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# EDITED TRANSCRIPT

VINP.OQ - Q4 2024 Vinci Partners Investments Ltd Earnings Call

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## PRESENTATION

**Operator**

Good evening and welcome to Vinci Compass' fourth quarter and full year 2024 conference call.

(Operator Instructions) As a reminder, this call will be recorded.

I would now like to turn the conference over to Anaa Castro, Investor Relations Manager. Please go ahead, Anna.

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**Anna Castro** - *Vinci Partners 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 in our financial statements for the quarter, which are available on our website at ir.vincipartners.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 discussion of some of the risks that could affect results, please see the Risk Factor section over 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 venture compass fund.

On results, Vinci Compass generated few related earnings of BRL79 million or BRL1.23 per share. And adjusted distributable earnings of BRL73.9 million or BRL1.23 per share for the fourth quarter 2024.

For full year numbers, Vinci Compass posted few few related earnings of BRL248.4 million or BRL4.42 per share, and adjusted distributable earnings of BRL239.1 million or BRL4.26 per share. We declare a quarterly dividend of $0.15 on the dollar per common share payable on March 27 to shareholders of record as of March 13.

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



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**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 delighted to be with you today as we announce results for the fourth quarter in full year 2024.

As you all know, 2024 was a transformational year for our firm, marking the beginning of a new chapter with the successful completion of our combination with compass alongside two other strategic acquisitions, math and lacca.

These milestones have significantly expanded our platform, positioning Vinci Compass as the premier alternative investment and global solutions provider in Latin America.

We are already seeing tangible benefits reflected in our financial performance with strong AUM growth, FRE and PRE as well as the immediate scalability of our distribution capabilities and extension of our product offerings.

Let's start with a brief overview of our results. Vinci Compass ended the year with BRL327 billion in total assets under management and advisory driven by the combination with compass, our acquisitions in the forestry and agribusiness sectors, but also with continued strong organic growth.

Our fund raising momentum remained robust across private equity, credit, and real asset segments, contributing BRL3.4 billion in capital subscriptions over the year, including BRL1.4 billion reiss in the fourth quarter alone. These results represent exceptional accomplishments in the current fundraising environment.

We achieved a strong first closing for SPS 4, our latest opportunistic credit solutions vintage. The fund secured close to BRL900 million in commitments, almost matching in this initial closing the total capital commitment of its previous vintage.

Driven mostly by relapse from SPS preexisting LP relationships across previous vintages, showcasing the appetite investors have to increase exposure in this strategy in Brazil. We will continue to fundraise for SPS 4 in 2025 now targeting other investor channels such as institutional investors in Brazil, Latin America, and globally.

Another highlight was the final closing of VCP4, a remarkable achievement and a challenging scenario for private equity globally. The final closing of VCP4 was led by foreign institutional investors which, as we anticipated, would come in stronger at the end of the fund raising process.

With this final closing, VCP4 reached BRL3.1 billion in total commitments, making it the largest private equity vintage in our history. One key aspect of this fund raising process was the increase of our investor base across the local institutional community in Brazil. Approximately 50% of the investor base for BCP4 is now composed of domestic capital providers in comparison to a historical average of 30%.

We have been consistently since our IPO thriving from the gradual shift to alternatives within the local institutional community in Brazil and we still have plenty of room to grow.

We are able to differentiate ourselves and still be able to raise capital in an environment with high interest rates by demonstrating our ability to generate value in investment companies uncorrelated to the local market's performance. On top of this, the current macro scenario has created very attractive deployment opportunities that will likely position VCP4 in an advantageous position as the Brazilian economy continues to grow.

Another major achievement in 2024 was the exceptional performance observed across multiple segments. Bothinch's pre-existing funds and compass strategies have delivered significant results in the fourth quarter. Our strongest contribution to PRE came from a dedicated special opportunities fund to invest in Argentina in our global IPNS segment launched last year to capitalize on Argentina's economic resurgence.

The country has undergone a dramatic economic turnaround driven by a bold fiscal adjustment, a sharp reduction in country risk, and an improving macroeconomic outlook. The Argentine peso previously under heavy pressure has now stabilized and even appreciated due to a controlled devaluation strategy and declining inflation reinforcing investor confidence with growing optimism about structural reforms and strengthening





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economic fundamentals, we benefited from strong asset reprising and capital inflows, significantly boosting our performance revenues in this strategy.

Turning to deployment activity, we had an active quarter for the private equity segment deploying significant capital across our different strategies and funds. In November, we announced the acquisition of a control stake in Outback Steakhouse operations in Brazil through VCP4. Outback currently possesses the most recognized casual dining brand in Brazil, and we are very excited to be partnering with looming brands and continue to develop the brand in the country. This investment builds on our proven track record in the sector following our successful investments in Burger King, Domino's Brazil, and Camara de Camaron.

Additionally, our impact and return fund VRR4 secured minority stakes in two high potential Brazilian companies, Ova Regen and DRS. With these latest additions, VRR4 has now invested. In nine companies spanning critical sectors such as water and sanitation, health care, and financial services, bringing the fund's total allocation to approximately 90% of its capital commitments.

As we build on this momento, we are excited to start the fundraising for [VRR 5] in 2025, further expanding our impact investment strategy and unlocking new opportunities for innovation, growth, and sustainable value creation in Latin America's dynamic market.

2024 was a landmark year for our company, marking one of the most significant milestones since our inception with the successful combination with Compass since the signing of our combination in March of. 2024 we have been diligently working on the integration process ensuring a seamless transition that strengths our operations and capabilities and reinforced our commitment to delivering value to investors and shareholders.

With the integration well underway, the teams from Vinci and Compass are now working together as a unified Latin American company leveraging our combined strengths to capitalize on the market opportunities.

Our focus remains on identifying and seizing growth avenues that will drive long term value while deepening our understanding of product demand from investors so we can provide them with the best solutions always. As we move forward, it's essential to analyze the broader economic landscape, which continues to shape the dynamics of our industry and influence our strategic decisions.

In 2024, macroeconomic conditions underwent significant adjustments both globally and regionally. The US economy has shown the remarkable resilience, leading the Federal Reserve to pause interest rate cuts. The current scenario for strong growth bodes well for major markets in general. Commodities prices have been on an uptrend recently.

Meanwhile in Chile, market sentiment has improved significantly, driven by a combination of factors the implementation of a wide pension reform, the prospect of electing a more pro-market Presidential candidate, and a decline in local interest rates.

These developments have created a more favorable environment for alternative investments. In many ways, Chile's current momento could serve as a reference for Brazil in 2026 as Brazil moves closer to Presidential elections, and we anticipate a monetary easing cycle starting in late 2025.

For Vinci Compass, these dynamics translated into higher demand for alternative investments and global solutions. Further reinforcing our strong market positions. We have reached a stage where the strength of our brand and the attractiveness of our platform have set us apart from other local and regional players. This evolution mirrors trends observed in the US and European alternative asset markets where the industry has increasingly concentrated around leading firms. We are now seeing this same pattern emerge in Latin America position Vinci Compass as a key beneficiary of this shift.

As we enter the new year, we are stepping in an environment full of opportunities to further expand our presence across Latin America and strengthen our fund raising efforts both cross border and our local to local basis.

Our extensive footprint allow us to effectively drive cross-selling opportunities across the region while leveraging the unique advantages of global markets. This geographical diversity enable us to offer tailored solutions to our clients, addressing their investment needs on a local, regional, and global scale. Bruno will provide more insights into our exciting fundraising initiatives for 2025.



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To conclude, the strength and scalability of Vinci Compass platform will continue to propel us forward in 2025. We are very excited about the platform, our market position, and the opportunities we seek to continue providing solutions to our clients that address their financial allocation and investment needs, be it locally, regionally, or on a global basis.

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

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**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

Thank you, Alessandro, and good evening everyone.

We are entering 2025 with an exceptionally strong fundraising pipeline positioning venture compass for another year of robust capital formation and growth. We will have a number of products in the market this year with notable initiatives such as the development of our UIS platform for listed equities, a number of new structured products and credits, real estate and IPNS, the continuing fundraising of flagship funds such as VICC and Vinci SPS, and a complementary host of high quality global strategies in third party distribution. One of our strategic focuses in 2025 is credits, which remains a cornerstone of our platform.

We see significant opportunities for expansion and market share growth, and we are actively scaling multiple initiatives across diverse strategies and geographies, ensuring robust capital deployment opportunities.

Let's begin with our local to local credit fundraising activities. In Brazil, we are advancing fundraising for our MAV 3 vintage and our open-ended credit products including VC, one of our flagship funds across our Brazilian private credit offering.

In Peru and Chile, we are raising capital for additional funds in existing strategies such as closed in senior secured lending and public and private credit funds. While in Colombia and Mexico, we are preparing to launch new strategies and credits in the former, we are currently structured COPO One, our first close in senior secured lending fund in the country, and in Mexico we are currently setting up a structured private credit fund with an anchor local LP as our first confirming and factoring fund in the country. With this product we will officially launch our credit vertical locally.

On the cross-border fundraising front, we continue to gain traction. Our opportunistic credit solution strategy, SPS's fourth vintage secured nearly $1 billion in the fourth quarter of 2024, and we anticipate continued capital raising across Latin America until early 2026.

We're also actively fundraising for two open-ended funds under Latin America corporate debt flagship, offering diversified exposure to high quality credit assets in the region.

Additionally, we're exploring new frontiers in private credit, including semi-liquid strategies and additional private credit opportunities. In total, we currently have over 20 credit products to be raised in 2025, and more are in the works for future years.

Our credit platform which which originated from four distinct groups Vinci, Compass, MAV and SPS has evolved into a highly complementary diversified one-stop shop for credit solutions. We're committed to deepening information synergies and fostering knowledge sharing across all of our strategies, ensuring greater efficiency, enhanced execution, and stronger investment outcomes.

One of our key medium term strategic agendas is the development of more local to local strategies across all our asset classes. I think the development of Intocomus credit group has shown how to combine organic and inorganic efforts to develop a strong market position. As we continue to grow our presence regionally, we will remain open to opportunities to partner with leading regional leaders or to develop the required capability in-house depending on the situation.

We also have an ambitious agenda for global IPNS in 2025 with conviction that our third party distribution strategy will drive strong inflows through a diversified and dynamic product offering. Our road map includes a comprehensive schedule of on-site meetings, events, sponsorships, and roadshows across key markets in Latin America and the US. Ensuing deep engagement with investors and reinforcing our commitment to expanding best in class solutions to our clients.



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In terms of net flows, we anticipate substantial inflows across all asset classes, partnering with world-class GPs and top tier asset managers. Our offering spans traditional assets, alternative drawdown funds, and semi-liquid alternatives, each contributing to a well-balanced, diversified mix of third party distribution products.

These solutions allow our clients to complement our proprietary best in class local and regional products with exposure to the best global managers in their respective strategies, creating a true one-stop shop for capital providers in Latin America. Still within global IPNS, we are preparing to launch two new proprietary funds in the VSP family, building on the strong momentum of our inaugural VSP funds.

Following its success, we will introduce VSP 2, a fund of funds focusing on primary and secondary opportunities, as well as as co-investments in Brazil.

Additionally, we will launch the VSP semi-liquid fund, our first alternative semi-liquid fund designed to capture primary and secondary opportunities in developed markets. This innovative structure aligns with a growing global trend offering enhanced liquidity while maintaining exposure to high quality alternative assets, a model we believe will be highly attractive to clients. We plan to kick off fundraising for both funds in the first half of the year, further strengthening our global IPNS platform by leveraging cross-signing opportunities with our proprietary funds.

In the private equity segment, as Alessandro mentioned, we are thrilled to announce the final closing of VCP4 marking a significant milestone for our platform. With a strong pipeline of opportunities, the team is fully focused on deploying our dry powder strategically, ensuring we capitalize on high quality investment opportunities. At the same time, we're currently actively structuring VIR 5, our next vintage impact private equity fund, with a targeted fund raising period spanning from the second quarter of 2025 to the latter half of 2026.

Shifting to the real asset segment which encompasses our infrastructure, real estate, and forestry strategies, we continue to make significant strides across all verticals. On the infrastructure side, we are approaching the final close of our climate change infrastructure fund, the ICC. To date, we have already raised approximately 70% of the total target and continue to see strong interest from international investors.

The ability to combine strong investment returns with strict investment guidelines across climate transition strategies has allowed the fund to garner substantial LP interest, and we continue to be optimistic about reaching the target size of the fund.

Turning to real estate, we're preparing to raise capital for two new products in the first half of the year in the industrial warehouse and residential sectors in Brazil. We are also looking into opportunistic investment opportunities in the real estate sector in general through club deals while public markets in Brazil are not favorable for fundraising across our listed res.

Additionally, our Brazilian and Uruguayan real estate teams are now fully integrated, working seamlessly to strengthen our footprint and looking into opportunities to expand the real estate practice outside of Brazil. We continue to research new investment themes including data centers, a rapidly growing sector that is drawing global attention from alternative asset managers.

As part of our ongoing market analysis, we're studying the evolving demand for digital infrastructure and cloud services while still in the early stages, we're evaluating howintucomas could potentially position itself in the space in the future.

As was the case with our residential development and logistic infrastructure strategy within real estate, we believe this could potentially be an added strategy to our real estate vertical. To round out our fundraising pipeline, we are also raising Laun's first vintage fund within our forestry strategy with a final closing expected by the end of the year. To put in perspective, lacon 3 was approximately 500 million rising commitments, and we are targeting a bigger number for fund 4.

In the fourth vintage, we're going to be able to incorporate carbon credit returns into the fund, which should not only boost underlying returns for the fund but also potentially attract more climate transition capital into the strategy.

We follow these initiatives in motion. We are poised for an outstanding year. We are confident that 2025 will be a landmark year further solidifying our leadership in alternative investments across Latin America.



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The breadth and multitude of opportunities at Vinci Compass from a geographic and investment strategy standpoint, means that we have flexibility to grow our business while also bringing outstanding investment solutions to our clients.

Our commitment to innovation, discipline, capital deployment, and thoughtful expansion should continue to drive our success, creating long-term value for all of our stakeholders.

With that, I'll turn it over to Sergio to go through our results.

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

Thank you, Brunono. Let's start by covering our revenues. Fee related revenues totaled BRL218 million in the fourth quarter, reflecting an 84% year over year increase.

Focusing first on management fees, which totaled BRL107 million representing a 70% increase year over year, the private equity segment was the largest contributor, accounting for 27% of total management fees, primarily driven by the successful final closing of VCP4. And the retroactive fees associated with these final commitments.

Excluding catch up fees from the last quarters of 2023 and 2024, management fees still grew by 65% year over year, underscoring the strong revenue generation for from our latest acquisitions and the continued momentum in securing new commitments for our closet and funds.

Turning to advisory fees, we reported BRL40 million in this quarter with a particularly strong contribution of BRL19 million from our corporate advisory segment for the full year. This segment posted BRL43 million in advisory fees, exceeding our annual target by 43%.

Despite the challenging IPO environment, our corporate advisory business has continued to deliver exceptional results, demonstrating its resilience and strength. Still, with advisory fees, the third party distribution for alternative products, part of our global IPNS segment, contributed with BRL18 million in just the last two months of the year after the compass closing at the end of October.

It's important to highlight that the majority of our global IPNS advisory fees. Come from one time up front fees charged on three the party alternative commitments.

We anticipate that further upfront fees could materialize throughout 2025 directly associated with the fund raising pipeline for alternative drawn down and semi-liquid funds, which Bruno mentioned earlier and it continues to progress. We start in this quarter, we have introduced a new revenue line, other revenues, which includes brokerage fees in the US and Chile and fund service fees in Mexico.

On the brokerage front, we serve both high net worth individuals and institutional clients. For retail clients, we offer a comprehensive service not only executing trades on their behalf but also assisting in the construction of investment portfolios tailored to their financial objectives.

For institutional clients, our role is primarily execution focused, providing full trading execution service, or many prime accounts depending on their needs. Meanwhile, fund service fees related to the operational service we provide for funds in Mexico.

Unlike brokerage fee, which are transaction-based, fund service fees are recurring, though they are subject to foreign exchange fluctuation. This quarter, fund service fees totaled BRL4.7 million. Another important aspect to highlight is the composition of our fee-related revenues by currency. Approximately 30% of our revenue was received in US dollars in the fourth quarter, underscoring the global reach and natural currency diversification of our business.

Turning to fee related earnings, fourth quarter, fee related earnings totaled BRL79 million, reflecting a 38% year over year increase supported by higher management and advisory fee.





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For the full year 2024 FIE reached BRL248 million or BRL4.42 per share, up 15% on a per share basis. We anticipate continued momentum in airfare growth for 2025. Driven by strong fundraising pipeline and the full contribution of compass and lacking revenues and FRE which are now fully consolidated into our results.

From a margin standpoint, the fourth quarter was a strong quarter, as both our corporate advisory and the third party distribution business had strong revenues. In addition to strong catch up fees from VCP4 helping us dilute more efficiently our fixed costs.

We believe a more normalized FRE margin run rate at the current time would be in the low 30%. We continue to work diligently to leverage the combined business and drive margins higher over time.

As part of our income state presentation this quarter, you will notice a new line item. Placement fee amortization and rebates. These reflect fees paid to distributors that due to accounting procedures are not deducted from net management fees, unlike certain other distributor fees that directly impact the line. We introduce this change following our combination with Compass where these expenses are more significant, particularly in the credit and the PNS segments.

Prior to the merger, our exposure to placement fee amortization was minimal, primarily within the private equity segment. While this adjustment has only a slight effect on our consolidated FIE margin in segment in segments like credit and IPNS, where these costs are more mature relative to revenue, it can significantly impact segment margins.

As a result, the reported FAE margins for these segments may not fully reflect the underlying operation performance of the business. Although realized financial income delivered the strong investment returns during the quarter, it was generated from a smaller investment portfolio as cash was allocated toward capital costs from close-end funds and payments related to acquisitions. As a result, we observed a decline compared to the previous quarter, reflecting our active capital deployment strategy.

Regarding the other items line this quarter, we experience an FX's impact on whichcomo's net debt position in US dollar, which impacts our debt position in dollars from the convertible preferred structure with iris.

The Brazilian rial suffered from a 14% depreciation against the dollar during the fourth quarter resulted in a negative impact of approximately BRL16 million on adjusted distributable earnings. However, It's important to highlight that.

As of the third week of February, the Brazilian he had already appreciated by 9% compared to its exchange rate at the year end. Therefore, if the Brazilian he continues this appreciation trend, we expect to gradually offset this impact in the coming quarters, with most of this effect coming ahead in the first quarter of 2025.

Regarding non-operation expense as previous anticipated, we incurred expenses related to the closure of the Compass combination along with associated transactional expense and costs from the acquisition of Lacan.

We remain committed to transparency, and I want to assure our investors. That this line includes only these items, reinforcing the nonrecurring nature of these expenses.

Turning to performance related earnings, as Alessandro mentioned, we delivered a strong results this quarter with BRL16.5 million in PR, marking a 478% year over year increase. This strong performance was driven by recognition across our global IPNS, real assets, and credit segments. Reinforcing the strength and diversification of our platform.

In Glo PS, which was the largest contributor to Piridicuta, our results were driven by 30 party distribution liquid, global solutions, and commingo funded strategy, with a notable highlight to the V Argentina fund. In real assets, the largest contribution came from real estate in Peru, reflecting the robust performance of our real estate investment in the region.



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Finally, incredity key highlights included the VHG fund, which benefits from our confirming and structured credit strategy. And Compass [used30], which delivered a strong results within the local currency high grade credit strategy. Further strengthening the resilience and breadth of our graded vertical.

Speaking of performance, I'd like to highlight the gross accrued performance fees in closed end fans totaled BRL437 million by the fourth quarter, up 17% quarter over quarter, driven by the mark to market appreciation in December in our onshore onshore Brazilian funds. Our offshore funds, however, experienced a delay in markup recognition as the quarterly revaluation follows a 60 day disclosure timeline set by the funded administrator.

Looking ahead, given the effects depreciation of the full year of 2024, we anticipate that our offshore funds may face a temporary negative impact. No gross accrued performance fees in the next quarter.

To wrap up, I do like to cover our distributable warnings. Adjusted distributable earnings totaled BRL73.9 million in the fourth quarter or BRL1.15 per share. Representing a 16% year over year increase on a nominal basis.

On a per share basis, a just a D showed a slight suppression decline. Entirely driven by the impact of FX's depreciation during the quarry. Excluding these BRL16 million of FX exchange rate impact. Adjusted distributable earnings would have totaled BRL90 million with adjusted the per share reaching 1.40s per share, reflecting a 19% year over year increase on a per share basis.

It's important to emphasize that without the effects effect both our nominal and per share figures would have shown significant growth further reinforcing accretion from our organic and inorganic growth initiatives to our shareholders.

In closing, I'd like to once again emphasize the strong momento we continue to experience as a firm. We remain fully committed to generating long-term shareholder value, leveraging both organic growth initiatives and strategic inorganic sportunities to further expand our platform.

With that, I would like to close our remarks and open the call for questions. Once again, we'd like to thank you for joining our call.

Please, operator, you can proceed with the questions. Thank you.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Ricardo Buchpiguel, BTG.

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**Ricardo Buchpiguel** - *Banco BTG Pactual - Analyst*

I have two here on my side. So first I wanted to hear your thoughts on what should we expect about the evolution of FRE margin throughout this year, right? So there's any you guys did like a very big M&A here with Compass so just to understand a little bit better the pace and the evolution of the improvement as you. Tackle the synergies of this transaction.

And secondly, if you could also talk about pay. What should we expect in terms of student payout for 2025? I should we expect some somewhere close due to 90% or 95%. It will also be helpful. Thank you.

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

Okay, Ricardo, thank you for your question. That's Alessandro. Good evening for everybody. I will start with the first question about the evolution of the five margin. We expect the to regain. Margin FRE moving forward basically with two main actions. That's quite simple and we are already identified that we can deploy them over time.

First would be efficiencies in terms of cost and structure. We already identified during our previous work with bank where when we. Define the integration process, but moving forward, we already saw after a few months of integration that we really have a lot of opportunities to really gain a lot of efficiencies in our cost structure. And second, one of the main pillars of this deal, was, were the complementarity of the two companies, and, we have these two main drivers in this complementarity that we explore that will translate in high margins. First, a larger amount of 35 distribution.

In Brazil, where Compass was and Vinci, of course, was very -- still not very relevant. And the second would be to introduce the higher margin products in other countries in Latin America initiatives that are already, starting to happen, especially in private credit and other alternative asset classes, in other countries in Latin America take advantage of the track record of Vinci. Where we are tapping local markets in other Latin American countries where Compass, had a very good presence, and of course a very good LP base.

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**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

Hey, this is Bruno. Just to add on the first, FRE margin question, Asari made a comment in his prepared remarks talking about the expected level going forward. So we had, a number of about 36% in the fourth quarter and, for a recurring basis, we were mentioning the call, we mentioned a number in the low 30%, which I think is what we expect to do at least for the first year of the new entity of the new combined entity. So I think that's a good level to shoot for in terms of expectations for 2025.

And in regards to the payout, at this point, we don't under, we don't see any change in what we have been doing so that the target has been historically to to pay something around 80% of distributable earnings. At this point in time, we're going to keep the same targets, which was approximately what we did in this quarter. And looking forward, I think we at least for the time being, we're going to keep this the same percentage targets. So nothing changes on that side.

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**Ricardo Buchpiguel** - *Banco BTG Pactual - Analyst*

And just another question that I have. I was looking at the AUM variation, from one quarter to another and there was a big relevant effect related to FX, right?

I understand that Compass have their AUM mostly in USD and given the BRL depreciation had a positive effect on our AUM. But why would it be the number that helped in terms of revenues, right? Just to understand a little bit the effect on the P&L of this currency fluctuation.

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**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

Yeah, I think Sergio mentioned that as well, right? Today we have about 30% of the -- of our revenue in dollars and and and other breakdowns in the other currencies rise is about 40%, 30% in dollars, and the balance of the results are in Chilean pesos, Argentinian pesos, and so on and so forth.

So, I mean, having that depreciation impact on AUM now, we would like, I mean, we would see the, from the dollar standpoint, the impact on that 30% revenue that we have in dollars and depending on relative terms for the other currencies, the rest of the impacts as the other currencies move against the real.

But in this quarter, the most significant impact was from the dollar variation, which is that 30%.





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**Operator**

Guilherme Grespan, JP Morgan.

**Guilherme Grespan** - *JPMorgan - Analyst*

Congratulations on results and good luck on the new chapter. Two questions on my side. One, starting to insist on the effects, but now the $160 million that you guys mentioned on the releases, as the impact from US debt. Just remind us a little bit, what exactly is this debt and is this unhatched and is expected to continue to be unhatched in the P&L?

And then my second question is related to performance fees. It seems that, and correct me if I'm wrong here, but it seems that a large portion, the largest was, IPNS, right, the contribution from this segment. Just remind us if it should be recurring or not, the contribution to performance from this side of the business. I understand there's also in Argentina and the results on Peru. But I think the largest chunk here of performance was IPNS and just want to understand if we're going to see this every quarter. Thank you.

**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

Okay, this one, this is room again. Thank for the questions. In regards to the exchange rate, the exposure that we have on the that side is the pre the convertible preferred with Aries, right? That's the exposure that we have put a target of having a small exposure to that fluctuation over time.

And obviously this quarter was, significant, exposure on the at least on the income statements, because we have a little bit of the exposure that is on hedge and will continue to be on hedged. We have not hedged it fully, but the squatter with the valuation of the currency, the impact was higher.

The reason why we don't have a full hedge is because our business is already partially in dollars. So, we're going to recover over the next few quarters, the cash flow from this loss, but on a momentaneous basis, given that the devaluation was very strong in the fourth quarter, we have this mismatch. But if the currency stayed at 615, which was the I think around the currency around the level where it finished 2024, we would earn this these results back on the FRE given the net exposure that we have to dollars. So that's the rationale that we did. We look at the cash flow profile, the dollar revenue that we have in the business. And look at that, on an ongoing basis to see what kind of exposure we are comfortable in having.

And nowadays, we figured that the exposure is between four and six quarters of FRE, to fully offset the impact that we have, on the mark to market of the death position.

In regards to PRE. The PRE actually was quite diversified. I was reading through the notes here. In 2024, we had, more or less 20 different products paying PRE. So it was quite diversified, the impact on most of those obviously in the fourth quarter. There were two, there was one, bigger beneficiary to that line which was Argentina.

Peru was also, an important impact, but Argentina, I think was the one that really stood out a little bit. It's difficult to say, I mean, obviously Argentina will not be such a con, we don't expect Argentina to be such a contributor, in future quarters, but hopefully that will go to another fund, right, given that we had 20 different funds contributing to PRE, hopefully that role that Argentina had in 204 for us will be taken over by another fund in '25, and we're able to repeat the level of period that we had in 2024, but it's difficult to anticipate, so I wouldn't want to commit to repeating this number going forward depends on markets. The performance of the funds, but hopefully we're going to get some good results in '25.

**Guilherme Grespan** - *JPMorgan - Analyst*

That's clear. And just one follow up just to confirm, Compass is 100% in the quarter, right? It, it's full 3 months.



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**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

No, it's just November and December. So we had two months of compas this quarter. Yes. Although the contribution from compass was.

It was good because the upfronts that we collected in the squatter were strong. So they were stronger than I would expect like in a normal, in a normalized basis. The fourth quarter, these two months that we had, they were strong because of timing of the front collection. So they had a good impact to the numbers in the fourth quarter, despite being just two months.

**Operator**

[William Pareja], Itau BBA.

**William Pareja** - *Itau BBA - Analyst*

My question here is regarding the consolidated business and if there is any new seasonality effects that we should be aware of, be it in terms of fundraising, fees, even performance and expenses, if there's something here we should be aware of, so, we could put it into our models, it would be very helpful.

**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

Okay, William, this is Bruno again. I think the main seasonality that I would expect for us to have is that we are more than doubling our advisory fee line, right? So, we had, as a stand-alone company, the corporate advisory segments, which was difficult to forecast on a quarter to quarter basis because it depends on when the deals closed and when our advisory fees would come in.

With the incorporation of Compass, this exposure now is more than double of what we had, on a stand-alone basis. The advisory fees from Compass, they depend on the timing of the closings of the funds that we are distributing our third party distribution business. So they also vary from quarter to quarter. So I would expect on a go forward basis, this line specifically the advisory fee line.

To be the line that we would have more seasonality throughout the year depending on the timing of the closing of the transactions, the case of corporate advisory, which we already had, and now depending on the timing of the closing of the funds that we are raising on third party distribution, also affecting on the -- on a quarter to quarter basis, right? Those are the two main aspects that I would expect to have some. A bigger seasonality going forward.

**Operator**

Tito Labarta, Goldman Sachs.

**Tito Labarta** - *Goldman Sachs & Co. - Analyst*

My question, following up a little bit on the advisory fees, I guess, particularly for IPNS cause you mentioned some of those are one time. Just to understand how much of the advisory feees should we consider as one time and I think that you also mentioned that you may have some other one-time advisory fees just to think of. About what's recurring. I understand there's some seasonality there that you just mentioned, Bruno, but what's recurring and what's one time.

And then somewhat related to that, if on the IPNS, if we look at the fees, the management fee that the percentage of the fee earning AUM, we expected that to come down given the incorporation of Compass, but it is the level we saw this quarter. Is that the right level to think about going



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forward? And I understand you only included two months of compass, right? So it'll probably be a little bit higher, but just to think about the management fee as a percentage of AUM, particularly for IPNS, how do we think about that going forward?

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

Yes, Tito, that's Alessandro. I'll take the last question. Yes, of course, taking consideration that we just incorporated two months of compass. We expect this, fee level will be the stable level if you take out the one times that are more upfront related to more.

Draw down funds that we distribute through our three by distribution business. So, this is the level of recurring.

So this is taking consideration again, the two months, not the three months, that would be around the percentage level that we should expect moving forward. I leave Bruno to talk a little bit more in detail about the one time.

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**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

Yeah, good to talk to you. I think what, Sergio mentioned is in his remarks and the non-recurring nature are the advisory fees that we paid as costs regarding the close of the transaction. So we had a Compass in Lacondes quarter and there were eees associated with those two transactions, due diligence fees and also advisory, fees for those deals which we have, separated in our income statements, and are those are non-recurring in nature because they are 100% M&A related, right? So those fees are paid and will no longer happen. In the case of the revenues from advisory fees in global IPNS.

They are recurring, they're part of the business, right? So the business and in third party distribution, we have two options, let's say of receiving revenues in that business. For the liquid third party distribution business, we receive a fee on the average AUM or average revenue over time.

So it's a more normalized, level of fees because it depends on the AUM and revenue that we have in a certain quarter. They're measured and we receive those revenues, and they enter into our management fee numbers, so they are not carved out into advisory fees. What we book into the advisory fees is the other type of revenue that we receive from third party distribution.

Which is related to the closed down funds that we market. So when we market the fund, which is not liquid and people have commitments for a long term, like a private equity fund or a real estate fund that has a a typical drawdown structure, we charge fees on the placement of these funds that depend on the amount of capital that we raise and each fund has a different percentage, right, negotiated with the partner.

These fees, they are not, they are recurring, so they are part of the business as long as we have, drawdown funds being distributed, we're going to charge these fees, but they are less, they're less stable, right, because they depend on the timing of the clothes of the products. So usually we charge at the time of the close, it's a percentage of the AUM that we raise depending on the funds. But it's a recurring, revenue stream. It's not stable, quarter to quarter because it's a little bit lumpier because it depends on when the fund is closed, but it's a part of the business, so we expect it to continue, going forward, as part of our third party distribution, business.

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**Tito Labarta** - *Goldman Sachs & Co. - Analyst*

Okay, great. I think that's clear, Bruno, thanks for that. So we should consider those advisory revenue fees as recurring. There will be, and it's not necessarily seasonality, it depends more when the funds close, not because you get more than 4Q versus 2Q. It's more when the funds close.

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**Bruno Zaremba** - *Vinci Partners Investments Ltd - President of Finance and Operations of Private Equity, Investor Relations*

Exactly. So we had a good fourth quarter. I think fourth quarter was a good number like from a a sustainable level basis I would say probably towards the upper ends. But we expect the advisory contribution, from third party distribution as I made a comment in the prior answer, to more than



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double the advisory fees for us on a combined basis. If you add the corporate advisory, what we had before and add the advisory coming from third party distribution. That's going to be more than 2x what we had before. Obviously, it will fall in different quarters, but it's going to be a much bigger number going forward for sure.

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**Operator**

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

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

So, we'd like to thank you again for your continuous interest and support and to let you know that we are very optimistic and update with the prospects of our business moving forward. This is the first call of the combining numbers and we are certain that we have a very good future for Vinci Compass. So thank you again and good night.

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**Operator**

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

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