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PRESENTATION

Operator

Good afternoon, and welcome to the Vinci Partners second-quarter 2024 earnings conference call. (Operator Instructions) As a reminder, this call will be recorded.

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

Anna Castro - *Vinci Partners Investments Ltd - IR*

Thank you and good afternoon everyone. Joining today are Alessandro Horta, Chief Executive Officer; Bruno Zaremba, Private Equity Chairman and Head of Investor Relations; 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 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 on 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 refine 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 Partners fund. On results, Vinci generated fee-related earnings of BRL61.9 million or BRL1.16 per share and adjusted distributable earnings of BRL58.4 million or BRL1.10 per share for the second quarter 2024. We declared a quarterly dividend of BRL0.17 on the dollar per common share payable on September 5 to shareholders of record as of August 21.

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

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

Thank you, Anna. Good afternoon and thank you all for joining our call. We are very pleased to join you today as we announce results for the second quarter 2024. Let me start by saying that we posted, once again, a double-digit growth in fee-related earnings on a year-over-year basis.

This quarter was even more significant, close to a 25% increase on a per share basis. This remarkable growth is largely attributed to our exceptional fundraising performance in private market strategies over the past quarters, which continues to deliver across several fronts. We accomplished these results despite the challenging environment for raising capital outside traditional fixed income investments in Brazil.

Delving into our fundraising efforts, we are excited to share notable progress this quarter for our private markets products. Despite the global asset management industry facing significant challenges in raising capital equity, closed-end funds, we successfully secured nearly BRL500 million in new capital subscription for VCP IV from both local and international institutional investors.

By the end of the second quarter, VCP IV has reached the same size as VCP III in Brazilian Real, achieved during one of the most challenging fundraising conditions for the private equity asset class worldwide in the past decade. This significant milestone highlights Vinci resilience in navigating through a tough market.

We are extremely pleased with these results, which not only affirm the effectiveness of our proprietary distribution channels and the solid relationships we have cultivated with our LPs over the years, but also our testimony of the solid performance from our private equity strategy since inception.

We are very excited for the promising deployment opportunities that Fund IV will enable us to pursue. Moreover, Fund IV stands out at the largest vintage in the strategy in the terms of local commitments by a considerable margin. This highlights what we have been stating since our IPO.

The Brazilian market remains highly under-penetrated for private market investments, with a gradual shift in mindset moving in our favor. We are seeing this trend unfold for several of our private market asset classes and a backdrop of high interest rates both locally and globally. As market conditions become more favorable, we anticipate this shift accelerating.

Vinci is well-positioned to capitalize on this transition toward alternative investments. The success of our recent capital raise for Fund IV in private equity underscores our position as a leading force in Brazil's growing alternatives market. And as was the case with VCP IV, we will continue to work with our local investors to understand what their needs are and how to provide the best solution to address those needs.

Moving on, I am pleased to announce a significant milestone for our private credit segment. In July, we secured our first commitment from an international institutional investor for the segment in the Vinci Credit Infra Fund. While this commitment will reflect in our AUM figures only in the third quarter, we wanted to share this exciting development with our shareholders now.

While local investor interests in alternative products continue to grow, we are also advancing our international distribution efforts at a promising pace. When we began raising capital from international investors, our offshore distribution team was part of the private equity business and VCP was the only fund with international peace.

Today, we have successfully attracted international investors to invest with us across private equity, real estate, infrastructure, public equity and now private credit. Our ongoing investment in building a robust platform with a strong enduring relationship is clearly paying off, and with Compass in our corner, the potential flow from Latin America capital providers will enhance our local strategies even further.

Additionally, to further strengthen our private credit segment, we announced the closing of the acquisition of MAV capital, adding approximately BRL550 million in assets under management with long-term lockups. MAV's expertise in the agribusiness sector will be instrumental in establishing a leading position in this area, which could have significant impact over the medium to long term. The agribusiness sector in Brazil remains underserved by the investment industry despite its substantial contribution to the country's GDP, making it a promising opportunity for growth.

Moving on to our recent announced transaction with Compass, we are targeting a closing date somewhere between late third quarter to early in the fourth quarter. The integration process is progressing smoothly. As we mentioned in our last earnings call, we engaged a global consulting firm to support us throughout this transition, and we are making excellent strides.

At this time, the project has been concluded with 21 workstreams being simultaneously run across companies to assure a smooth day one and maximize the capturing of the synergies mapped during the project. This was a truly company-wide effort, with the teams at both Vinci and Compass working in an integrated way ahead of the closing date to map and brainstorm potential synergy gains from the merger.

Compass is having a very good year with assets under management reaching near BRL220 billion in the second quarter, an increase of almost BRL12 billion since the end of 2023, driven by strong fundraising across the IP&S business. The IP&S strategy, dedicated to liquid products, has had a strong year so far into 2024, raising approximately BRL6 billion, reflecting Compass' strong market position and continued flows into the segment.

Additionally, the strategy within IP&S focused on alternatives has also seen good inflows with fundraising exceeding BRL2.5 billion year to date. In the credit strategy vertical, Compass has experienced substantial traction with its Brazilian fund, attracting significant investor interest over the recent months.

In addition, Vinci has also started to leverage Compass' strong distribution network in LATAM, with roadshows already taking place with our private markets investment teams and their commercial teams.

In addition, we will host events in Chile and Mexico during the third quarter to present all investment strategy currently available within the Vinci platform to potential Latin American clients. As mentioned, this pre-closing period has been very productive and we are not wasting time. We have been tackling low-hanging fruits aggressively and expect additional opportunities once this transaction closes.

We are very excited about our prospects with the merger and will continue to work with Compass to leverage growth within both platforms across Latin American countries as we work on the integration in the next several months.

To conclude my remarks, I'd like to take a moment to discuss the macroeconomic environment. Last week, the Fed hinted at the possibility of cutting interest rates in their September meeting. The Fed will start cutting rates at a moment where the economy is still positive.

Growth for next year is expected to be 1.8% and unemployment is still at 4.3%, below the natural rate of unemployment of 4.6%. The American economy will likely slow down but not necessarily to recessionary levels. In Brazil, the interest rate curve is still currently pricing in potential rate hikes. However, with the Fed lowering rates, we might see a reduction or even delimitation of these anticipated hikes from Brazil's interest rate curve.

This is an important subject to consider as the adjustment in expectations for Brazilian rates could help stabilize market performance, which would translate in a better environment for inflows in our liquids and rich businesses.

In closing, I would like to convey the following message. Vinci continues to deliver growth supported by its highly diversified platform and robust distribution capabilities. In the short to medium term, we expect to drive further growth through our private market strategies with multiple fundraising initiatives underway across the platform.

Additionally, we anticipate gaining momentum in our liquids and IP&S segments as the global macroeconomic environment becomes more favorable over the coming quarters. We also remain very active on the M&A front, diligently looking into opportunities to enhance our product offerings in Brazil and now across Latin America.

The Compass merger added another possible dimension to us, which is the inorganic expansion of our alternative asset management capabilities across the region. The team has a very clear view on where potential demand for investment solutions is and which blank spaces we might fill on a regional basis through partnerships and acquisitions.

With this regional effort, we aim to strengthen our position as the gateway to alternative assets in LATAM to deliver greater value to our investors and shareholders, capitalizing on the evolving landscape to drive both local and regional expansion.

With that, I would like to turn the call over to Bruno.

Bruno Zaremba - *Vinci Partners Investments Ltd - Chairman of Private Equity, Investor Relations*

Thank you, Alessandro, and good afternoon, everyone. I'll start by covering our fundraising efforts in private markets. As anticipated by Alessandro, we had a stellar quarter fundraising for the fourth meeting in our private equity flagship strategy, VCP IV.

Developed by both local and international institutional investors, we successfully raised nearly BRL0.5 billion in commitments for VCP IV this quarter. Excluding coin investments, VCP IV has virtually matched the commitment capital of its predecessor funds.

Moreover, we've seen substantial interest from local institutional investors for this vintage, with Fund IV becoming the largest local fund we've raised for this strategy since inception. This aligns with our ongoing discussions about the need for Brazilian investors to diversify away from traditional fixed-income investors and explore alternative products as they build their long-term allocations.

To wrap up VCP, we are aiming for a final closing by the end of the year, as we continue to work towards additional commitments primarily from international institutional investors. Additional commitments will continue to trigger retroactive fees from the start of the funds. This has been a significant contributor to management fees in the second quarter and could have a significant impact when we finalize the fundraising later in the year.

Moving on to private credits, we have successfully secured commitments for the Vinci Credit Infra Fund, which has now exceeded BRL1.5 billion in assets under management. The initial investments that established the fund came from local institutional investors, and we continue to see strong demand for this asset class from this client base.

However, our fundraising efforts are now expanding across other distribution channels. In July, we achieved a significant milestone by securing our first capital subscription from an international institutional investor for Vinci Credit Infra. In addition to international investors, Vinci Credit Infra is also set to attract commitments from the allocators and distributors channel in the third quarter.

In summary, we are witnessing robust demand for the fund across multiple distribution channels. We will continue our fundraising efforts for Vinci Credit Infra through the end of 2024 and into early 2025.

Now, let's delve into our pipeline from the upcoming quarters in private markets. First, we have just launched the fourth vintage of our Opportunistic Capital Solutions strategy. We anticipate initial commitments throughout the third quarter primarily from local high net worth investors and re-ups from previous vintages.

SPS IV is also gaining significant traction with international investors, as we expect to secure notable commitments from international institutional investors by the end of the year. As highlighted in previous quarters, the earlier vintages have performed exceptionally well, and we expect this new vintage to be considerably larger than its predecessor, which raised BRL1 billion. It's important to note that the SPS team raised Fund III before joining Vinci, primarily leveraging local connections from senior partners.

Now, with the full capabilities of our platforms, we have access to broader pools of capital, which will expand the capital raising efforts for Fund IV. We will provide more details on the fund and its fundraising progress during our next earnings conference call.

In infrastructure, we anticipate a final closing for VICC in the latter half of the year. The fund has already made investments in the first quarter and has a robust pipeline for the coming quarters. This initial pipeline has been signed at levels of returns that are above the target return of the fund, giving a very constructive investment environment. We expect interesting capital deployment opportunities to continue for VICC, and to reach the fund's target commitment of BRL2 billion.

These are the key highlights for our short-term private markets fundraising efforts, but we also have a strong medium-term pipeline. This includes strategies such as VIR-V, the next vintage in our private equity impact and return strategy, and VFDL-2, the second vintage for our development and logistics strategy in real estate.

In addition, we are working on a new residential development fund after strong success in our novel fund for the strategy in 2024. All these funds are expected to commence fundraising late in 2024 or early 2025. Besides these initiatives for close-end funds, our REITs are fully allocated and ready to come back to market with new issuances as soon as market conditions improve.

You should recall that last year we were able to raise more than BRL1 billion in VISC-11, our shopping mall REITs, in a three-month span. This is a clear example of what we can accomplish with a more constructive environment. We will keep investors informed about these and other medium-term initiatives we are working on. To close on private markets, I would like to reinforce the following.

Since our IPO, we have actively expanded our private market strategies both organically, with new vintages across various strategies, and inorganically, through acquisitions like SPS and MAV Capital. This ongoing effort is resulting in a platform that comprises high-quality capital with long-term commitments.

For example, in the first quarter following Vinci's listing, first quarter of 2021, 48% of Vinci's fee-related earnings came from private market strategies. In the most recent quarter, examining the fee-related earnings over the past last 12 months, nearly 70% were generated from private market strategies. The effort into developing and expanding our private market strategy has not only resulted in AUM expansion, but also significantly enhanced the quality of our revenues. Vinci now presents a much more stable, resilient and diversified business model than was the case at our IPO.

Turning to our IP&S and public equity segments, we continue to face a challenging environment for both areas. Both segments are particularly sensitive to higher nominal and real interest rates and recent market volatility in Brazil. Despite the challenges, public equity has remained remarkably resilient, with flows essentially neutral over recent quarters.

This stability highlights our strong and enduring relationship with our institutional client base, which has proven to be very resilient. In addition, we are starting to see interest from institutional investors, given the current level of attractiveness in local market valuations, which could lead to increase in our SMA business inequities.

We are working with some existing and new relationships that might allow us to start seeing flows in the short term. In contrast, the IP&S segment continued to experience outflows in the second quarter, particularly from our pension strategies within our allocators and distributors channel.

Multimercado funds, as these funds are structured, have witnessed massive redemptions in the market year to-date, and despite being in the top quartile, our funds were dragged with this flow. In more recent weeks, we have seen moderation in these redemptions, which hopefully will lead to better overall trends in future quarters. On a more positive note, our private credit segment has seen promising results within the same allocators and distributors channel.

Last year, we launched a dedicated pension plan strategy that is performing well in both fundraising and performance, raising roughly BRL400 million in the periods and continued to show strong weekly fundraising. We continue to raise capital at Vinci with third-party distributors, though currently with a short-term focus on pension plans related to credit assets and avoiding riskier asset classes.

The crediting flow in our platform mirrors what we are seeing in Compass as well, with very strong local fundraising performance on the fixed-income sites. Encouragingly, over the past two weeks, the combination of moderation of outflows in IP&S and the strong performance in credit has led to an improvement in flows within the allocators and distributors channel across the entire platform. This marks a notable recovery from May and June, which were the weakest months of the year.

And with that, I will turn it to Sergio to go through our results.

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

Thank you, Bruno. Now, let's start by covering management and advisory fees. Fee-related revenues totaled BRL126 million in the quarter, up 18% on an year-over-year basis. Focusing specifically on management fees, we saw an even more significant increase, with a remarkable 23% year-over-year growth, driven by robust fundraising across our private markets products. This quarter also benefited from retroactive fees associated with the capital raise in VCP IV, which included approximately two years' worth of fees. This resulted in an additional BRL14.9 million in the net revenue for the quarter.

When excluding retroactive fees, management fees still show a positive trend, supported by new commitments in private markets. Looking ahead, we expect continued growth in revenues from this asset class, although liquid products and IP&S face ongoing challenges, as Bruno mentioned earlier.

Please note that we will continue fundraising for VCP IV and VICC in infrastructure during the second half of the year. Both funds include retroactive fees clauses, so new commitments will generate fees from the fund's inception, which could continue to positively impact our numbers in the later half of the year.

Turning to advisory fees, we had another strong quarter. Year to-date, we have accumulated nearly BRL22 million in net revenues from advisory fees, highlighting the momentum in our corporate advisory segment. For the second half of the year, we already have over BRL10 million in advisory fees from signed transactions that are pending closing.

Additionally, we have a robust pipeline of opportunities to execute upon. We are confident in achieving our target of annual BRL30 million in net advisory revenue, with potential for upside. Despite challenging market conditions and a muted IPO marketing, our corporate advisory business has delivered excellent results. We believe that as market conditions improve, we will be well positioned to make an even greater impact in this segment.

Turning to FRE results, in the second quarter, FRE totaled BRL62 million, or BRL1.16 per share, representing a 24% year-over-year increase on a per share basis. Looking at year to-date figures, FRE reached BRL116 million, or BRL2.17 per share, up 18% on a per share basis. FRE continues to grow, pushed by the strong fundraising for private market products.

As I mentioned in the last quarter earnings call, when considering our short-term FRE, we expect an upwards trajectory. This projection is supported by several factors, including new commitments in private markets, the impact of retroactive fees, and the robust pipeline for advisory service.

Now, let's discuss expenses. Year-to-date, our margins have improved by 154 basis points compared to the same period last year, which aligns with our expectations from the previous earnings call. We do not anticipate significant changes in margins for 2024, but we are aiming for modest expansions.

Excluding the VRS strategy, where we made substantial investments over the past quarters, our FRE margin would have been 52%. For comparison purposes, our margin for the full year 2021, when there were no investments in VRS, was also 52%. Our core business continues to maintain healthy margins and show resilience despite the challenging conditions of the past two to three years.

The success is a direct result of our focused efforts in private market fundraising and our diligent cost management. By practicing product cost control, we are positioning ourselves to accelerate the growth of FRE and DE when market conditions become more favorable.

Before we proceed, I'd like to provide some clarity on the non-operation expense we incurred this quarter, totaling approximately BRL12 million. These expenses are exclusively related to our transactions with Compass and MAV Capital.

We prioritize transparency, and I want to assure our investors that there are no other items included in this line, and the non-recurrence expects of this expense. There will be more expense linked with the closing of the transaction with Compass and with other M&A projects we are currently engaged if they go forward.

Turning to PRE results, performance fees have remained relatively modest due to the market volatility experienced in the first half of the year. This quarter, we recognized a partial realization of performance fees from FIP Infra Transmissão. Since this performance was already booked on our balance sheet, its impact on PRE is neutral, but it positively affects distributable earnings.

It's important to note that these recognized fees is seen from a cash distribution related to an asset sold in 2021. The fund still holds one remaining asset, which we expect to realize in the coming quarters, potentially leading to a higher level of performance fees.

Before moving on to the next topic, I'd like to highlight the performance potential of our platform. First, we have approximately BRL16 billion in performance eligible assets under management across IP&S and public equities. When market conditions improve, this could become a significant source of earnings.

Second, private market funds. Gross accrued performance fees exceed BRL350 million in the second quarter. While liquid funds may impact earnings in the short to medium terms, the performance fees for private markets are expected to begin materializing only in 2026 as these funds mature.

To wrap up, I'd like to cover our distributable earnings. Adjusted distributable earnings totaled BRL58 million in the second quarter of 2024, or BRL1.10 per share, down 16% year over year on a per share basis, due to a combination of two factors. First, the second quarter of 2023 saw unusually strong financial income, benefiting from a combination of higher liquid portfolio size, higher nominal interest rates, and an overall more favorable market environment.

Second, this quarter we had an FX rate impact on Vinci's net debt position in US dollar, esteeming from the operation with Aries. This had an impact of approximately BRL6.5 billion or BRL12.0 per share on adjusted distributable earnings. It's important to note that while we experience a short-term negative impact from FX rate depreciation, Vinci derives about 25% of its net revenue in US dollar. Therefore, the short-term effect on distributable earnings is expected to reverse and positively impact our fee-related earnings in the coming quarters.

In closing, I would like to once again reiterate the positive outlook for fee-related earnings over the next quarters and the great momentum that we encountered as a firm. We remain committed to generating shareholder value through both organic and inorganic paths.

With that, I would like to close our remarks and open the call for questions. Once again, I would 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*

Hi everyone and thank you for the opportunity of making questions. I have two here on my side. Can you please talk about what type of clients and geographies have you been focusing on your fundraising for private markets? And do you believe it will be more challenging to raise money now that you are moving to focus more on international clients given the current market conditions? And also related to this topic, if you could remind us, out of the BRL15 billion target of fundraising from 2022 to 2024, how much have you raised so far? Thank you.

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

Hi Ricardo. Thank you very much for the question. That's Alessandro speaking here. Just to your first point regarding the type and geographies of clients of private markets, that of course depends a bit on each of the private market asset classes.

Talking about private equity, the last quarter, as we mentioned, the BRL550 million of fundraising, they came both from local and international investors. The international investors came more from Europe this quarter and locally they were coming more from institutional local investors. I would say more around half of both sources in terms of private markets.

Talk a little bit more about infrastructure. So we are talking about VICC. Recently you have been a very important push in Asia where we expect some field commitments coming for the next few quarters. And we had a very strong success, as we mentioned, in previous calls in Europe.

Now we have a more soft-circled and expected pipeline of fundraising more in Asia going forward. And in SPS, as Bruno mentioned, I think we are expecting the first flows to come more from local investors, especially high net worth, single family office, multifamily office, and some allocators and distributors. And then moving forward from international investors, that will come, we expect, more from the North American market and also from Asia.

And I will leave the second part of your question to Bruno to complement on that.

Bruno Zaremba - *Vinci Partners Investments Ltd - Chairman of Private Equity, Investor Relations*

Ricardo, good talking to you tonight. We are currently at about BRL10 billion of the BRL15 billion targets. We have, as you know, the next six months, we have commitments coming from all of the funds that we have that are still open. Our expectation is that the contribution until the end of the year will be likely stronger from SPS on a relative basis now that the other funds are tapping off a little bit. So we expect some commitment still from BCP, VICC and Credit Infra. But our biggest check will likely come from SPS until the end of the year that we have an unexpected big first close to happen now in the third and fourth quarters. But we are today at close to about BRL10 billion.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

Thank you very much, guys.

Operator

Beatriz Abreu, Goldman Sachs.

Beatriz Abreu - *Goldman Sachs - Analyst*

Hi, everyone. Good evening, and thanks for taking my question. I have two questions on my side. The first one is on the positive management fees due to the catch-up fees mostly from VCP IV. And I see that you have a good pipeline for fundraising expected for the second half of the year. I guess my question is related to next year. Since the BRL15 billion has fundraising target is until the end of this year, what are you expecting the increase in fundraising to come from mostly for next year?

And the second question is related to the strong appreciation of accrued performance fees this quarter. If you can comment a little bit more about what drove that, maybe if you could give some color on the investments. And what are your expectations for timing of performance fees, distributions, or any of the funds close to their hurdle rate? If you could talk a little bit more about that, it would be great? Thank you.

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

Hi, Beatriz. How are you? That's Alessandro. Nice to have you today with us. Starting with the first part of the question regarding management fees, accrued retroactive fees, sorry, regarding, especially as I said, regarding VCP IV. And that's a very good question. We expect a good part of VCP IV to be concluded this year, and also VICC. But we still expect from both some final fundraising to the beginning of next year.

Next year, we have -- we expect the international portion of SPS IV. So that will be something that will be tapping probably in the end of this year to the beginning of the next year, maybe first and second quarter, maybe. And also, we will have a few products, especially VIR V that we postponed at the beginning of the fundraising that will be more important next year. And also, VFDL-2, that's our logistics for private equity type real estate funds that again will be to next year.

Besides of that, also, we expect the opportunistic residential real estate fund also to be relevant next year. So we'll be having less of the funds that we already reaching the targets like VCP IV and VICC. But we'll still have important contribution that we expect coming from SPS IV in terms of fundraising, VIR V, VFDL-II, and the opportunistic real estate fund second vintage next year.

And I'll leave Bruno to talk a little bit about the appreciation of expected performance fee.

Bruno Zaremba - *Vinci Partners Investments Ltd - Chairman of Private Equity, Investor Relations*

Yes, I think the performance fee is something that we have discussed also in the past. We're seeing other families of products starting to contribute to future performance fees. In the case of this quarter, we saw mainly SPS coming into the math. So just as an information, the first SPS fund is already paying performance fees. They are not impacting our numbers because in the transaction, we negotiated that the first couple of funds, the performance would be retained by the management fees. But the third fund is also above the preferred return rates and started to accrue towards the future performance fees as well.

SPS has a profile of a quicker turnaround in terms of the performance. So if you think about the fact that they are paying already performance from Funds I and probably Fund II very quickly. Those funds are around five years old. So thinking about Fund III , we would expect that Fund III to start paying performance fees probably into late 2025, early 2026. So of that accrued performance, I think probably SPS will likely be the first one to start transitioning to realize GP results. And then after that, we're likely going to see VCP III as the one that is going to start contributing, but VCP III probably a little bit later in terms of dates.

But I would expect that diversification of the performance fees on the accrued part to continue. So we will likely see other families of funds starting to have a piece of that pie going forward. So we have the infra funds as well. At some point, they should start -- other infra funds should start contributing there. Obviously, the contribution from SPS is likely going to grow in size over time. So the tendency is that for the next few years, you're going to see that pie diversify and increase in size. And then likely by the end of '25, early '26, we're going to start seeing the beginning of that performance start to transition as realized.

Just to complement -- finally, to complement Alessandro, I think one family of products that the contribution so far in '24 was very limited was the REITs. So we had the contribution late '23 from fundraising in the VISC in the late third quarter and fourth quarter of last year. This is a group of products that we believe in a more benign environment, we can raise multiple billion reais per year. Unfortunately, so far this year has been more muted given the volatility that we saw in the market has been more difficult to raise money for this type of product. But it's a product that we expect to contribute over time.

So despite the fact that perhaps some of our closed-end drawdown funds are wrapping up, VCP, VICC are going to wrap up by early '25. We should have other private market funds such as the REITs and the new products that Alessandro mentioned. And on top of those potentially new credit products as well, which we are developing at this point, we're seeing more traction in credit.

Our pension plan style credit fund is doing very well, is raising multiple billion reais per day and several million per day and several million per week. It's already up to BRL0.5 billion and continues to raise money. So we're seeing opportunities to develop new credit products similar to the ones that we're seeing abroad, more semi-liquid type style products. So that will likely be something that we expect to contribute also in 2025 and going forward.

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

Yeah, just to complement that, Beatriz, to that point of Bruno, we are studying a lot new products on the credit spectrum and even using the best practices and exchanging, I'd say, ideas with Ares. And we believe that this type of semi-liquid type of funds will be something that probably will be very relevant moving forward and especially next year as we identify the demand for this type of a product and they match very well with the, I'd say, asset liability management sum of our clients.

Beatriz Abreu - *Goldman Sachs - Analyst*

Perfect. That's very clear. Thank you, Alessandro and Bruno.

Operator

Tommy Andrade, Quipus Capital.

Tommy Andrade - *Quipus Capital - Analyst*

Hello. Thank you for taking my question. I wanted to ask about the operating profit on the financial statements versus the operating profit that shows up in the presentation in page 36. They are different and wanted your help for reaching it. It's BRL48 million in the financial statements and BRL65 million in the presentation. So I wanted to know the difference

Bruno Zaremba - *Vinci Partners Investments Ltd - Chairman of Private Equity, Investor Relations*

Okay, Tommy. Thanks for the question. So the difference is basically some non-cash impacts that we have that we segregate from the distributable earnings number. So the two main components there are the unrealized mark-to-market effects on our GP commitments. So this quarter we had a negative impact from the mark-to-market coming mainly from the REIT performance during the quarter. So the REITs that we have in our GP commitment, they depreciated in value this quarter. So that was more than the positive impact that we had from VCP IV markup. So that was part of the unrealized and that impacts operating profit.

And the other impact is the stock option impact that we have, the stock option program, which we usually have an impact of now around 5 million per quarter more or less, which also is a non-cash impact and that impacts the accounting operating profit, but not the distributable earnings operating profit that we show on the cash -- let's say cash, distributable earnings number. So those are the two main -- those could vary. I mean, obviously the unrealized portion could vary up and down. So we have had quarters in the past where that number was very much early up. We have had quarters in the past that it was a little bit down. Over time we expect it to be up.

The SOP is obviously always a negative impact, which today is running at around 5 million. And the final impact is the non-recurring M&A expense that Sergio mentioned in his remarks. This quarter was about 12 million and it is related to lawyer and the due diligence fees that we have expanded both in the MAV transaction, which has already closed, and in the Compass transaction they'll expect to close, as we said, between the end of third quarter and beginning of the fourth.

So those were the expenses or the impact this quarter. This quarter was a little bit heavier than normal because we had the negative unrealized and we had a bigger expense on the M&A side, but those are typically the differences between the distributable earnings and the net earnings from an accounting standpoint.

Tommy Andrade - *Quipus Capital - Analyst*

Thank you. And can I ask another one?

Bruno Zaremba - *Vinci Partners Investments Ltd - Chairman of Private Equity, Investor Relations*

Yes, of course, go ahead.

Tommy Andrade - *Quipus Capital - Analyst*

Thank you. In the cash flow statement, there's a line for a contribution for retirement plan, plans for BRL140 million. Is that contributions to the retirement services segment or what is the original line?

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

So when we launched VRS, regulatory in Brazil, you need to have an insurance company. So part of the launching of VRS had to do with us creating an insurance company. And in Brazilian accounting, the insurance company, the assets of the insurance company are reserves. And that is what you see in the income statement -- so on the cash flow statements, the reserves that are being constituted for the liabilities that we have against the pension plans that we carry in our own insurance company.

Tommy Andrade - *Quipus Capital - Analyst*

Thank you.

Operator

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

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

I'd like to thank you once again for your support and interest in our company. As we said during the call, we are very, very positive with the year so far, even though the macroeconomic environment has not been favorable and the fundraising environment has been very challenging. We have been able to really tip a very, very decent path and growth.

And we expect once we have a better macroeconomic environment moving forward, the reduction of interest rates outside Brazil and also a better environment locally that can speed up the fundraising, the realization of performance.

So we are quite waiting for this moment and optimistic that we will be very resilient in a very difficult scenario and we can grow in a very important way when we see a more benign scenario. So thank you very much and good night for you all.

Operator

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