in closed-end funds. Towards the end of the cycle, we expect to realize the value of these investments, which will then reflect in our realized IRE and distributable earnings.

These accomplishments across the three vintages underscore the team's outstanding ability not only to source compelling opportunities, but also to actively create value within portfolio companies and execute successful divestments, reinforcing our discipline and hands-on approach to value creation.

On the deployment side, the current macro environment continues to create attractive entry opportunities, positioning VCP IV advantageously as private markets present compelling entry multiples relative to historical levels. Looking ahead, the expected start of a monetary easing cycle would gradually reduce debt service costs for leverage companies and lower discount rates in Brazil. The conditions for this move appear increasingly well established and expectations of monetary easing have already supported a re-rating of domestic assets.

That said, we do anticipate periods of volatility, particularly considering upcoming electoral cycles in Brazil, Colombia and Peru. In addition, we remain attentive to the broader global macroeconomic environment and its potential impact on alternative managers' portfolios. However, our business was built to navigate and capitalize on volatility and market dislocation. We have a natural hedge across geographies and strategies with the opportunity and flexibility to allocate capital locally, regionally and globally. This structural resilience is directly linked to the stage we have reached as a firm, clearly differentiating us from the other local and regional players.

As we enter the new year, we do so with a clear set of opportunities in front of us and an extensive fundraising pipeline that Bruno will address shortly. We firmly believe that the strength, scalability and diversification of Vinci Compass position us to continue displaying healthy growth in 2026 deepening our leadership across Latin America and continue delivering long-term value for our shareholders.

Thank you again for joining our call. With that, I'll turn it over to Bruno.

Bruno Zaremba - *Vinci Compass Investments Ltd - President of Finance and Operations*

Thank you, Alessandro, and good evening, everyone. In January, we marked the fifth anniversary of our IPO, an opportunity to recognize how far we have come as a public company and to reaffirm the long-term vision that has guided our execution.

Before discussing the present and looking ahead, I would like to take a moment to reflect on our journey. From the outset, our objective was to deepen and diversify our asset allocation capability in Brazil through complementary strategies while building towards a pan-regional platform. We have made significant progress on both sides.

On the capital deployment side, we committed approximately BRL1.4 billion worth of GP commitments into our proprietary funds and gains from these investments compose our investment-related earnings or IRE. The portfolio has a gross blended target IRR of 18% to 20% and an expected realized IRR annual run rate contribution of more than BRL100 million based on a normalized realization schedule for capital gains between 2028 and 2031.

The capital invested has leveraged fundraising by 13x, meaning that for every real we committed, we raised roughly BRL13 from our limited partners. The commitments are instrumental to successful fundraising, anchoring the funds and assisting the attraction of institutional investors in the early rounds of fundraising. This represents value creation reflected across multiple fronts, strengthening our recurring earnings base while also enhancing the long-term return profile of our capital. We are close to the end of this first cycle of deployment into

funds and intend to keep it as a staple of the platform, anchoring fundraising for strategies and driving capital gains and FRE growth for Vinci Compass.

In parallel, we executed a series of strategic acquisitions that strengthened our business mix in Brazil and supported our evolution into a pan-regional platform. By the end of 2025, we had funded our M&A transactions with approximately BRL400 million in cash and issued close to 15 million shares to our new partners. Considering 2025 numbers and accounting for potential earn-out payments based on results achieved so far, our blended EV to FRE multiple on a post-tax basis was 8.6 times on these acquisitions. This underscores our commitment to smart capital allocations, focusing on complementing our asset base and driving shareholder value through accretive transactions.

On top of IRE results and M&A activity, we have been extremely active on capital return to our shareholders, having distributed over BRL1.4 billion on dividends and share buybacks since our IPO. This disciplined execution has brought us to a new stage as a firm as we enter 2026 with a clear sense that we are on the right trajectory. The platform has been substantially complemented with new strategies, distribution capabilities, and increased regional and global reaches. The progress we delivered in 2025 offers a strong snapshot of the potential and scalability of our platform going forward as we achieved BRL42 billion of capital formation and appreciation for the full year of 2025.

During the fourth quarter, we generated BRL14 billion in capital formation. As Alessandro mentioned, a highlight was the BRL2.8 billion SMA mandate to invest in infrastructure assets across Latin America. This capital will begin contributing to fee-earning AUM as deployment progresses. We view this achievement as highly encouraging and believe it may represent the first of several SMAs focused on Latin American investment opportunities that we expect to originate over time following the nascent cyclical improvement in the region.

Beyond this mandate, the largest contributions during both the quarter and the year came from Global IP&S and Credit as anticipated. Global IP&S delivered another strong quarter in our TPD business with BRL4.6 billion in net inflows. The largest share came from the liquid platform, as most of the TPD alternatives commitments we expected for the year were signed earlier in 2025. We expect TPD to continue exhibiting strong momentum as global allocations expand. In addition, this segment is launching a series of new discretionary allocation products designed to provide Latin American investors with diversified exposure to portfolios of semi-liquid funds across developed markets, while also allowing us to increase fees in this segment.

Now let me spend a bit of time on Credit, which remains one of the most dynamic areas of our platform. Credit continues to be a cornerstone of our platform, and we see ample room to expand market share across both local strategies and regional solutions.

In the fourth quarter, our Credit vertical delivered approximately BRL3 billion of capital formation appreciation, contributing to a total of roughly BRL10 billion for the full year. As a result, Credit AUM reached BRL36 billion, up 25% year-over-year. The breadth of our Credit franchise is a key differentiator. We operate with multiple specialized teams across the region, and we continue to increase information flow and coordination across these groups to ensure we are capturing synergies in origination, structuring capabilities, and most importantly, risk management.

The LatAm corporate debt strategy is a clear sign of the growing regional interest. We recorded more than BRL300 million of net inflows in the quarter and BRL2.4 billion for the full year, supported by a diversified investor base across multiple geographies and capping a solid year for the strategy. We're encouraged by the breadth of this demand and expect additional inflows following continued commercial efforts expected for 2026.

In infrastructure credit, as Alessandro mentioned, we are launching a new product following the winning of a BNDES tender process. The new fund will be co-managed by the high-grade Credit and MAV teams, once again, demonstrating the strategic rationale behind our acquisitions and the synergies across the platform. The fund will target sectors ranging from energy transition and decarbonization to nature-based solutions with an expected term of 12 years. Its structure is innovative, featuring multiple local fund vehicles and a combination of subordinated mezzanine and senior tranches designed to address different investment profiles, particularly considering the tax-exempt characteristic of certain vehicles.

We also expect several additional product launches across the entire region in 2026. In Colombia, we are preparing to launch our first local fund, COPCO, a direct corporate private lending vehicle, primarily targeting institutional investors. In Chile, we're currently on roadshow for the second vintage of our direct lending strategy, CHILPCO. The first vintage was highly successful and has recently completed the investment period. In Peru, we're seeing strong interest from local investors in LAPCO II, which is also expected to launch this year.

To round out our credit pipeline, we expect additional commitments from SPS IV ahead of the fund's final closing, which is scheduled for the second half of 2026. This strategy is gaining increased momentum, particularly among Chilean and global investors, following its first offshore commitment in the third quarter.

In equities, we recorded net outflows in the fourth quarter, concentrated among foreign investors in our Brazilian equity strategy. These investors typically have a more countercyclical profile and increased their exposure in mid-2024 when Brazilian equities were trading at more depressed valuations. Looking ahead, we remain very optimistic about our UCITS LatAm and Brazil funds and are already in advanced discussions with several institutional investors for commitments into these strategies.

Shifting to real assets. In 2025, the infrastructure team partnered with Changi and acquired a controlling stake in Rio de Janeiro's International Airport, Galeao. We are preparing for the March auction for the airport's new concession contract. Within this segment, we also expect new commitments for Lacan IV this year under our forestry strategy, reflecting continued institutional interest in real asset exposure.

In real estate, we remain attentive to the potential reopening of market windows following SELIC cuts, which could create a more favorable environment to raise capital for our REITs. As you know, REITs remain one of the most attractive investment vehicles for individual investors in the Brazilian capital markets. At the same time, we continue to advance with other opportunities within real assets, including our opportunistic development fund strategy focused on industrial and residential segments.

This strategy enhances our diversification and earnings potential as it attracts institutional investors such as pension funds and family offices, while complementing our income-oriented products and adding carry optionality to the platform. Overall, we entered 2026 with strong momentum and clear visibility across product launches, institutional mandates and multi-country fundraising initiatives. The combination of a broader distribution, a very comprehensive product shelf and ongoing operational enhancements give us confidence in our ability to continue compounding growth.

With that, I'll hand it to Sergio to walk through the financial results.

Sergio Passos - Vinci Compass Investments Ltd - Chief Financial Officer

Thank you, Bruno, and good evening, everyone. 2025 was a very solid year for the firm, and we are very satisfied to report an exceptionally strong quarter, reflected across multiple fronts and delivered to shareholders through a dividend of \$0.17 on the dollar per share, payable on April 2 to shareholders of record as of March 19.

Let me start by walking you through our revenues. In management fees, we generated BRL220 million in the fourth quarter, up 29% year-over-year. This growth reflects the combined effect of our strategic transactions, including Compass, Lacan, and Verde, as well as a strong fundraising momentum, particularly within credit and Global IP&S. It's also important to note that Verde contributed to our results for only one month in the quarter, following the closing in December.

Advisory fees totaled BRL15 million in the quarter, posting a decrease year-over-year. As a reminder, upfront fees in our third-party distribution alternative business can vary meaningfully depending on the timing of commitments, and we signed most of our commitments early in 2025. In addition, advisory revenues from corporate advisory were lower in the quarter given quieter deal activity.

Turning to fee-related earnings. We generated BRL80 million of FRE in the quarter, or BRL1.23 per share, with a 32.6% FRE margin. The year-over-year comparison was partially impacted by catch-up fees recognized in the Private Equity segment in the fourth quarter of 2024.

Excluding that non-recurring effect, FRE grew 26% year-over-year, driven primarily by fundraising across Credit and Global P&S and acquisitions executed during the period.

For the full year 2025, FRE reached BRL288 million or BRL4.52 per share, with a full-year margin of 30.4%. We are very pleased to have delivered FRE margin we have been targeting throughout the year. The improvement in margin reflects operating leverage from revenue growth, combined with the cost reduction initiatives we began implementing at the start of the year, as well as a small but present Verde contribution following the acquisition. Looking ahead to 2026, we expect continued momentum in FRE growth, supported by our strong fundraising pipeline and the full contribution of Verde's revenue and FRE.

Moving to performance-related earnings. We recognized BRL5 million of PRE in the quarter, primarily across Global P&S, Credit, and Equities. Performance fees normalized after a strong fourth quarter last year, which included one-off contributions from opportunistic funds in Argentina and Peru.

On investment related earnings, or IRE, we posted a record BRL45 million in the quarter. The unrealized component benefited from positive year-end markups in our private markets IRE commitments, combined with appreciation in our listed REIT positions. This reflects the embedded value creation within our balance sheet commitments, which remain an important driver of long-term earnings power.

Before moving to distributable earnings, I want to highlight an important reporting change. Starting this quarter, other comprehensive income or OCI, which reflects foreign exchange variations, now flows to our distributable earnings, adjusted distributable earnings and adjusted net income. Up to the third quarter of 2025, OCI did not impact these adjusted metrics. We believe this change provides a more comprehensive view of our results as it incorporates the impact of our consolidated US dollar exposures and presents our performance in a more holistic manner.

I'd also like to highlight that following the Verde transactions, we introduced a minority interest line this quarter, which represents the portion of Verde earning attributable to the remaining 49.9% non-controlling interest. Putting it all together, Vinci Compass generated BRL81 million or BRL1.24 per share of adjustable distributable earnings in the fourth quarter, representing 10% growth on a nominal basis and 8% growth on a per share basis.

For the full year, adjusted distributable earnings totaled BRL292 million or BRL4.58 per share, reflecting 22% nominal growth and 7% growth per share. The fourth quarter and full year 2025 underscored our disciplined approach to growth and capital allocation, leaving us well positioned for continued progress in 2026.

In closing, I would like to once again emphasize the strong momentum we continue to see across the firm. We remain fully committed to generating long-term value supported by breadth of our fundraise pipeline for 2026.

With that, I'd like to close our remarks and open the call for questions. Once again, I'd like to thank you for joining our call. Please, operator, you may proceed with the questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Lindsey Shema, Goldman Sachs.

Lindsey Shema - *Goldman Sachs Group Inc - Analyst*

I have two questions, actually. Let's maybe start on the first, which is a bit broader. It seems like you have strong fundraising expectations for the year. But as you said a lot of uncertainty, a lot of elections in the region. Do you get the sense that maybe there's some money on the sidelines?

And if the elections go in a certain direction, there could be a big increase towards the end of the year? Is there anything you're kind of looking for in elections that could be a big catalyst? And kind of just, in general, what are you thinking about elections and the impact on fundraising? And then I'll ask my second question after.

Bruno Zaremba - *Vinci Compass Investments Ltd - President of Finance and Operations*

Lindsey, this is Bruno. Yes. So we had -- I think we had a good '25 in regards to AUM. We had 13% -- if I'm not mistaken, 13% growth in our AUM on a year-on-year basis if you take out the effects from the exchange rate variation that was against us in '25 when you look at the reais number.

So I think that number was healthy. And it is a number that we are expecting to hopefully repeat this low double-digit growth rate on a currency-adjusted basis for '26. As we said, there is a very big pipeline, mainly in the credit segment. We have 6 or 7 funds that are structured funds across the region, Colombia, Peru, Chile, Mexico, Brazil. So there's a lot of different strategies and opportunities to raise capital there.

I think other than -- I think elections are obviously one of the variables. But more than elections, I think the main variable for us is the impact from cyclical on products that are more correlated with interest rates. So this is something that obviously, over the next -- over the last few years has been idle for us. So if you look at our equities business, if you look at our real estate business and even the Brazilian investment solutions business, we have had a little bit more challenge to raise capital in these verticals.

And with -- now we're seeing for the first time in a very long time, real interest rates, the long-term curve starting to come in. And obviously, there is an expectation of lowering rates, and we saw that through the REIT's performance during the fourth quarter. Now the first quarter, again, we're seeing good REIT performance in the portfolio. So this is a variable that has more of an impact.

Obviously, interest rate curve has by itself a correlation with the election outlook. But at the end of the day, what impacts us is the curve, right? So if we are in a position where the curve is more benign, and we see that coming down and with that, create an opportunity for us to grow in these more cyclical asset classes, I think that would be very, very positive for the platform.

So the 13% that we did last year growth was without the contribution of the cyclical groups. So if we can have real estate REITs, local Brazilian investment solutions, equities participating, I think this would be a tremendous uplift to the expectations of further AUM gains.

Lindsey Shema - *Goldman Sachs Group Inc - Analyst*

Definitely makes sense on the interest rate side. And then maybe for my second question, a bit more specific. Just trying to get a sense of how to model the advisory fees line going forward. I mean, I understand that the TPD alts upfronts can be kind of chunky depending on when you expect them. I mean, one, do you have any expectations for kind of how the timing is going to go throughout 2026? Or is it better to maybe just annualize the 2025 level?

And then second, on the corporate advisory side, how much of an increase do you kind of expect this year in deal-making activity from the expected decrease in rates? And kind of where can that number go to?

Bruno Zaremba - *Vinci Compass Investments Ltd - President of Finance and Operations*

Okay. So we have a little bit more visibility at this point on the corporate advisory at least. The first half looks like, at least for now, it's going to continue to be more on the softer end. So we do have some transactions that are in the pipe, but the volume is still not as relevant as we saw in '22 and '23, or maybe '23, I would say. It was a good year for us. We're still lagging in terms of volume and the level of advisory mandates that we have that are in line to be closed. So I would expect at least the first half to be a little bit slower, like what we saw in '25.

And in regards to the upfront on the Global IP&S side, it's really very tough to say when those will fall. As you said, it really depends on the calendar and how the fundraisings fall over the year. Overall, we expect '26 to be slightly lower than '25 on the advisory -- on the upfront as well.

So advisory probably at the same level and then upfront a little bit slower than we saw in '25, given the calendar that we have. But timing the quarterly -- like every quarter, how that will fall at this point is very, very difficult, Lindsey. So what I can say that directionally, the overall advisory line, if you add upfront and corporate advisory, is likely going to be a little bit smaller than '25.

Lindsey Shema - *Goldman Sachs Group Inc - Analyst*

Got it. So it seems like the impact from corporate advisory would not be enough to offset the TPD alts?

Bruno Zaremba - *Vinci Compass Investments Ltd - President of Finance and Operations*

Yes. That's how it's looking like today, but these things change. But as far as we can forecast, we see that total advisory line a little bit down when compared with '25.

Operator

Ricardo Buchpiguel, BTG Pactual.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

I have two questions here. So first, we saw that in the last couple of quarters there was a materialization of some of the cost synergies related to the M&A appearing, particularly as we see the FRE margins going up mainly in Q3, and then a little bit more in Q4. So I wanted to ask what is the next step in terms of M&A synergies to be captured, particularly in 2026, right? And where would that appear in the results? And then I ask my second question.

Alessandro Horta - *Vinci Compass Investments Ltd - Chief Executive Officer*

Thank you, Ricardo. That's Alessandro. Of course, the low-hanging fruit type of synergies, we already incorporated in the numbers. But still, there is -- there are a lot of other opportunities moving forward. We are looking for optimization of the structure, procurement, also rationalizing our investment in strategies and people, expanding some of our strategies through other geographies.

So still inside the M&A, and of course, Compass is the most relevant here. One, the transaction of our combination of Compass, we see interesting possibilities to continue appropriating of this value. Of course, there is more recent ones like Verde that we kept as a more like segregate in terms of strategy. But still, we do have some synergies, especially from the commercial side in Verde, for example. So answering your question straightforward, yes, we still see synergies to be captured moving forward from the previous M&A activity.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

Well, that's clear. And should we see something -- some improvement, for example, in inflows related to this commercial synergies that you mentioned already appear in 2026? Or it should be something more relevant for '27 onwards?

Alessandro Horta - *Vinci Compass Investments Ltd - Chief Executive Officer*

No, we probably will see already. We mentioned in our previous -- in the call that we are launching new products with Verde, for instance. So we will see gains of that. New products that we are launching from the alts -- alternative for local markets in other countries through our expertise and also the commercial effort coming from Compass presence in the countries. So yes, we do see that we will probably capture some of these commercial efforts within 2026. Of course, that will ramp up, but we probably will see some of these numbers appear in 2026.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

That's clear. And for my second question, I wanted to see if you can talk a little bit more about the expectations in terms of the investment-related earnings in 2026, both in terms of realized and unrealized portions, right? I understand there are a few moving parts here since you need to keep investing the capital proceeds. So it will be very helpful to get any guidance on this line for this year.

Bruno Zaremba - *Vinci Compass Investments Ltd - President of Finance and Operations*

Thank you for that question, Ricardo. It's Bruno. So, yes, I think the IRE is -- what's happening now is I think we're getting to the interesting part of the IRE development because over the past couple of years, or 1.5 years, it wasn't a very good point, right, because we were in the deployment phase and the funds were in the J-curve. So we had a situation where we were taking money out of short-term rates, which are at a very high level and putting money into these funds that were in the beginning of their life cycle, within the J-curve and not really contributing a lot to profitability.

I think in the fourth quarter, we saw for the first time mark-to-market in one of the funds that we have contributed capital, which was VCP IV on top of the appreciation of the REITs. And given that the fund is now out of the J-curve, we would expect this movement to start being more material going forward. So as VCP IV, SPS IV, VICC, these three main funds in which the balance sheet of the company has a bigger exposure, are getting out of the J-curve, this should materialize in higher unrealized IRE. Obviously, this is the -- let's say, the next stage that we're getting in, right? So we're getting into this phase where we're going to see the profitability and the increase in the share value of the funds in our net profit.

And then the following phase, once these funds start to return capital, those proceeds are going to become impactful to our distributable earnings number. This will probably take a little bit longer to happen. There might be -- given the better liquidity environment that we see in Brazil over the past few months, there might be an opportunity for us to start having a quicker monetization of these funds, but it will take a little bit longer.

So the expectation for '26 is for us to start having the IRE on the unrealized part being more of a contributor to net profits. And hopefully, this can be translated to distributable earnings as soon as the end of this year or next year. But the expectation is for this number to start being more material for the net profit line in '26.

Operator

Guilherme Grespan, JPMorgan.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

My question is on the private credit side. It has been a big discussion globally, right? I think the thesis that we are hearing nowadays, I think, is less applicable to Vinci's portfolio. But I see the mood on the private credit, which has been important, I think, credit as a strategy, I think, added more than BRL5 billion in fundraising in the last 12 months. Just want to get your views on how is the sentiment on fundraising on this vertical.

And just remind us a little bit the profile of the client that you fundraise. If I recall correctly, I think on credit, the two main products is going to be Compass, high yield and corporate debt. But just a refresh on this vertical. What is the mood? Is it affecting the fundraising or not? And if there's any impact to you?

Alessandro Horta - *Vinci Compass Investments Ltd - Chief Executive Officer*

Okay. Thank you for the question. That's Alessandro. I would say that that's a very good question. If you take into consideration what's happening in the global markets, in the alts business globally, we still believe -- reinforce that we are very optimistic with the credit vertical.

Our credit business is today very diversified. We've seen different strategies, different type of funding. But as you said, we have an important component that's more like corporate debt, that's different type of clients from institutional to high net worth, especially, international money flowing, in Latin America, corporate debt. So this is really more liquid stuff, with less linked to what's going on, on the private credit side, especially the semiliquid fund globally.

Also talking more about the countries, we do not have first exposure to the same sectors that have been a question like IT, tech and et cetera. Of course, Latin America is one good example, let's say, in terms of the majority of the business as the hollow type of investment. So it's really assets and low obsolescence.

So even our private credit business within Brazil or the other countries like America, like Peru, Colombia and so it's still much more plain vanilla stuff. And the exposure to this asset class is still very small. We do not have, especially on this specific private credit funds, a lot of funding coming from retail or affluent business like the main semi-liquid fund is not the reality here. This is more institutional money, closed-end funds. So it's really not -- the peril is really very small.

Where maybe we can see some effect is the fundraising of private credit globally in our TPD business. But still this is not the most relevant pipeline that we have moving forward, but it's where technically, we can see the investor a little bit more cautious in allocating private credit moving forward, globally in TPD. Not in our main business that's our own self-managed funds. That's in a strategy that not relates a lot with the main drivers of the worries regarding private credit internationally.

Operator

(Operator Instructions)

I would like to turn the floor over back to Mr. Alessandro Horta for the closing remarks. Please, Mr. Horta, you can proceed.

Alessandro Horta - *Vinci Compass Investments Ltd - Chief Executive Officer*

So I'd like to once more thank you all for your continuous interest and support. Being a public company for more than five years now bring us a lot of optimism with the future. We strongly believe that we'll continue to deliver value for the years to come. So thank you again and good night.

Operator

This does conclude today's presentation. We thank you all for your participation and wish you a very good night.

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