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VINP.OQ - Q1 2026 Vinci Compass Investments Ltd Earnings Call

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PRESENTATION

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 first quarter 2026, 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 for the first quarter of 2026, Vinci Compass generated fee-related earnings of BRL96.3 million or BRL1.47 per share, FRE margin of 35.4% and adjusted distributable earnings of BRL62.2 million or BRL0.95 per share. We declared a quarterly dividend of \$0.17 per common share, payable on June 8 to shareholders of record as of May 25.

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

Alessandro Monteiro Morgado Horta - *Vinci Compass Investments Ltd - CEO, Co-founder, and Global Head of Real Assets*

Thank you, Anna, and good evening, everyone. Thank you for joining us today. Before I turn to our quarterly performance, I would like to highlight some meaningful developments that occurred after the end of the quarter. As you know, we are diligently executing on the strategic priorities we outlined during our Investor Day, including expanding our footprint in key Latin America markets and strengthening local distribution capabilities. The start of 2026 already reflects the steady and consistent progress across each of these dimensions.

We announced in April a strategic combination with BACS Asset Management to build a scaled asset management platform in Argentina by combining our existing asset management practice with BACS' extensive corporate and retail distribution network. Argentina is undergoing a rapid transformation of its financial system, marked by growing demand for mutual funds, money market products, dollar-based strategies and alternative investments.

We see the country as one of the most attractive growth opportunities for asset management in the region, supported by structural shifts in savings behavior and an increasing need for scale and efficiency. This transaction positions us for accelerated growth in a rapidly consolidating local asset management market. A further strategic achievement has been the integration with Verde, which is progressing extremely well, with a strong cultural fit and an impressive degree of complementarity that have already proven to be invaluable.

We are seeing tangible benefits from the strong collaboration between the teams. The first product we launched together, [VIVE FI-Infra], is gaining traction, with increasing client engagement and encouraging feedback from the local investment community. While the collaboration between the teams has only just begun, the power of expanding our solutions set by joining forces has already proven to be even greater than we initially anticipated.

Moreover, I would like to highlight a recent development within our infrastructure strategy, which we discussed in greater detail in our 2025 Form 20-F and is expected to have an impact on our results in 2026. As we disclosed in the past, our Infrastructure team had reached an agreement in 2025 to acquire an interest in the holding company owned by Changi, that held a stake, alongside Infraero, in the concessionaire of the Rio de Janeiro International Airport, Galeão.

Following the outcome of the concession auction in March of this year, in which Aena was declared the winning bidder, the holding company, that a fund managed by Vinci Compass had an interest, became entitled to receive an indemnification-related amount. Vinci Compass is then expected to receive a portion of this indemnification, which we estimate to be of approximately BRL100 million, already net of taxes and associated expenses.

This outcome reflects the team's activities undertaken prior to the auction, including the Infrastructure team's involvement in the negotiation and structuring the new regulatory model, alongside general expenses incurred. We expect this amount to positively impact our distributable earnings during the third or fourth quarter of 2026. In the Private Equity segment, we are also pleased to share exciting news.

Last week, we announced the conclusion of the exit of portfolio company Mundo do Cabeleireiro from the Nordeste III fund within the VIR strategy. Since the fund's investment in 2018, Mundo do Cabeleireiro has strengthened its market presence, becoming a leading player in cosmetics retail in the North and Northeast regions and expanding significantly into São Paulo.

This represents the fifth exit among six investments from Nordeste III, highlighting the Private Equity team's proven ability to drive value creation within portfolio companies and execute successful divestments, generating strong DPIs. This accomplishment is instrumental in supporting the success of VIR V, which was recently launched and is currently in its fundraising phase, with the first closing expected in the next few quarters. Shifting to the macro environment, overall sentiment towards Latin America remains very constructive.

As investors seek to diversify away from U.S.-centric exposures, Latin America, as a geopolitically neutral and increasingly stable region, is well positioned to attract meaningful 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.

Although local elections and oil price fluctuations remain sources of uncertainty, with still limited clarity on how fiscal policies and political leadership may evolve in Brazil, Colombia and Peru, recent market dynamics have been encouraging. The resiliency of the Brazilian real, for example, has highlighted growing interest from international investors, particularly during the IMF meetings, positioning Brazil as one of the countries better insulated from oil price shocks and supported by an energy surplus.

Leveraging this momentum, we held our annual global investment conferences and seminars across Chile, Brazil, Argentina and Uruguay with more than 1,500 clients and investors, including pension funds, insurance companies, intermediaries, single-family offices and high net worth individuals. The scale and reputation of our platform were further reinforced by the quality of the agenda, with over 20 speakers, including a former president of Colombia, a global geopolitical strategist and leading regional macroeconomic consultants.

Translating these trends to our AUM, during the first quarter, despite global macroeconomic uncertainty around private credit and a historically quieter quarter for the industry, we experienced strong capital formation across most segments, particularly in our TPD business and credit

strategies, with contributions across different countries and products, including private credit in Peru and Brazil, public credit in Argentina, and our LatAm corporates hard currency strategy.

We continue to see strong engagement in our proprietary private credit funds from sophisticated investors, and the strategy remains a core pillar of our growth agenda with new fund launches in Chile and Colombia, complementing existing funds currently in fundraising in Brazil and Peru.

Turning to a brief snapshot of our financial performance, the quarter benefited from the full consolidation of Verde, which contributed to stronger management fees, while we continued to fundraise and exercise cost discipline across the platform. As a result, we delivered the highest quarterly FRE in our history, totaling BRL96 million with an FRE margin of over 35%.

The combination of selective inorganic expansion, organic growth, and operating leverage remains central to our ability to compound fee-related earnings over the short, medium and long term. Our FRE remains the core of our business and is the representation of our growth over the years and the operating leverage we have as we continue to raise capital across all our segments. We truly believe this quarter underlines the power of our platform, especially when looking into FRE numbers.

In comparison, distributable earnings for us still represent some volatility from quarter to quarter, as we have impacts from performance and IRE mainly, besides the recurring FRE base. It's important to highlight and remember that we have BRL868 million in assets allocated to proprietary long-term funds, which, with the exception of a smaller allocation to REITS, are not contributing to cash earnings at this moment.

If this amount was yielding close to CDI, we would have additional BRL21 million in our distributable earnings on a quarterly basis. Although our FRE has shown continued growth and reflect the value we have been creating in our business over the years, our balance sheet value is still not fully reflected in our results, and by consequence, constitute somewhat of a hidden asset in our business.

We expect the balance sheet to start realizing substantial value on distributable earnings in coming years as capital starts to be distributed from IRE Commitment funds. In the last twelve months, for instance, our total IRE was BRL65 million, with BRL35 million of this total only impacting accounting net earnings. As capital starts flowing back, these unrealized gains will impact distributable earnings in a meaningful way.

To conclude, we believe Vinci Compass enters the remainder of 2026 from a position of strength. We are executing against the priorities outlined at our Investor Day by strengthening our regional presence, scaling high-growth strategies and maintaining disciplined capital allocation.

At the same time, our broadening footprint, deep local origination capabilities and rigorous underwriting standards provide a strong foundation to navigate a backdrop of heightened external volatility. With a diversified platform, expanding distribution capabilities and structural tailwinds supporting alternatives in Latin America, we see a compelling opportunity set ahead. More importantly, we believe we have the platform, talent and execution capabilities required to capture it. Thank you again for joining us today.

With that, I will turn the call over to Bruno.

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

Thank you, Alessandro, and good evening, everyone. Against a global backdrop marked by intense headlines and market volatility surrounding the AI revolution, I would like to briefly address how artificial intelligence is reshaping Vinci Compass' operations and why we believe this will be a durable source of competitive advantage for the firm. We are leveraging AI decisively from an operational and user perspective.

Over the past 12 months, AI adoption across Vinci Compass has accelerated materially on two fronts: individual productivity and collective intelligence. At the individual level, more than 70% of our employees now use AI on a daily or weekly basis, and teams have created over 170 custom AI agents, tailored to their own workflows.

This underscores that AI is no longer experimental. It is embedded in how the firm operates. We have deployed seven enterprise-grade AI platforms, providing our employees with a secure and curated toolkit that actively supports financial analysis, modeling and process automation, while at the same time, taking care of governance and data security.

At the firm-wide level, we believe the greatest long-term impact will come from building proprietary institutional intelligence. We have developed a unified data platform, named Datalab, which centralizes KPIs, dashboards and analytics across all of our business units, as well as across many of our portfolio companies. This enables us to systematically transform institutional knowledge into a proprietary assets.

We're seeing substantial gains in internal development capabilities with AI-first programming within the data science and IT development teams. We have started to roll out systems that have been 100% AI coded, and the productivity gains on this development process have been very significant. In some cases, projects that would have taken several months are now being developed and put into work in weeks, if not days.

As we continue to scale these programming initiatives, we should be able to more quickly address business bottlenecks and improve efficiency and productivity. Another significant effort to increase the AI-first mentality across the platform has been the launch of the AI Ambassadors program, embedding AI expertise directly within business teams.

This decentralized model is capital-efficient, execution-oriented and keeps innovation close to the decision-making. This program not only reinforces the cultural message internally, but also fosters accelerated adoption and solution building, while centralizing a firm-wide library of agents, which can be used by other groups across the firm. We are also scaling up the collaboration with companies in our funds, with increased integration and sharing of best practices that can be implemented across the portfolio.

And finally, our strategic partnership with Ares also allows us to have access to what is happening in the U.S. alts industry regarding not only in-house implementation, but also interesting investment themes that can be found across LatAm, such as digital infrastructure and power generation, two investment themes at the core of the AI investment cycle. Our people are more innovative than ever, and we believe Vinci Compass is exceptionally well positioned for an increasingly AI-driven future.

Turning now to AUM and fundraising efforts. We ended the first quarter with BRL347 billion in assets under management. Excluding FX impacts, this represents 22% growth over the last 12 months and 2% growth quarter-over-quarter. In U.S. dollars, our AUM reached \$66 billion in the quarter, representing a 25% growth year-over-year and 3% quarter-over-quarter.

Over the last 12 months, Vinci Compass generated BRL52 billion of capital formation and appreciation, including BRL7 billion in the first quarter. This expansion reflects consistent capital formation across Global IP&S, Credit and Real Assets, as well as portfolio appreciation and the acquisition of Verde.

Starting with Global IP&S, the business continued to demonstrate the strength of our distribution platform and regional footprint. We remain the largest third-party distributor of offshore mutual funds to Chilean pension funds. Despite global market headwinds, we generated inflows in TPD Liquid and TPD Alternative, primarily into Asian funds, reflecting investors' ongoing diversification away from U.S.-centric allocations.

These inflows were partially offset by capital returns from TPD Alternative and the VSP strategy. Within multi-strategy, we saw early signs of stabilization, following several quarters of outflows with initial inflows from selected clients, pointing to improved momentum. While March was challenging for the industry, the Verde flagship fund continued to deliver strong performance, ranking among the top funds across several windows.

Client engagement has increased meaningfully, particularly from multifamily offices and retail platforms, which we expect to translate into positive flows over coming quarters. In addition, we believe there is opportunity to raise international capital into our multi-strategy funds. Today, the amount of international capital in this strategy is immaterial, and we have been hosting LP discussions that have strong promise.

In Equities, we are seeing encouraging traction in our UCITS platform. Both UCITS Brazil and UCITS LatAm, launched late last year, received initial inflows from intermediaries across LatAm countries, reflecting the impact of sustained distribution efforts.

Turning to one of the platform's most dynamic areas. Credit AUM reached BRL37 billion, supported by BRL2 billion in capital formation and appreciation during the quarter. We continue to advance both our local-to-local and cross-border strategies. The co-managed credit fund with Verde is attracting increasing demand, while Brazilian infrastructure credit continues to draw strong investor interest. In SPS IV, investor interest remains strong.

While commitments this quarter were modest, we expect increased momentum closer to the fund's final closing in the second half of the year. Shifting to Real Assets. We made solid progress across Forestry and Real Estate. Within Lacan IV, we structured commitments from European institutional investors, including DFIs, with additional investors currently in due diligence, a clear signal of growing global confidence. This is the first Forestry fund raised by Vinci Compass' distribution teams, and the feedback has been overwhelmingly positive.

In Real Estate, we completed the first close of VIOL, our logistics opportunity fund, with additional closings expected by the end of the year. We also remain attentive to potential market reopening, following SELIC cuts, which could create supportive backdrop for REIT fundraising. The achievements of the past 12 months provide a strong foundation for the remainder of 2026.

Looking ahead, in Credit, as Alessandro mentioned, we are particularly excited about the strategic combination with BACS, expected to close in the second quarter. By bringing together strong money market and transactional capabilities with value-added and longer-term duration investment strategies, the combined platform will offer a highly complementary product suite and is expected to approximately double Vinci Compass' asset management business in Argentina, reaching close to \$1.6 billion in combined assets under management.

Through this transaction, Vinci Compass will gain access to BACS' and Banco Hipotecario's extensive corporate and retail distribution network, significantly strengthening our local distribution capabilities in Argentina, while driving operational efficiencies and broadening the range of solutions available to clients.

Beyond Argentina, we continue to advance a robust fundraising agenda across the region. COPCO, CHILPCO II and MAV IV are currently on roadshow and have been receiving constructive feedback from local investors. We are also launching MAV Farmtech FIAGRO, a strategy designed to invest up to 100% of its net equity in senior shares of FIAGROs that anticipate receivables from rural producers, originated through pre-authorized dealership channels.

Our liquid credit offering in Chile also remains comprehensive with funds such as FM Liquidez, FM Protección, FM Deuda Chilena and FM Deuda Plus FI currently in fundraising, spanning different liquidity and duration profiles. These strategies provide clients with diversified exposure across local and foreign debt instruments, sovereign and corporate bonds and private debt, allowing us to address a wide range of risk-return objectives.

Rounding out the fundraising pipeline, within Global IP&S, our third-party distribution platform remains well positioned, supported by the depth of our client coverage, the quality of the managers we represent and the increasing sophistication of Latin American investors. We are also broadening our product suite through the launch of dedicated strategies such as the VC Crypto Fund, focused on digital assets and cryptocurrencies, further expanding the range of investment solutions available to our clients.

Overall, we entered 2026 from a position of strength with clear visibility, a robust fundraising pipeline and multiple growth levers already underway. The combination of an expanded distribution footprint, a comprehensive product platform and continued operation discipline gives us confidence in our ability to sustain our growth trajectory and continue compounding value over time.

With that, I'll hand it over to Sergio to discuss the financial results.

Sergio Passos - Vinci Compass Investments Ltd - Chief Financial Officer

Thank you, Bruno, and good evening to everyone. The first quarter 2026 was another solid period for Vinci Compass. Let me start by walking through our revenues. Management fees totaled BRL245 million in the first quarter 2026, up 25% year-over-year, mostly driven by the full quarter contribution from Verde, combined with continued organic growth across Credit and Global IP&S, reflecting our strong fundraising success over the last 12 months.

Advisory fees were BRL16 million, a decrease of 35% compared to the first quarter 2025. As anticipated, the environment for deal activity remains slow with the high interest rates and elections uncertainty in Brazil contributing to softer results from our Corporate Advisory segment.

In addition, as highlighted in prior calls, upfront fees in our third-party distribution alternative business can vary significantly, depending on the timing of commitments. Altogether, fee-related revenues reached BRL272 million in the first quarter 2026, up 17% year-over-year, and BRL990 million over the last 12 months, up 44% year-over-year.

Turning to fee-related earnings. We delivered a record BRL96 million in the quarter, or BRL1.47 per share, up 47% year-over-year on a nominal basis and 42% per share. Our FRE margin expanded to 35.4% in the quarter. This improvement was driven by Verde's full quarter contribution, operating leverage on revenue growth and ongoing cost efficiency we began last year. It's also worth noting that the first quarter tends to benefit from lower seasonal costs such as auditing fees. We expect some fluctuation in margin in future quarters as these seasonal costs materialize.

Moving to performance-related earnings, or PRE. We recognized BRL2 million in the first quarter '26, primarily in Equities and Global IP&S. This result is in line with seasonality, as our liquid funds generally only recognize performance in the second and fourth quarters and most of our closed-end funds have not yet entered their realization cycle.

Over the last 12 months, PRE totaled BRL13 million, down 50% year-over-year, given that the prior period included FIP Infra Transmissão and one-off strong contributions from opportunistic funds in Argentina and Peru in 2024. In contrast, PRE this period was more normalized and concentrated in Global IP&S, Credit and Equities.

Investment-related earnings, or IRE, were BRL4 million in the first quarter 2026, with BRL6 million realized and an unrealized loss of BRL3 million, reflecting mark-to-market impacts on a listed REIT that offset gains in other funds. Over the last 12 months, IRE totaled BRL65 million, a significant increase year-over-year, reinforcing our long-term thesis and the growth potential from IRE commitments as a value compound driver for Vinci Compass.

Before moving to distributable earnings, I would like to remind you that, as we deploy cash into IRE commitments, there is a medium-term negative impact on distributable earnings since it no longer generates short-term financial income after capital calls. At Investor Day, we presented in greater detail a schedule for capital calls over the coming years with BRL300 million to BRL400 million expected to be called by year-end 2026 and the remaining commitments by 2029. So far, we have called about BRL140 million of this guided range.

Additionally, bonus compensation is paid annually in January, further reducing our cash position in the quarter. As a result, realized gains from financial income declined 35% year-over-year and are expected to keep trending lower as we approach the BRL300 million to BRL400 million range and funds mature to the realization cycle.

Bringing everything together, Vinci Compass generated BRL62 million or BRL0.95 per share in adjusted distributable earnings for the quarter, remaining stable year-over-year despite the higher FRE due to the decrease in realized financial income and lower PRE and IRE, as previously discussed. For the last 12 months, adjusted distributable earnings totaled BRL292 million or BRL4.55 per share, up 16% on a nominal basis and 5% per share year-over-year.

This quarter's results underscore Vinci Compass' disciplined approach to growth and capital allocation, leaving us well positioned for continued progress throughout 2026. As we look ahead, the fundamentals of our business remain robust: healthy fundraising, operational leverage, successful integration of acquisitions and disciplined capital management, all supporting our sustainable growth trajectory.

With that, I would like to open the call for questions. Once again, thank you for joining us this evening. Operator, please proceed.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Ricardo Buchpiguel, BTG Pactual.

Ricardo Buchpiguel - BTG Pactual - Analyst

Hi, everyone, and thank you for the opportunity of making questions. I wanted to ask about two topics here. Can you please provide more details on how the BACS deal should help -- should impact your DE per share right away? And how can we expect the contribution to evolve over the following years? Any comments you can give us in terms of low-hanging fruits here and the main challenges for the acquisition will also be very helpful.

And another thing I wanted to ask is that we saw a good improvement in equity net inflows this quarter and would also be interesting if you could go over whether this could mark like equity inflows returning to positive territory. Or there was anything more specific on this quarter and we should still expect more softer print in the rest of the year?

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

Okay. Ricardo, this is Bruno speaking. Thank you for being with us today. So BACS, the math is the following. We expect the transaction to be probably high-single-digit accretive on a local basis. So, to Vinci as a whole, the impact will be very small. So I wouldn't expect any substantial change because it's a high-single-digit impact in the Argentina numbers.

When you translate that into the whole Vinci numbers, the impact shouldn't be very high. What we are very excited about is going forward, right? We are partnering with a group in Argentina that is a very relevant group. So BACS is owned by -- at the ultimate level by Banco Hipotecario, which is a very well-known retail banking institution in Argentina.

And we believe that there is very strong complementarity on the platforms regarding products and regarding distribution channels. So the idea is that combining our two platforms and the complementarity that we see, it is very likely that we'll be able to achieve stronger growth rates looking forward.

The team locally is very excited about this. So I would say more on a positioning for medium, long term than any like very relevant impact on a company-wide basis in the short term. In regards to your second point, the inflows in equities, this is a preparation that we started to do late last year.

So we launched two products in the UCITS -- as UCITS platform products, one in Brazil and one for our Latin American strategy -- one for the Brazilian strategy and one for the Latin American strategy. And both of these products are starting to see inflows. So this is something that we had mapped in the past with some of our LPs that there was interest to deploy capital in these strategies. The track record of both strategies has been very strong.

So in Brazil, we continue to do very well. And the LatAm fund is actually doing very well. We had a very good year last year in the Chilean part of the portfolio. So those two funds are starting to see inflows. And hopefully, this is the -- as we discussed in the Investor Day, this will be the biggest growth driver for the equities platform going forward.

We feel that the -- our market share -- the theoretical market share that we should have in these two funds, these two strategies point to very substantial fundraising potential. So it's clearly the biggest bet that we have in growing the equities platform for the next few quarters.

Alessandro Monteiro Morgado Horta - *Vinci Compass Investments Ltd - CEO, Co-founder, and Global Head of Real Assets*

And Ricardo, it's Alessandro speaking here. Just complementing what Bruno said, as he said, we have a very strong performance in the majority of our equity strategies. And until now, what we have been seeing in terms of flows, as you know very well, has been foreigners through the ETFs. But we start to see a lot of interest in more active managed equity mandates in our funds.

So we are expecting, as the markets improve, to see more flows for this product moving forward. And the local part of these flows didn't start yet. So this is more like international allocation for the funds. But as soon as we see the market converging for more allocation in equities locally that are -- let's say, this allocation today is in the low point historically, we could see even more stronger flows moving forward.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

Very clear. Thank you very much.

Operator

William Barranjard, Itau BBA.

William Barranjard - *Itau BBA - Analyst*

Can you hear me?

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

Yes, William, go ahead. We can hear you.

William Barranjard - *Itau BBA - Analyst*

I have two questions here, guys. I would like to go again back to Argentina, trying to understand future products. What do you expect to develop there, if it's international money going into the region, maybe for infra credit and -- or if it's the opposite flow of local money going outside to the other regions of LatAm?

And also, now focusing on the corporate advisory, right? You commented that given the elections and the still high SELIC rate, things are not doing that well there. So it means that you don't expect anything to accelerate there or maybe at some point in the year, things should improve? I wanted to get your overall picture for this segment.

Alessandro Monteiro Morgado Horta - *Vinci Compass Investments Ltd - CEO, Co-founder, and Global Head of Real Assets*

Thank you, William. I'll get the first portion of your question. It's Alessandro here. Talking about Argentina, I think the main, I would say, target in the short term for our transaction with BACS will be to capture more flows locally, okay? Because as you know very well, the market in Argentina is still very focused on more liquid solutions.

And together with BACS, that not just brings some intelligence on the asset management side, but also a very strong distribution channel that is very complementary of us. We are more on the institutional side, and they are more on the corporate and retail side.

But moving forward, one of the main reasons of this partnership is really attracting money for investing in more alternative type of investments being private credit, equity, real estate and also infrastructure. And in this specific, I would say, universe of alternatives, we believe that we will see both money coming from local investors, but also we will be able to attract international investors for these opportunities, especially in the more long-term horizon type of investments like infrastructure, private equity and so on.

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

William, as for Corporate Advisory, at the time being, we continue to see a slow pipeline development in the second quarter. So, as we go through the second quarter here, numbers continue to be slow. I think there are a few things that we are working on for the rest of the year. There is optimism with the pipeline that we have, which is relevant, that we could have more material revenue contribution still in 2026 at some point in the second half.

And the second point is that we are working to develop this vertical also outside of Brazil. So we are looking at opportunities to deploy this expertise that we have in other markets, so I would say, mainly at this point in time, in the south part of Latin America.

So we have been discussing with some of our offices how to potentially start this project in other countries. So, that would be the priorities for -- those will be the priorities for Corporate Advisory at this point: so continue to work on the pipeline to potentially have a better second half of the year as the pipeline still looks strong on a total size, and also start looking at opportunities to create opportunities to internationalize the Corporate Advisory segment to other Latin American markets.

William Barranjard - *Itau BBA - Analyst*

Perfect. Thank you, Alessandro and Bruno.

Operator

Lindsey Shema, Goldman Sachs.

Lindsey Shema - *Goldman Sachs Group Inc - Analyst*

Hi, good evening, and thank you for taking my question. Maybe taking a step back and thinking more broadly, as we get closer to elections in Brazil, could you just kind of talk about potential outcomes and what they would mean?

And then, my second question is, we've been talking a lot about Argentina, but what other regions are you excited about? What other products are you excited about? And then, what other regions and products do you think are maybe more topics for M&A and you still need to build out your capabilities in?

Alessandro Monteiro Morgado Horta - *Vinci Compass Investments Ltd - CEO, Co-founder, and Global Head of Real Assets*

So Lindsey, it's Alessandro. I could start with the first question regarding elections in Brazil. I think personally that today, it's very difficult to have a view about the outcome of the election for sure. It's clear that. But we are not really very worried about the outcome of the election. I think if we have a more pro-market, I would say, outcome, probably the market could be a little bit more positive. But in any way, we have either incumbent or someone with a speech more for market so far.

So we are really not expecting a big movement either one direction or another, especially if we have the reelection of the incumbent. In a way, we believe that these elections could be an opportunity for the country, but still difficult to say that the reaction of the market, depending on the outcome, since the probability today is very -- due to the polls, it's very uncertain, okay?

So I would say that we do not -- we are not worried about the -- that's the final message, with the outcome of the elections. On your second question, and I would like Bruno to jump in also, I think after Argentina, we saw an opportunity to really have a complementary, I'd say, addition to our presence there without having to invest -- have to invest money to get this probability -- sorry, this probability of really growing our business there. So we have been able to make a deal that's very, very accretive without running so much risk.

Regarding the rest of Latin America, we continue to believe that private credit is one of the main asset classes to grow both from global to local dimension, but also local to local. Still in the early days in countries like Colombia, in countries like Mexico, where we are really advancing in this specific vertical.

But also, we are seeing a lot of opportunities in the infrastructure space. So one thing that we are looking more and more is the infrastructure opportunity in Latin America as a whole. Of course, Brazil will continue to be the main market, but we are seeing a lot of opportunity in other countries, too.

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

Yes. I think just to complement Alessandro's second point, in the infra side, I think he touched that in his answer. I think we are starting to prepare to roll out local-to-local products in Infra and Real Estate, which I think is a couple of interesting developments, starting with those two verticals in Chile initially.

And the other point, just to wrap up the conversation, is the feedback that we have been getting from our global LPs. So interest for LatAm has continued to improve. We mentioned in the prepared remarks, the demand for LatAm, for instance, has been very, very strong from European LPs, I would say, mainly.

But we are seeing interest from U.S. LPs into LatAm infra. We're seeing interest all around for SPS, which is still fundraising. Also the VIR V pre-close is looking very, very good. I think most of the LPs are very satisfied with the performance of the fourth fund, and a lot of the international ones have indicated to us that they continue to be interested in being engaged in the strategy.

So I think the overall sentiment towards Latin America continues to improve, and that creates an urgency on our side to build these Latin American products. Like Alessandro said, I think infra is a product that we see that there's really a lot of interest. But I would say that, that's true also for other of our verticals. So I think overall, those would be the two adds that I would make to Alessandro's comments.

Operator

Guilherme Grespan, JPMorgan.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

Hi, good evening, Alessandro Bruno. Thank you for the call. My question is actually more straightforward just on taxes. I thought realized taxes was a little bit higher than usual, to be honest. The implied effective tax rate in my math is something close to 26%. You used to run more or less around mid-teens. Just want to understand what is the moving part here of taxes, and what we should expect going forward?

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

Okay, Guilherme, thanks for the question. There are a couple of effects this quarter. One is the gain that we had on the movement of the contingency payments, the earn-out payments. This quarter, we had a BRL43 million accounting gain because of the drop of the stock price and the corresponding gain in the reduction of the liability of this account.

So this created an excess income provision this quarter, which was the opposite of what we saw in the fourth quarter, right? In the fourth quarter, we saw the opposite impact. We had a loss, and this reduced the tax bracket in the fourth quarter. And the other impact is the Verde consolidation. So Verde, in the fourth quarter, we had one month.

And in the first quarter, we had the full quarter. Verde is a real tax regime company. So the expected run rate of income tax for us, if you normalize for the earn-out effect, you're right, we used to be around 17%, 18%. This number now is going to go in the low-20s. So probably 22% -- 21%, 22% is going to be the expected number on a go-forward basis, mainly because of the consolidation of Verde in the results.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

That's clear, Bruno. Thank you so much.

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

Thank you.

Operator

The question-and-answer session is now concluded. I would like to turn the floor back to Mr. Alessandro Horta for the closing remarks. Please, Mr. Horta, you can proceed.

Alessandro Monteiro Morgado Horta - *Vinci Compass Investments Ltd - CEO, Co-founder, and Global Head of Real Assets*

So I'd like to thank you all for your continued support one more time. As we highlighted during this call, we are pretty much optimistic with our platform. We set up a lot of different avenues for growth. Of course, we are seeing the market change is slightly in the interest for the region, and that's probably, moving forward, will help us in terms of fundraising, and of course, in a well condition of deploying capital.

There is, I would say, a systematic scarce of capital in the region. So we are able to really, moving forward, to deploy this capital in a very efficient way. So thank you all, and a good evening to everybody.

Operator

This does conclude today's presentation. We thank you all for participating and wish you have a very good evening.

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