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CORPORATE PARTICIPANTS

Anna Castro *Vinci Partners Investments Ltd - Shareholder Relations & Corporate Development*

Alessandro Horta *Vinci Partners Investments Ltd - Chief Executive Officer, Director*

Bruno Zaremba *Vinci Partners Investments Ltd - President of Finance & Operations*

Sergio Ribeiro *Vinci Partners Investments Ltd - Chief Operating Officer and Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Ricardo Buchpiguel *BTG Pactual - Analyst*

Guilherme Grespan *J.P. Morgan - Analyst*

Tito Labarta *Goldman Sachs - Analyst*

PRESENTATION

Operator

Good afternoon, and welcome to Vinci Compass first-quarter 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 de Castro, Investor Relations Manager. Please go ahead, Anna.

Anna Castro - *Vinci Partners Investments Ltd - Shareholder Relations & Corporate Development*

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, 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 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, Vinci Compass generated fee-related earnings of BRL65.7 million or BRL1.04 per share and adjusted distributable earnings of BRL62.3 million or BRL0.98 per share for the first quarter of 2025. We declared a quarterly dividend of BRL0.15 on the dollar per common share payable on June 10 to shareholders of record as of May 27.

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

Alessandro Horta - *Vinci Partners Investments Ltd - Chief Executive Officer, Director*

Thank you, Anna. Good evening, and thank you all for joining our call. We are very pleased to join you today as we announce results for the first quarter of 2025. Our first full-quarter operating as Vinci Compass and a meaningful milestone, marking six months since the successful closing of our combination. During these six months, we have advanced significantly in the integration of our combined platforms by fostering collaboration at every level from operational synergies in our office to the unification of expertise across management and commercial teams.

By bringing together complementary capabilities and diverse perspectives, we have accelerated value creation and have been laying a strong foundation for sustainable growth across the short, medium, and long term.

Moving on to our results. Historically, the first quarter tends to be a quieter quarter for the industry. However, despite seasonality, we delivered strong fundraising results with BRL1.1 billion in capital subscriptions during the quarter. This represents our most active first quarter in recent years and reflects the growing momentum of our combined platform.

As highlighted in our recent calls, credit remains a cornerstone of our strategic focus. We are actively scaling multiple initiatives across a wide range of strategies and geographies, continue to lean into areas where we hold strong conviction. It is no coincidence that the segment was one of the main highlights this quarter. We successfully completed the second closing of our long-term private credit fund in Peru, PEPCO II, raising more than BRL600 million from Peruvian pension funds, insurance companies, and other institutional LPs.

Fundraising has also been active across our opportunistic credit fund, SPS IV, and our agribusiness credit fund, MAV III, both raising commitments this quarter and marking each fund's first closing. This achievement underscores both the scalability of our platform and our ability to deliver differentiated solutions across Latin America.

FRE totaled BRL66 million in the first quarter, up 22% year-over-year. Adjusted distributable earnings reached BRL62 million or BRL0.98 per share, up 26% and 6% year-over-year. We continue to see growth across our main financial metrics, coming mainly from the strategic movements made in 2024 with Compass, MAV, and Lacan, and the ongoing organic fundraising, which will continue to drive growth in 2025.

While in 2024, we saw most of the organic growth coming from private market funds such as private equity with BCP IV and VICC in infrastructure, in 2025, we expect most of the growth to come from our credit segment as was the case in the first quarter, and from our global IP&S segment.

We are aware of the concerns surrounding the global macroeconomic environment and its potential impact on alternative managers' portfolios. However, our business was built to thrive through volatility and dislocation. And now especially after the combination with Compass, our platform provides a natural hedge to global dynamics with opportunities to allocate capital on a local, regional, or global basis while serving investors on a global scale.

We view this environment not as a challenge, but as an opportunity to capture value for our investors. In credit, specifically, we see opportunities arising from the evolving global trade landscape. Sectors such as agribusiness may stand to benefit from the ongoing US-China tensions and resulting tariff realignments. The ability to adapt swiftly to these changing conditions, combined with our disciplined credit risk management will be key to consistently delivering long-term risk-adjusted returns to our LPs.

In the near term, market volatility is already creating compelling entry points for private credit strategies. We are seeing attractive valuations across corporate issuers with resilient fundamentals, both globally and in our local-to-local portfolios.

In Brazil, following an extended cycle of interest rate hikes, the Central Bank has signaled that it's nearing the end of its tightening phase. This is now reflected in the futures curve, which points to the potential rate cuts in the second half of the year. As a result, credit markets may soon begin to benefit from a more supportive interest rate environment.

Looking more broadly, we believe the geopolitical backdrop is setting the stage for a reallocation of capital globally. As investors seek to diversify away from US-centric exposures, Latin America, seen as a geopolitical neutral and increasingly stable region, is poised to attract important inflows. The region benefits from strong diplomatic ties across the West and East with no significant regional conflicts, which further enhances its appeal as a strategic allocation.

This shift is already evident in our recent global roadshows, where we have seen growing investor interest in building more geographically diversified portfolios. Given the historically low allocation to Latin America, we believe Vinci Compass is exceptionally well-positioned to capture this potential rotation of capital into the region. In more concrete developments, we have recently raised money from VCP IV and VICC from Asian investors and have ongoing conversations about broader pan-regional SMAs with selected investors.

In parallel, the successful launch of our first large-scale events under the Vinci Compass brand represented a landmark moment in deepening our presence across Latin America. During the first quarter, we hosted our annual global investment conferences across Chile, Brazil, Argentina, and Uruguay, drawing more than 1,300 LPs, including pension funds, insurance companies, intermediaries, single-family offices, and high net worth individuals.

These events featured a distinguished lineup of speakers, including the President of the Central Bank of Argentina, a former Board member of Tesla and SpaceX, and a former Finance Minister of Chile, among others. They reinforced our position as a trusted partner for capital allocators in the region. Leveraging the current market environment from a different angle, we are planning to bring additional private debt and middle market funds on board from world-class GPs in our third-party distribution business.

Investor appetite for these strategies remain strong, particularly among institutional clients seeking yield and diversification in a dislocated credit environment. We are pleased to share that as of the close of the first quarter of 2025, Vinci Compass maintained its position as the leading partner to Chilean pension funds providing access to offshore liquid funds, holding a close to 20% market share.

Within our global IP&S segment, we continue to see robust inflows into our third-party distribution for alternatives GPs. This momentum translated into a great quarter for advisory fees in Global IP&S. Although we do not expect this level of fees to impact us every quarter as those revenues are more volatile being directly tied to closing of third-party funds, we expect a meaningful contribution for this strategy in 2025.

Another key opportunity for growth sits across our equities segment. We continue to see compelling opportunities in Latin America and equities, which are currently trading at some of the most attractive valuations in the past 15 years, particularly when compared to both emerging and developed market peers.

With inflation rates trending lower across the region and interest rate cuts underway, the macro backdrop is increasingly supportive of equity performance. Looking ahead, presidential elections in Chile in late 2025 and in Colombia, Peru and Brazil in 2026, could pave the way for more liberal and market-oriented policy agendas, further strengthening the outlook for equities across the region.

Against this backdrop, we believe our platform is well-positioned to capture upside supported by a strong long-term track record across our equity strategies. As an example, our Chile small-cap investment fund has delivered a robust year-to-date return of 27.1% in US dollar terms, maintaining its position as a performance leader among its peers.

Finally, looking into our real asset segment, Latin America already sources more than 60% of its power from renewables, twice the global average, giving the region an uncommon head start in the energy transition. This clean energy backbone, combined with the urgent need to modernize grids, expand water and sewage networks, and boost energy efficiency across the industry, underpins the investment thesis of our climate infrastructure fund, VICC.

With its final closing scheduled for the second quarter, VICC still holds ample dry powder that will deploy into high-impact projects such as renewable generation, water and sewage, and energy efficiency upgrades throughout Brazil, areas fully aligned with the fund's sustainable infrastructure mandate.

In closing, we remain confident in the strength of our platform and energized by the opportunities for 2025. We have a strong pipeline of products coming across all our segments, which could drive substantial growth for us.

This is only the beginning for Vinci Compass, and we are more than well positioned to drive into the alternatives market in Latin America. With disciplined execution and a long-term mindset, our goal is to continue to deliver solid returns to our clients and long-term value to our shareholders.

Let me now hand it over to Bruno to walk you through our fundraising highlights, and then Sergio will cover our financials for the quarter in more detail. Thank you again for joining our call. With that, I'll turn it over to Bruno.

Bruno Zaremba - *Vinci Partners Investments Ltd - President of Finance & Operations*

Thank you, Alessandro, and good afternoon, everyone. We began 2025 with a strong capital formation pipeline, positioning Vinci Compass well for the year ahead. The first quarter showed the strength and resiliency of our diversified platform.

Even with our flagship private equity fund, VCP IV, concluding its fundraising last quarter, we still raised over BRL1 billion in new capital subscriptions across closed-end funds in credit during the first quarter. We are proud of this achievement, which sets a strong tone for what we believe will be a very promising year for our platform.

Going back to our credit segment, we raised capital across both our cross-border and local-to-local strategies. On the local front, PEPCO II, our senior secured lending and syndicated loan fund in Peru, raised over BRL600 million from local institutional investors, as Alessandro mentioned earlier. We expect additional commitments for this fund by year-end alongside its final close.

We also raised close to BRL200 million in the first closing of MAV III, the third vintage of our agribusiness credit strategy. We expect to raise additional capital in the third quarter of 2025. The strategy is poised to benefit from favorable structural trends in the sector, including the potential realignment of global trade flows and tariffs, which are increasing interest in Latin American agribusiness credits.

Turning to cross-border strategies. SPS IV, our latest opportunistic credit vintage and the first launch in-house since the SPS acquisition, raised approximately BRL200 million this quarter, concluding its first close in February with total commitments of BRL1.1 billion. This already matches the total commitments of SPS III, achieved solely in SPS IV's first closing, an outcome we are very proud of to share.

We anticipate additional commitments to come in the third quarter of 2025, where we access for the first time, global investors for this strategy, and the feedback has been really exciting. We continue to see strong demand across different client channels, driven by SPS for a compelling risk-return profile, equity-like returns paired with credit-like downside protection, and predictable cash flows.

It is important to mention that opportunistic credit will be the first of Vinci's original alternative strategies to structure a new vintage with a true brand regional mandate. We expect this opportunity to be available to almost all of our regional strategies in the coming years. In the liquid portion of our credit portfolio, in the first quarter, we had inflows from our European insurance company into one of our Latin America credit funds.

This was offset by outflows from separate mandates funds managed in Brazil, which reallocated towards NTNBs, Brazilian inflation-linked government bonds, amid a backdrop of high real interest rates, as well as from certain credit commingled funds distributed through intermediary platforms; movements we believe are temporary and expect to either compensate or revert in the coming quarters, especially in the second semester, with the expectations for real rates to start coming down.

For the upcoming quarter, in addition to MAV III, SPS IV, and PEPCO II strategies already mentioned, we have an extensive pipeline of credit products coming to market. This includes potential additional commitments from both institutional investors and intermediaries for a credit infra flagship fund in Brazil, the launch of COPC I, our first closed-end senior secured lending fund in Colombia, and the launch of the third vintage of Latin America debt strategy, a vehicle with fixed maturity targets.

In our equity segment, we continue to observe a trend of redemptions across our funds. However, in the broader stock market, we're beginning to see signs of a reversal, with foreign investors returning as net buyers of BRL3.8 billion in the first quarter of 2025, compared to a net sell-off of BRL6 billion in the fourth quarter of 2024.

We believe this shift reflects a partial unwinding of the so-called Trump trades, which appears to have been overstated towards the end of last year and as local expectations around the pace of interest rate hikes began to moderate. Our main focus within the segment for the year remains centered on the performance of the LatAm equities fund and building traction with institutional investors.

We also expect our UCITS platform to be ready in the second half of the year, which should further support distribution efforts in Latin American markets. Shifting to real assets. Our fundraising team focused its efforts during the first quarter on targeting local institutional investors and development finance institutions. This process leveraged the groundwork laid prior to the acquisition and benefited from the integration into a significant larger investment platform.

While we secured a modest commitment to Lacan IV this quarter, we are encouraged by the positive reception of both the acquisition of and the Lacan strategy under the Vinci Compass brand among LPs. We are confident that this initial interest will translate into stronger fundraising traction going forward.

For our final closing in VICC, we are pleased to confirm that it will take place in the second quarter of 2025. We're currently in the process of finalizing the last commitments from an institutional investor. In our real estate strategy, while we have observed an appreciation in the value of our listed REITs on the Brazilian Stock Exchange, our current fundraising efforts are focused on opportunistic funds targeting both the warehouse and residential sectors in Brazil.

These efforts are aimed at institutional investors and high-net-worth individuals. As of April, we have already secured initial commitments for the second quarter, though we expect the majority of capital to be raised in the third quarter.

Moving on, let's turn to fundraising efforts within our Global IP&S segment. Let's take a step back and recall that the largest portion of our AUM comes from third-party distribution business, which is comprised of the TPD liquid and TPD alternative subsegments. While several funds in TPD alternatives are structured as long-term closed-end vehicles under a capital subscription model, we classify them as inflows in our AUM roll forward rather than under capital subscriptions.

As a result, the net inflow line reflects a combination of capital calls and capital returns from TPD alternative funds in addition to inflows and outflows from other subsegments such as TPD Liquids, separate mandates, and commingled funds. This quarter, we received meaningful inflows into TPD alternatives with approximately 65% coming from Chilean LPs and the remainder distributed across countries, including Brazil, Colombia, Mexico, and Peru.

These flows reflect our ongoing, though still early stage efforts to provide local investors, particularly in Brazil, with access to top-tier global GPs in the alternative investment space. Most of these inflows were allocated to European private equity, semi-liquid US credit strategies, and global secondaries funds. These inflows, however, were offset by capital return from closed-end alternative funds and some outflows from the liquid portion of the portfolio.

While capital return was significant and a positive outcome for our clients, we recognize that outflow across our liquids are a natural part of the business, particularly in periods of global market volatility and geopolitical uncertainty. Nevertheless, it is important to highlight that this line consolidates a lot of moving parts and that a significant part of the net outflows seen in the global IP&S funds correspond to return capital for the third-party distribution strategy for alternatives, which means that this AUM no longer charges fees since we charge upfront fees in the past.

In conclusion, the segment should not be impacted on the management fee revenues. Despite the outflows witnessed in the first quarter in TPD liquids, it has not constituted a sustained trend as net flows have already turned positive in April. Therefore, at least for now, recent geopolitical dynamics have not appeared to have any lasting impact on the TPD liquid business. In TPD alternatives, we continue to see robust demand and expect a very strong year.

Switching gears, as announced during our November call, I have also taken responsibility for the technology, software, and innovation areas at Vinci Compass. I would like to take a moment to share some of the key initiatives we've been advancing to enhance operational efficiency and remain at the forefront of the rapid evolution in artificial intelligence.

First, we expanded access to generative AI tools across the entire firm, empowering all Vinci Compass employees to incorporate AI into their daily workflows. We have also made meaningful progress in unifying our technology infrastructure, including the implementation of integrated cloud environments and a centralized platform for managing activities and projects.

This system is already being adopted by business units operating across different geographies within the same segment, fostering stronger internal communication and collaborative work. While we recognize there's still much to be done, we are firmly committed to driving digital transformation. We see technology, notably AI, as one of the most disruptive forces shaping the future of alternative asset management industry, and we intend to lead, not follow, in this transformation.

This not only translates into potential investment opportunities to our funds and clients, but we should also be aware of ways to lean on these new technologies to improve productivity and decision-making across our platform. With all these advancements underway across fundraising, product development, and innovation, we believe Vinci Compass is exceptionally well-positioned to capitalize on the opportunities ahead.

Our integrated platform, regional reach, and commitment to technological evolution gives us the ability to grow with discipline and to lead an increasingly dynamic and expensive marketplace. As we look towards the remainder of 2025, we're firmly focused on delivering high-quality investment outcomes for our clients while reinforcing our role as the premier partner for alternative investments and global solutions in Latin America.

With that, I'll turn it over to Sergio to walk us through our financial results.

Sergio Ribeiro - *Vinci Partners Investments Ltd - Chief Operating Officer and Chief Financial Officer*

Thank you, Bruno. Let's begin with the impact of exchange rate variation. This quarter, our reporting currency, the Brazilian real, appreciated approximately 7% against the US dollar. Given that a significant portion of our AUM is denominated in US dollars, this appreciation negatively impacted our reported AUM, largely reversing the FX-driven tailwind we experienced last quarter. As a result, our AUM decreased 7% quarter-over-quarter, primarily due to this FX effect, but also impacted by net outflows in the Global IP&S segment.

As Bruno mentioned earlier, this line reflects the net effect of capital returns and capital subscriptions in TPD alternative, along with net flows in the other substrategies. In line with our conservative approach, we choose to classify all third-party distribution funds under net flows rather than capital subscriptions.

Now turning to our revenue for the quarter. Fee-related revenues totaled BRL231.6 million in the first quarter, representing a 117% increase year-over-year and 6% growth quarter-over-quarter. Focusing first on management fees, we reported BRL195.5 million for the quarter, up 15% quarter-over-quarter. Unlike the fourth quarter of 2024, we did not record material catch-up fees as fundraising for VCP IV was completed, and we expect additional commitments for VICC only in the upcoming quarter.

However, this quarter benefited from the full three-month contribution of Compass and Lacan in addition to recurring fees from the new commitments raised by VCP IV over the past year.

Turning to advisory fees. We reported BRL24.9 million this quarter, driven by a strong contribution of BRL22.5 million in upfront fees in the TPD alternative business. The remaining contribution came from the real estate advisory service. We did not record any material revenue from the Corporate Advisory segment this quarter, which is typically a quiet period for the industry. This year, activity was further subdued by macroeconomic uncertainty. That said, we remain optimistic that the deal flow will accelerate over the coming quarters.

In the other revenues line, which includes brokerage fees and fund service fees, we had BRL11.3 million in total revenues. We believe this revenue stream should remain at similar levels in the upcoming quarters.

Turning to fee-related earnings. First-quarter 2025 FRE totaled BRL65.7 million, representing a 22% increase year-over-year. Our FRE margin ended the quarter of 28.4%. For the year 2025, we continue to expect an FRE margin in the low-30%s as we will continue to push growth in management fee revenues and extract the most synergies from our business combination. We continue to work diligently to leverage the strengths of the combined platform and drive margin expansion over time.

As for performance-related earnings, as it's usually in the case in first and third quarters, we recognized modest performance fees from Global IP&S commingled funds and from a separate mandate in our equity segments, which totaled BRL1.7 million in the quarter. Speaking of the Global I&S segment, as mentioned earlier, our third-party distribution business is gaining traction and contributed more significantly to segment revenues for the full three months this quarter.

As a result, the average fee rate for this segment was lower compared to the previous quarter. Considering all fee-related revenues within Global IP&S, the average fee rate was 0.13% for the quarter. However, excluding upfront fees, which are on timing by nature and their associated AUM, the average fee rate was 0.17%, reflecting a more normalized view of the segment's recurring revenue profile.

Next, we will cover realized GP investment and financial income. We believe the last 12 months comparison provides a more accurate view, given the ongoing reduction in the liquid portion of our portfolio. This trend is primarily driven by increased capital costs across our closed-end funds as well as payments related to recent acquisitions. While this line may fluctuate from quarter to quarter, we are observing a short-term downward trend that aligns with our active capital deployment strategy.

To wrap up, I'd like to cover our distributable earnings. Adjusted distributable earnings totaled BRL62.3 million in the first quarter or BRL0.98 per share, representing a 26% year-over-year increase on a nominal basis and 6% growth on a per share basis. These results underscore the accretive nature of our recent acquisitions and business combinations, along with continued organic growth across the platform.

Finally, I'd like to highlight the sustained positive momentum we are seeing across Vinci companies. We remain focused on generating long-term value for our shareholders, supported by a combination of disciplined organic growth and selective strategic transactions.

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 can proceed with the questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Ricardo Buchpiguel, BTG.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

I have two here on my side. So you mentioned before and also in this call that you expect an improvement in the FRE margin, which currently are around 28%, and you expect to reach around 40% within three to four years as Vinci captures more of the synergies related to the M&A. But for that to happen, you need that your fee-related revenues to outpace your main cost line, which is personnel.

So could you give us some sense of what's a reasonable growth range that we can expect for your FRE-related costs in the next four years, both from a more bullish or more bearish scenario?

And also very quickly here, you guys mentioned that the impact of the real appreciation on the AUM, but can you also comment what was the impact from this appreciation on your FRE?

Bruno Zaremba - *Vinci Partners Investments Ltd - President of Finance & Operations*

Ricardo, this is Bruno. Thanks for the two questions. So starting with the margins. I think one of the things that is very interesting about the business model is that the leverage is very strong, right? So we can manage a lot more AUM without necessarily increasing our costs.

So we have certain areas where we see a lot of upside leverage in the business. Credit certainly is one of them. Our equities business, for instance, today, our LatAm equities business is very small. We believe we can have, over time, a very relevant position in equities and not necessarily that needs to impact FRE costs. So in general, I would expect FRE costs to remain quite disciplined.

So obviously, we have some inflation impact in Brazil. We have some inflation impacts in other countries. But other than inflation, I wouldn't expect anything relevant over the next few years. So as you said, depending on revenue growth, if we're able to grow revenues at a consistent mid-double-digit rate, let's say, with a more constructive scenario, that should allow us to leverage the cost quite substantially. In regards to the real appreciation, the impact on our numbers this quarter was not very significant.

So I think we had a BRL2 million positive impact in distributable earnings. In FRE, the materiality of foreign exchanges to us is about 60% of AUM. So if we have a 15% decline or a 10% decline in AUM, we should have a 60% impact of that decline into our ongoing FRE revenue. So that's more or less the impact. I would say on a 10% depreciation, the impact should not be very material going forward.

Alessandro Horta - *Vinci Partners Investments Ltd - Chief Executive Officer, Director*

Ricardo, that's Alessandro. Just to complement on the first question, what Bruno said, just to emphasize that we are still a lot to be done in terms of the integration. So giving a perspective that Bruno gave you correctly, we do not anticipate any growth other than specific inflation of the costs. But of course, we could support much more AUM coming in, and I would say, all our business lines without having the equivalent growth in terms of cost. That's basically people, as I said.

So we are still some gains to have in terms of the integration and the synergies, and we are prepared for the inflow of AUM. Of course, as I highlighted in my comments before, we expect at least some of the countries to have a more benign macro-political environment to the second half of the year, next year. So that could be something that we can take advantage of.

Operator

Guilherme Grespan, JPMorgan.

Guilherme Grespan - *J.P. Morgan - Analyst*

Two questions on our side. The first one, you touched a little bit on the IP&S moving parts. I just want to make sure I get the drivers behind it. We were running some math here. As you said, in our math, it was a BRL24 billion decline quarter-over-quarter. Out of this BRL24 billion, BRL10 billion was upfront TPD. So actually, I think it's less relevant to the business, but there was BRL13 billion, BRL14 billion that was, I think, mostly on liquid TPD.

And if you can just remind us what exactly is the asset behind the liquid TPD, if there's a concentration on any specific asset geography, to understand the drivers behind it. As you said, April was a better month, but we just want to be sure that the drivers are there to see this reversal.

And then the second question is related to performance. We noticed that accrued performance had a very meaningful markdown. It was mostly on private equity from what we saw. Just want to understand why -- I remember you have some good assets on the PE funds, like C Bank, and some other assets that seem to be doing well. I just want to understand why the markdown in P.

Bruno Zaremba - *Vinci Partners Investments Ltd - President of Finance & Operations*

Guilherme, this is Bruno. I'm going to start with your second question, then Alessandro is going to start with the first. So the impact on the accrued performance was mainly because of currency. The portfolio, as you mentioned, we have very good assets. The portfolio is doing quite well.

So the marks of the portfolio at year-end, they were not affected. But there is a lag impact from the fourth quarter mark into the accrued performance that only is realized in the first quarter. So for the offshore portion of the funds, we marked the fourth-quarter exchange rates in our first quarter numbers. So basically, what you see in the accrued performance is the fluctuation of the exchange rate from $5.45 to $6.18, I think, was the exchange rate at the end of the year.

So if the exchange rate stabilizes at the current rate, we should see that accrued performance over time coming back to the levels that we had at the end of the year, because we didn't see any substantial change in the marks of the assets on a bottom-up standpoint.

Guilherme Grespan - *J.P. Morgan - Analyst*

And you mark those funds also in a year or every quarter? Bruno, should we see this markup next quarter, or it's once in a year?

Bruno Zaremba - *Vinci Partners Investments Ltd - President of Finance & Operations*

The marks of the local funds, they are once in a year. So we do the audit every end of year, but the marks of the offshore funds are on a quarter basis. So we should see that coming back in the second quarter.

Alessandro Horta - *Vinci Partners Investments Ltd - Chief Executive Officer, Director*

So Guilherme, that's Alessandro. Thank you for your question. If I understood correctly and try to clarify, basically, the net outflow, especially regarding the liquid, it's around BRL7 billion, just to give you a perspective, okay? Because there is a ForEx variation since the investments are done in dollar terms. And when the reals came down from [BRL6 '18] to BRL5, I don't remember exactly the end of the quarter, you saw a volume that's larger in terms of the total AUM, both consolidated and the global T&S, than around BRL17 billion.

But this is not necessarily just one asset class, just one manager. The outflows that Bruno already said that was basically in GDS liquids, so it was TPD liquids, and the inflows were compensated with the alternatives. But this outflow was basically related with the volatility of the first quarter that we saw in the most liquid markets, especially equities. And so this is more related to that.

It's not specifically one manager, not specifically one strategy, but it's more related to liquids because we saw what happened in the market in the first quarter with global equities, that's related to that.

Guilherme Grespan - *J.P. Morgan - Analyst*

Listen, if I may, just a last follow-up. You mentioned also there was some capital return, right, which I think kind of out of control. But just want to understand the agenda ahead, like when you look at TPD alternatives, is there a heavy agenda of capital return this year? Or no, there's nothing concerning on this trend that you have a heavy pipeline of outflow to come this year?

Sergio Ribeiro - *Vinci Partners Investments Ltd - Chief Operating Officer and Chief Financial Officer*

Guilherme, I'll complement that answer. So the capital return on the TPD alternatives for us, it's not going forward; it's not a revenue event, right? Because in most of the cases here, we charge the service that we provide as a placement fee on the fund raise. So when the capital is returned, it doesn't impact our revenue, let's say, going forward, right? It impacts a little bit when you talk about the semi-liquid business.

So if there is a reduction in our capital return in the semi-liquid business, yes. But a lot of the TPD business is closed down. So what will impact our fees going forward on a recurring basis are the TPD liquid redemptions that Alessandro mentioned. I think what is interesting and positive is that April was a better month already. So April, we had net inflows in TPD liquids.

So one concern that you might have and that anyone might have is if the shift in the investment environment could potentially have a more or less impact on this business, which apparently is not the case. So hopefully, we're going to see some recovery in the TPD liquids. And TPD alternative, as I mentioned in the call, we have a very strong slate of products this year. We are seeing a lot of demand in the semi-liquid credit business. It's something that with the environment going forward of higher interest rates, base interest rates in the US.

and Europe for a longer period of time, probably is an asset class that will continue to gather a lot of attention. And we're well-positioned with very strong partners in that asset class. So it's an asset class that we feel very strongly about going forward. And this asset class, we charge over time. So in that sense, it's a more, let's say, recurring fee stream that we get when compared to the closed-end alternatives.

Alessandro Horta - *Vinci Partners Investments Ltd - Chief Executive Officer, Director*

And just to complement, Guilherme, sorry about the final comment. In my personal view, and I have been discussing with Bruno, the capital returns on the TPD alternatives, in fact, is good news because since we charge upfront, normally, since the majority of our clients are institutional clients, when they're returning money for them in investment in alternatives, normally, we could expect that at least a portion of this return on capital could be subject to re-ups on the same program since they are very long-term investors, institutional investors. So in fact, since we charge the majority of the placement of alternatives on third-party distribution upfront, the capital returns that we are no more charging over this capital. When this is returned, the client tends to re-up, at least partially reinvest in alternatives again.

Operator

Tito Labarta, Goldman Sachs.

Tito Labarta - *Goldman Sachs - Analyst*

A couple of questions also. Just first, given, as you mentioned, the potentially increased interest in Latin America, given just all the global uncertainty with the tariffs and everything else going on geopolitically, from the conversations you're having, Alessandro, curious, I mean, is it just sort of like high-level interest? Or is anybody already maybe beginning to deploy capital? Just how you think how much this could potentially benefit the region, and if you're already seeing any benefits of that? And in which segments do you seem to get the most interest?

And then second question, just on a little bit of follow-up, I guess, on the FRE margin, right? It's a little bit below sort of the guidance. And anything impacted, or how do you think about the margin evolving, sort of, for the rest of the year? Should you get back above the 30%, and how quickly can you maybe realize some synergies...

Alessandro Horta - *Vinci Partners Investments Ltd - Chief Executive Officer, Director*

Thank you for your question. That's Alessandro. So I will start answering your first question, then I'll let Bruno with the FRE margin. Yes, as I said, we are seeing more interest, and it's real interest. Of course, there is different types of approach, but we are having much more inbounds that we had in the recent years.

The perception that Latin America and not just one country specifically could be a place to deploy capital is becoming more evident at least or at least creating some possibilities in the minds of global investors, institutional in general, being sovereign wealth, pension funds, family office from all the continents, especially from Europe and Asia, we are seeing more inbound, but also from the US.

And regarding where we are seeing more interest so far, I would say, first, I would say it's equities that are more liquid for sure. Infra is also receiving a lot of interest regarding investments in sustainable energy, things related to that, and infra in general, and also credit. So I would say these three asset classes so far have been the ones that we are seeing more interest coming from these global investors. Some of these are more advanced.

So as I mentioned before, we got some commitments from Asia for our private equity fund, and we're discussing even from our sustainable infrastructure fund. And we are discussing also some SMAs for the whole region, also to investment in infrastructure. So this is the main interest. We also have been receiving some inbound from emerging market global funds in credit to create portfolios in Latin America, with private credit being the principal, I would say, interest from this fund.

And finally, equity that will be more immediate, where we have a very strong capability, not just a single country, but also a mandate for the regional approach for Latin America.

Bruno Zaremba - *Vinci Partners Investments Ltd - President of Finance & Operations*

This is Bruno. On the margin question, I think at this time, we continue to view that low 30%s for the year as possible. So that range from, let's say, 30% to 32%, let's say, percentage points as a year-end margin. I think what surprised us in the first quarter was the corporate advisory revenue line, which is really, if you look at our history, it's very unusual that we have a quarter with no activity in that business. So that obviously affected the ability to dilute our operating costs.

So if we had, for instance, BRL10 million revenue coming from advisory in the first quarter, the margin would have been around 30%. So the fact that we had such a weak quarter in corporate advisory really cost us a little bit of leverage in this first quarter. But as we mentioned during the call, the pipeline in corporate advisory continues to be strong. We have several transactions in the pipe. So we expect that revenue rates to recover.

The rest of the business on the upfront side, as I mentioned as well, we have a good outlook as well for projects for the remainder of 2025, new funds that are coming on, which we're going to charge upfront, hopefully, with successful fundraising. And the management fee now is very diversified. I think we're in a moment where the tailwinds to our region are starting to increase, not only locally, but on a global basis as well.

So if we continue to be able to capture that and perhaps accelerate a little bit the capture rate of those opportunities, I think we should be able to get to those low-30%s of FRE. And just another point that I mentioned, we, in the fourth quarter, also talked about having a stronger second half against the first half.

I think that continues to be the case at this point. It's going to be a little bit stronger on a proportional basis because of the corporate advisory results in the first quarter. But hopefully, we can get to that initial guidance in terms of margin for the year.

Operator

We are showing no further questions. I would like to turn the floor back to Mr. Alessandro Horta for the closing remarks.

Alessandro Horta - *Vinci Partners Investments Ltd - Chief Executive Officer, Director*

I'd like to thank you one more time for your continuous interest and support. With the first full quarter with our numbers fully integrated, Vinci and Compass, we can say proudly that we feel one single company. The alignment of our cultures and objectives are amazing, with a growing perception that the macro political environment in LatAm will turn to a positive trend. We are optimistic that our platform is more than ready for that.

So thank you again, and have a good night.

Operator

This concludes today's presentation. We thank you all for your participation and wish you a very good evening.
