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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Patria second-quarter 2025 earnings conference call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to turn the conference over to your speaker for today, Rob Lee, Head of Shareholder Relations. Please go ahead.

Rob Lee - *Patria Investments Ltd - Head of Shareholder Relations*

Thank you. Good morning, everyone. Welcome to Patria's second quarter 2025 earnings call. Speaking today on the call are our Chief Executive Officer, Alex Saigh; and our Chief Financial Officer, Anna Rus; and our Chief Economist, Luis Fernando Lopes, for the Q&A session.

This morning, we issued a press release and earnings presentation detailing our results for the quarter, which you can find posted on the Investor Relations section of our website or on Form 6-K filed with the Securities and Exchange Commission. This call is being webcast, and a replay will be available.

Before we begin, I'd like to remind everyone that today's call may include forward-looking statements, which are uncertain, do not guarantee future performance and undue reliance should not be placed on them. Patria assumes no obligation and does not intend to update any such forward-looking statements. Such statements are based on current management expectations and involve risks, including those discussed in the Risk Factors section of our latest Form 20-F annual report. Also note that no statements on this call constitute an offer to sell or a solicitation of an offer to purchase an interest in any Patria fund.

As a foreign private issuer, Patria reports financial results using International Financial Reporting Standards, or IFRS, as opposed to US GAAP. Additionally, we would like to remind everyone that we will refer to certain non-IFRS measures, which we believe are relevant in assessing the financial performance of the business, but which should not be considered in isolation from, or as a substitute for, measures prepared in accordance with IFRS. Reconciliations of these measures to the most comparable IFRS measures are included in our earnings presentation.

Now I will turn the call over to Alex.

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Thank you, Rob, and good morning, everyone. In the second quarter, we made continued progress leveraging and expanding the diversified platform we have built the past several years as fundraising was a solid $1.3 billion in the quarter led by our credit, infrastructure, real estate and GPMS global private market solutions businesses. And total fundraising over the first half of the year reached approximately $4.5 billion, 75% of our original $6 billion target for 2025. Reflecting our strong fundraising momentum and confidence in our outlook, we now expect full year fundraising for 2025 to be 5% to 10% higher than our initial target or $6.3 billion to $6.6 billion versus the original $6 billion guidance.

We also reported second quarter '25 fee-related earnings of $46.1 million, representing 8% sequential and 17% year-over-year growth, while fee-earning AUM grew 6% sequentially and 20% year-over-year, and total AUM reached $48.7 billion. Importantly, we generated over $600 million of organic net inflows into fee-earning AUM in the second quarter of '25, $1.3 billion over the first half of this year and $2.4 billion over the last 12 months.

Year-to-date, net inflows reflect an annualized organic growth rate of about 8% based on fee-earning AUM since the start of the year. This is an important KPI to monitor over time as it highlights our ability to drive organic revenue and earnings growth independent of M&A and investment returns. Overall, our diversification and the expansion of our investments and product capabilities is paying off in the form of robust fundraising and profitable net organic growth, enhancing our confidence in the 3-year targets we introduced at our Investor Day last December.

Now let me quickly summarize our second quarter results before we move on to some of the other highlights for the quarter. First, fee-related earnings per share of $0.29 in the second quarter of '25 rose 7% sequentially and 11% year-over-year, driven by higher management fees due to higher fee-earning AUM as well as a higher fee-related earnings margin as we continue to focus on expense management even as we invest in our business. Overall, we remain comfortable with our 2025 fee-related earnings target of $200 million to $225 million or $1.25 to $1.40 per share, reflecting at the midpoint of the range, approximately 20% year-over-year growth.

We generated $39 million of distributable earnings in the second quarter of '25 or $0.24 per share, up 4% sequentially and 9% year-over-year, driven by strong fee-related earnings growth. We did not generate performance-related earnings in this quarter. The net accrued performance fee balance of $394 million or $2.47 per share rose approximately 7% from the first quarter of this year, mainly due to the depreciation of the dollar. For perspective and notwithstanding changes in the value of the public holdings in our carry funds, underlying business trends at our private equity portfolio companies generally remain positive.

In local currency, EBITDA at our nonpublic private equity portfolio companies rose approximately 25% on average over the past year as we focus on resilient sectors of the economy such as agribusiness, food and beverage and healthcare. Furthermore, Infrastructure Fund III with $47 million of net accrued performance fees is in full realization mode, and we continue to expect it will be the main source of realized performance-related earnings over the balance of 2025 and through 2026. On that note, we remain confident that we can achieve our performance-related earnings target of $120 million to $140 million for the fourth quarter of '24 through 2027. Against this target, we realized $41 million of performance-related earnings in the fourth quarter of '24 and expect to realize an additional $15 million to $20 million of performance-related earnings over the second half of this year.

Moving on, fee-earning AUM of $37.2 billion rose a robust 20% year-over-year and 6% sequentially. There are several important things to keep in mind regarding our fee-earning AUM results. Net organic inflows in the second quarter of '25 were over $600 million, $1.3 billion year-to-date and $2.4 billion over the past year. This was our fourth straight quarter of positive net organic fee-earning AUM growth and our annualized organic growth rate over the first half of 2025 was over 8% based on fee-earning AUM since the start of the year.

Additionally, it is very important to mention that our organic growth was helped by a 34% year-over-year reduction on redemptions. We believe this highlights how our expanded platform is primed to grow organically, supported by the capabilities we have acquired through our M&A activity in addition to those we have developed internally. As a result, we have built a better and more resilient business.

Indeed, one of the key features of our business is that it's built to grow no matter the macroeconomic environment. For example, in a high interest rate environment where concerns over inflation may be high, such as the current one, strategies such as credit and infrastructure investments with high yields and/or built-in inflation protections are in demand relative to equity-oriented strategies.

When interest rates decline and those concerns recede, we would expect demand for more equity-oriented strategies such as equity REITs or private equity to improve.

With regard to acquisitions, our ability to leverage our platform and scale to drive growth through incremental M&A is exemplified by the Brazilian REIT acquisitions we announced in the second quarter of 2025 and closed in July. At a time when the interest rate environment in Brazil makes it difficult to raise capital in listed REITs, we were able to use our position as market leaders to go shopping on the floor of the exchange and acquire a total of seven listed REITs, which are expected to add approximately $600 million of high-margin permanent capital fee-earning AUM. This is an example of how M&A can be an attractive alternative to fundraising as the prices paid for acquisitions are often similar to, or even lower than what it would cost to fundraise the same amount of capital.

Fee-earning AUM in the quarter also benefited from continued strong investment returns and a positive FX impact. Keep in mind that as we highlighted at Investor Day, the fee-related earnings impact from soft currency FX volatility is modest, given that most of our expenses base is denominated in local currencies, providing a substantial natural hedge. As we reviewed at our Investor Day back on December 9, based on our current asset class mix, a 10% variance in soft currencies against the dollar impacts fee-related earnings by only 2%.

Moving on to fundraising. As I noted at the start of my remarks, we are pleased to report that we raised $1.3 billion in the second quarter, approximately $4.5 billion over the first half of the year and are raising our initial $6 billion target for 2025 by 5% to 10% to $6.3 billion to $6.6 billion. The quarter's strong results coming on the heels of our record fundraising in the first quarter of this year highlights the diversified product offering and distribution capabilities of the platform we have been building. Fundraising continues to benefit from new strategies and products we have introduced over the past several years, including various institutional products targeted to local institutional investors in local currencies.

As of the end of the second quarter of 2025, approximately 20% of our fee-earning AUM were in permanent capital vehicles, the growth of which remains a key long-term objective. Drilling down into some of the fundraising highlights for the quarter, credit was once again a standout, led by solid flows into our flagship LatAm US dollar high-yield strategy. Infrastructure benefited from another closing on our flagship development fund, Infrastructure Fund V and co-investments with demand driven by Asian and local institutional investors.

It is worth noting that over the first half of 2025, fundraising in infrastructure is approximately 3x greater compared to all of 2024, led by Infrastructure Fund V, which has reached $2.5 billion of commitments between the drawdown fund and fee-paying co-investment vehicles.

Fundraising in credit has already reached 85% of the level achieved in 2024, which was itself a strong year. We believe these extraordinary results highlight how we are leveraging our strong investment performance in these verticals and the investments we have made in our platforms. In addition, Private Equity Fund VII reached $1.4 billion, inclusive of related fee-paying co-investment vehicles. It is important to keep in mind that as we expand our business, a large portion of the capital we raise will only flow into fee-earning AUM as capital is deployed. Our current pending fee-earning AUM totals about $3.3 billion, down modestly from the $3.5 billion in the first quarter of this year due to deployment partially offset by fundraising.

While the level of pending fee-earning AUM can vary over the short term, over time, we would expect it to grow as our fundraising grows and we raise more capital in drawdown funds, SMAs and similar fund structures. Our efforts to diversify our platform and increase the resiliency of our business could not be timelier considering the highlighted global macro uncertainty and increased volatility that has gripped economies and markets around the world since the proposed imposition of widespread tariffs by the United States on its trading partners and the uncertainty over future trade and economic policies.

Against this backdrop, it is important for investors to understand and appreciate how the region, in general, and Patria specifically, are positioned in these uncertain times. Consider President Trump's renewed threats to impose high tariffs on multiple trading partners, including high tariffs on imports from Brazil, which, if implemented, could have some negative impact on the Brazilian economy. However, the continued uncertainty caused by this on-again, off-again threats, in fact, highlights why LatAm and Europe are becoming more attractive destinations for global capital as investors rethink their global asset allocations. While much uncertainty remains, we believe these regions and Patria are positioned to weather, and indeed possibly thrive, in these challenging conditions.

Consider that, at the strategy or investment level, our private equity investments are mostly oriented towards domestic consumption markets, not export markets. Infrastructure, by its nature, is local and our GPMS solutions business is focused on European and, to a lesser extent, United States, middle market, private equity secondaries, primaries and co-investments. Direct exposure to export-focused businesses and/or investments in the United States is minimal. Investments in Brazil account for approximately 30% of our invested assets.

As we noted earlier, demand for our credit and infrastructure products increases in periods of high interest rates and higher inflation concerns. Also, demand for our GPMS products increases as global institutional investors look for liquidity and flexible portfolio solutions for their middle market private equity exposure. Our current exposure to Mexico is minimal at below 3% of AUM. Long term, however, we believe Mexico remains an attractive market for expansion.

As the prospects for a trade war remain high, we believe LatAm, as a region, is a beneficiary given the region's low level of geopolitical risk and export markets that focus on in-demand agricultural products in addition to both hard and soft commodities. With a population of over 650 million people and a combined GDP of over $6.5 trillion, the region also has a large and growing internal markets that provide an attractive export destination for trading partners. The trade war is also driving global investors to take a deeper look at Europe as an alternative destination for investment capital as investors become increasingly concerned that the United States may become a less reliable partner.

From Patria's perspective, as investors in Latin America for over 37 years with significant boots-on-the-ground resources, we have extensive experience in dealing with and investing through periods of high interest rates, FX volatility and economic uncertainty. As the go-to alternative manager in LatAm, the recent tariff-induced economic uncertainty and other trade actions by the United States have led to increased interest from Asian, Middle Eastern, and increasingly European investors in our infrastructure and other investment strategies, including our European private equity solutions business as investors seek alternative destinations outside the United States to deploy capital and earn returns. This is exemplified by the significant portion of this year's fundraising, which has been sourced from Asian investors.

Our business is also built to serve local investors at the local level. We continue to see early signs of increased allocations to alternatives from local investors and institutions that are both under-allocated to alternative strategies and often required to invest locally and understandably have a home country bias in times of economic stress and uncertainty. Local investors in LatAm and Europe accounted for approximately 55% of our fundraising over the first half of 2025 and 68% in 2024.

Finally, economically, our fee-earning AUM and management fees are very sticky and highly predictable as approximately 20% of our fee-earning AUM are in permanent capital vehicles and approximately 90% in vehicles with no, or limited, redemption features.

At the same time, our fee-related earnings has little sensitivity to soft currency FX volatility, as we mentioned earlier. Pulling this all together, our financial results and ongoing fundraising momentum provide additional evidence that our strategy to diversify and grow our business both organically and inorganically while also increasing our resilience is paying off. We believe we are off to a strong start to deliver on our 2025 goals, including the new fundraising target of $6.3 billion to $6.6 billion, and fee-related earnings of $200 million to $225 million or $1.25 to $1.40 per share. Additionally, we expect to achieve the 2027 targets we unveiled at our Investor Day, such as total fee-earning AUM of $70 billion and fee-related earnings of $260 million to $290 million or $1.60 to $1.80 per share.

Now let me turn the call over to Ana to review our financial results in more detail. Thank you.

Ana Russo - *Patria Investments Ltd - Chief Financial Officer*

Thank you, Alex, and good morning, everyone. As Alex highlighted, we are very pleased with the strong momentum we achieved as we raised $1.3 billion in the second quarter and about $4.5 billion over the first half of the year, clear proof that the strategic investments we've made in our investment platforms, products and distribution capabilities are paying off. The strong results in the quarter increases our confidence that we are on track to achieve our 2025 objectives and off a solid start of our 3-year plan.

Let's review our second quarter results. As Alex highlighted in his remarks, our robust fundraising year-to-date demonstrated that we are well on track to achieve and indeed surpass our initial $6 billion target for the year against a backdrop of increased global uncertainty and volatility. Our

FEAUM rose 20% year-over-year and 6% sequentially to approximately $37 billion. While acquisitions contributed to the year-over-year increase, the strong growth reflects a combination of solid net organic inflows as well as the positive contribution from strong investment performance and FX movements due to the depreciating US dollar.

It's particularly noteworthy that in the quarter, Patria generated over $600 million of net inflows into FEAUM, bringing our year-to-date to $1.3 billion and approximately 8% annualized organic growth. This is the fourth straight quarter of the net organic inflows, highlighting our expanding fundraising capabilities, coupled with the stickiness and resilience of our asset base. While the US dollar depreciation in the quarter contributed to our strong sequential growth in AUM and fee-earning AUM, importantly, however, and as we highlighted in prior calls, FX fluctuations have limited impact on our FRE since our expense base provides a substantial hedge against currency movements that may impact our fee-earning AUM and consequently, our fee revenues.

As we reviewed at our Investor Day back on December 9, based on our current asset class mix, a 10% variance in soft currencies against the dollar impacts FRE by only about 2%. Pending fee-earning AUM totaled about $3.3 billion, down somewhat from the first quarter due to the active deployment partially offset by fundraising. This pending fee-earning AUM, combined with our fundraising goals, the 20% of fee-earning AUM are in permanent capital vehicles and the almost 35% of fee-earning AUM in the drawdown funds with an average life of 6.5 years, all point to our ongoing ability to generate net organic growth over time.

Total fee revenue in the second quarter reached $81.1 million, up 14% over the prior year and about 5% sequentially. The sequential increase was driven by strong growth in fee-earning AUM and some incremental incentive fees from one of our real estate funds in Brazil and from the strong active public equity performance. It is worth mentioning that due to the timing of net asset flows into fee-earning AUM, management fee revenues in the second quarter did not reflect the full impact of the quarter's asset growth. Our management fee rate averaged 95 basis points over the last trailing 4 quarters. As we reviewed at our Investor Day, we are steadily diversifying our business and introducing new investment strategies and product structures, which are key drivers of our growth.

Consequently, our management fee rate will continue to evolve, and we expect our fee rate to average between 92 and 94 basis points over the coming quarters, but with the potential to vary, depending on the mix.

Moving on, operating expenses, which include personnel and G&A expenses, totaled approximately $35 million in the quarter, practically flat versus Q1 '25 and up 10.7% year-over-year. The year-over-year increase mainly reflects the impact of acquisitions. The very slight sequential increase reflects our continued focus on expense controls and capturing operating efficiencies, even as we continue to invest in the business. Looking ahead, we believe second quarter personnel and G&A expenses combined a good baseline run rate.

Putting it all together, Patria delivered fee-related earnings of $46.1 million in the quarter, up 17% versus the prior year and 8% sequentially, with an FRE margin that rose 170 basis points sequentially to 56.8% in the quarter. We continue to expect the full year margin to fall within the range of 58% to 60% guidance as we grow fee revenues and capture incremental expense synergies from our acquisitions. We want to remind everyone that the fourth quarter is often our strongest in terms of FRE margin, driven by the recognition in the quarter of most of our high-margin incentive fees from our credit and public equities platforms. Regarding FRE, with half of the year completed and as our visibility into remainder of 2025 improves, we remain very confident in our ability to hit our 2025 target FRE range of $200 million to $225 million and 2027 FRE target of $260 million to $290 million with an FRE margin target of 58% to 60%.

Next our net financial and other income and expense in the second quarter of '25 totaled a negative $4 million, reflecting mainly interest expenses on our credit facilities partially offset by income generated in our new energy trading platform, Tria, which contributed about $0.7 million in the quarter. As of the second quarter, net debt totaled approximately $130 million and our net debt to FRE ratio of 0.6x was well below the 1x at the end of the quarter, in line with our long-term guidance.

As we manage our cash flow and capital structure over the balance of the year, we expect our debt level to remain relatively unchanged even as we fund M&A-related deferred cash payments of approximately $40 million throughout year-end, including the latest REIT acquisition in Brazil. Following this payment, our current deferred M&A-related cash payments through 2027 would be approximately $100 million, consistent with our guidance at our December Investor Day. Consequently, given our expectations regarding our net debt over the balance of the year and a somewhat higher contribution from Tria, our net financial and other expenses line should be at about 30% lower over the coming quarters compared to the second quarter.

Our effective tax rate in the quarter was 8%, an increase of 1 percentage point versus the prior quarter, mainly reflecting our mix of jurisdictions. We expect our tax rate over the coming years to hover around 10% annually, but will vary quarter-to-quarter depending on the evolving mix of our business, although we expect 2025 to be below 10%. Of note, as exemplified in the fourth quarter of '24, quarters with large amounts of PRE tend to have lower tax rates as PREs largely generate in low or no tax jurisdictions.

In the second quarter '25, we generated $38.8 million of distributable earnings, up 15% year-over-year and over 5% sequentially, mainly reflecting higher FRE, partially offset by higher net financial interest and expense and higher tax. Second quarter DE per share of $0.24 was up 9% versus prior year and 4% sequentially, mainly on higher FRE, partially offset by higher share count versus both second quarter '24 and first quarter '25. Regarding the share count, we finished the quarter at 159.5 million shares and continue to expect the share count to average between 158 million and 160 million from 2025 through 2027, inclusive of share repurchase, which will be focused on offsetting stock-based compensation.

On that note, the Board of Directors voted to renew and increase our share repurchase program. And over the next 12 months, we have the authorization to repurchase up to 3 million shares. We did not repurchase shares in the quarter, but it remains our intention to repurchase shares over the balance of 2025 and keep our share count within the target range. Finally, as we announced during the past day, the Board approved for 2025 a quarterly dividend per share of $0.15. Overall, we are very pleased with our second quarter results and the momentum we have built as we continue to diversify and improve the resilience of our business.

We believe we are on track to meet our FRE targets for 2025, and we are excited regarding the growth opportunity that lies ahead.

Thank you, everyone, for dialing in, and we are now ready to answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Rodrigo Ferreira, Bank of America.

Rodrigo Ferreira - *Bank of America - Analyst*

You've mentioned how Mexico is an area of interest for future expansion. What type of partner acquisition would you look for there? And is that the next target as we think about your $14 billion target of inorganic inflows from the Investor Day?

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Just as a note, I think before we begin here the Q&A session, I would like to acknowledge here the tragic and senseless events that occurred earlier this week at Blackstone and other firms in their building in New York that led actually to the death of a friend or one of their employees and others in their building. We have many friends at Blackstone given our decade-long relationship with them, and we are heartbroken here over the tragedy they had to endure. And our best wishes go out to everyone there and indeed everyone and their respective families that suffered at the hands of this very senseless violence.

Going back to Mexico here, Rodrigo, I think Mexico is definitely, as we've mentioned here in a long-term perspective, an attractive market is the second largest economy in Latin America, as you know. And the way I think that we see Mexico as of now is to try to find local partners in some of the asset classes that we think are better to expand at the current moment of the country. So real estate being one of them and credit and infrastructure, I think, being the other ones.

On the real estate front, we did actually buy a very small real estate fund in Mexico, the [FIBRA], which is now similar to the REITs in the US, similar to the FIIs, the PEs here in Brazil. It was a very small acquisition, so we didn't announce it. It was a total assets of this Mexican real estate REIT of $26 million. We did buy the management company together with a local partner called Lexington that is a real estate manager in Mexico. And the management company, the JV between us and them, will manage 50-50, will then manage this $26 million FIBRA.

In addition to buying this small management company that manages just this FIBRA, this $26 million FIBRA, we did buy a portion of the shares of the FIBRA. So as an asset, it will be an investment in our balance sheet. The strategy here is to continue to grow raising money mainly for logistics real estate in Mexico. I don't know if you did see this latest news or not, but two weeks ago, the largest Mexican FIBRA Fibra UNO did announce a spin-off together with new money of its industrial properties, its logistics properties and raised in this spin-off plus IPO over $400 million of fresh capital. So what did Fibra UNO did do?

And I believe that Fibra UNO is the largest real estate investment trust in Latin America with around $5 billion of assets -- actually $15 billion of assets of $10 billion of debt, so $5 billion of net worth. So probably is the largest real estate investment trust in LatAm listed in the Mexican Stock Exchange and did the spin-off of their industrial assets.

So there is a demand for industrial assets in Mexico, as you can see from this deal that happened 2 weeks ago. And our strategy is to use this small FIBRA that we did acquire in order to expand into the Mexican also industrial assets, logistic assets. It's slow steps that we're going to take here. So we don't have -- we don't want to have to take a very large step into Mexico as of now. But this came about as a very unique opportunity.

The Mexican authorities are not actually giving out authorization for new FIBRA. So that's why we decided to buy one. And we decided to buy a small one, so we can actually learn and grow from there into other assets. And we're excited about the deal.

Of course, it's very small. It doesn't move the needle at all given the size of the FIBRA, but very excited as the first step. With that, I think we also, as I mentioned earlier in the answer here, a huge opportunity to grow in the credit space in Mexico. We do get exposure to the credit space in Mexico through our pan-regional credit funds, our flagship fund, which is the high-yield LatAm pan-regional dollar-denominated fund that does carry securities issued by Mexican economies in US dollars. In total, we have a 3% exposure of our total assets into Mexico, a very small exposure, but most of that is in credit and some in equities, public equities.

As you know, the pension system in Mexico is growing very healthily. It's basically doubling in the next five years in assets under management. NAV growth is one reason, but the main reason is the higher contributions that the government approved from the employers to the pension funds. It is the largest pool of pension funds in Latin America. Mexico is the second largest economy in Latin America, but the pension funds do manage the largest pool of capital, $350 billion approximately versus $250 billion here in Brazil versus $150 billion to $180 billion in Chile.

And this largest pool, $350 billion, will double in 5 years. So we have to tap that market with local products. FIBRA is a very local product. The real estate investment trust in Mexico that we just acquired, and we intend to actually launch other local products into the Mexican economy targeted initially to the institutional investors.

Finally, the main investors of this small FIBRA are the Mexican pension funds and one of them being the largest Mexican pension fund that is now our clients together with a couple of other pension funds that became our clients. So we have local clients now in Mexico investing in a local product, which is this FIBRA managed by us. So this is what we intend to do in Mexico. Will it be a major portion of the $14 billion that you mentioned in the later part of your question? I don't think so, Rodrigo.

I think it's still early to say that over the next two years up to the end of '27, I think Mexico is going to be still very modest, very small portion of our total AUM or fee-earning AUM. I hope I answered your question.

Rodrigo Ferreira - *Bank of America - Analyst*

That was great. For my follow-up, can you touch on how the deployment pipeline looks like at the moment, particularly in infrastructure? How should we think about the pace of deployment there given the $3.3 billion of uncalled capital?

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Yes, we are excited with all the fundraising for this first half of the year, as you probably heard during the call, and we have this, for us, sizable pool of capital that we can actually invest the $3.3 billion that you mentioned. And infrastructure, I think, is one of the main asset classes. It's $1.3 billion out of the $3.3 billion, so a 1/3 of that pending fee-earning AUM. We have a lot of things in the pipeline in infrastructure, mainly in Brazil and Colombia. The usual suspects that we feel very comfortable with investing, for example, toll roads, a lot of auctions are going on in Brazil, as you know, over the next months, and we pretend to select the -- what we consider the best ones to participate.

We have not only the fund investing, Infrastructure Fund V, but we have a pool of fee-paying co-investors that want to invest alongside. So making us able to actually sign bigger checks for bigger concessions. We also see the energy market in Colombia very, very attractive. As you know, we are finalizing the construction of the largest solar panel farm in Colombia, serving the largest utility company there. And we plan to expand that relationship.

We also look into water sanitation. We also look to other sectors of the infrastructure industry, but mainly these 3 are our priorities as we speak.

Also, what we also have is in GPMS, the other 1.4 billion out of the 3.4 billion, so another basically 40% of the money there. Money that we have raised, one of them, our flagship secondaries opportunity Fund V, investing in secondaries buying positions of other LPs and GPs, mid-market, mainly European private equity funds. So very excited with that product as LPs seek for liquidity of their portfolio. So it's a very hot product right now, and we are very well positioned with our GPMS and (inaudible) another SMEs that we did raise within our GPMS industry segment.

Operator

Tito Labarta, Goldman Sachs.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

This is Tito from Goldman. Alex, my question, I guess, on the higher fundraising that you're expecting for the year. One, just to clarify, that is separate from the REIT that you announced that you acquired of around $600 million, right? So it would be -- that should be considered inorganic, right? So the 5% to 10% increase in fundraising is organic, just to clarify that.

And if so, what is driving that? Because as you mentioned, right, interest rates are still high in Brazil, but I mean, you seem to be getting some more interest here. So where do you see that interest is coming from that's leading to the better fundraising?

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Yes, the uplift in the guidance from $6 billion to $6.3 billion to $6.6 billion or 5% to 10% higher is in addition to the $600 million -- approximately $600 million of AUM REITs that we bought in Brazil. And of course, also in addition to the small Mexican $26 million there that I just mentioned while answering Rodrigo's question from BofA. So we see -- so it is in addition. In addition to the $6.3 billion, $6.6 billion, we did this acquisition of $600 million of Brazilian REITs plus the $26 million of a small Mexican REIT.

We see a lot of interest coming from Asian investors, Middle East and Europeans mainly and LatAm, local-to-local into our infrastructure credit and GPMS products. So infrastructure, again, inflation protected with alpha. So we see a lot of the local pension funds in the region in Latin America willing to get exposed to this product because of the nature of the inflation-protected revenues that we have for infrastructure and the long-term contracts and concession contracts that we -- that is part of the business, that is a characteristic of this business.

On the credit side of the interest rates and alpha, we have been delivering great returns. Probably going to see -- as we file our presentation right now, which we did actually file last night, I'm sorry. You can see the returns on the credit -- all of our credit strategies performing very well as our infrastructure strategies as well. So continue to deliver alpha throughout our credit strategies, which then, of course, attracts investors to be able to tap into the high interest rate environment of most of the Latin American countries, high real interest rates in most of these Latin American countries. So continued interest from investors.

We also see a slight shift, as I tried to describe and mentioned during my part of the earnings call of investors looking into LatAm as a place to allocate capital versus the US. I don't see people actually redeeming money from the US, but I think the additional allocation, I think people are rethinking about the additional allocation into the US and a small shift of this additional location into LatAm is already for us here, a huge amount of money. So as we see a small shift coming from Asian investors, a small shift coming from Middle Eastern investors, LatAm investors willing to invest more locally, given the volatility, the whole biased nature that people actually feel in uncertain times.

And European investors now with a trade agreement between the European block, European Union and the [South Co] market, all of this together adds the uncertainty, the tariffs in the US, the trade agreements be bilateral being made between Latin America and Europe, for example, the allocation of the additional amount of capital, not 100% in the US as we were seeing during the year 2024, a bit of that being shifted to other regions, LatAm being one of them. All of this together, and of course, we are the go-to alternative asset manager in the region is benefiting us in the fundraising.

And this is the fourth quarter, sequential quarter that we see net new money in a very positive and growing. So that's why we feel comfortable that we can actually uplift the guidance here. And also within the Brazilian setup that you mentioned, high interest rates, yes. But our credit products here are also doing well and have been able to raise capital in addition, again, investors trying to tap this high real interest rate environment, environment in Brazil as well.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

No, that's very helpful, very thorough. Maybe just a follow-up. Given that you are maintaining your guidance for FRE, I mean, should we assume to already see a step change from all this fundraising in 3Q? I know 4Q tends to be seasonally strong where you get the incentive fees. But just to get to that guidance, FRE will need to go up in the second half of the year?

But should we already begin to see that in 3Q or should we expect most of that in 4Q?

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Yes. I think most of that more tail ended because we now have to -- which is a good part of it and the fun part of it for all of my portfolio managers here, we have to then invest this money. And as we invest the money, this money becomes then invested capital that we can charge fees, revenues, et cetera but there's a small-time lag. So as we already in late July, early August here, we will see more in the fourth quarter. But what is the message here?

Now we will deliver the guidance of $225 million of FRE. We feel very comfortable with that given all the fundraising that transforms into revenues. And we get into -- we end '25 when we get into 2026 in a very strong position because these investments are not made this year, it's going to make late this year, so turning into revenues early 2026. So puts us in a very good position to deliver '26 and then heads us to '27. That's why we feel comfortable as it's a very long-term sticky management fee business that we manage.

We can see 2027 delivering the $260 million to $290 million FRE guidance. So all of the fundraising in the beginning of the 3-year plan because we could have this fundraising later in the 3-year plan, we would still read the numbers, but now all of this good fundraising in the beginning of the 3-year plan makes us even more comfortable that we will deliver. If we do a simple math here, Tito, our fee-related earnings in the second quarter was approximately $44 million. Again, just remembering there's no incentive fees in the second quarter. If you multiply that by 4, we're already at $176 million.

If we add $10 million to $12 million of incentive fees that happens in the fourth quarter, we are at $186 million, $188 million. So we are touch off the $200 million, which is the entry level of the range of $200 million to $225 million.

$12 million of additional fee-related earnings in the next 2 quarters is a small amount. If you do the math, I have to invest more or less $1.3 billion to $1.5 billion, and we have $3.3 billion already pending fee earnings AUM. So I think we're in a very good position. Of course, we have to do great investments because our name of the game here is to continue delivering great returns as we are with great returns, we managed to then raise more money. But of course, we're going to do great investments with the high-quality portfolio managers that we have here at Patria.

I'm sure that we're going to do that but we are in a good position. We are in a good position if I do half of my fee-paying AUM that I have in inventory as of today, things work in the way that I just described. And here we are delivering the $200 million to $225 million FRE and putting us in a strong position to start '26. So good position to be in.

Of course, as you know, we have a very sophisticated CRM structure to manage our fundraising. We can see what we call internally here the funnel all the way from a lead to a subscription document signed. And when we see that funnel, we also -- makes us comfortable that we can hit the 5% to 10% higher guidance of the $6 billion that we announced as a fundraising guidance for '25. So we're in a great position. I'm happy for the team and congratulations from my team here from Patria's commercial team that did a great job this first half of the year.

Operator

Ricardo Buchpiguel, BTG.

Ricardo Buchpiguel - *BTG - Analyst*

You mentioned the 7 REITs acquisition in the presentation is expected to add $600 million in fee earning AUM. Could you walk us through the timeline for when they will start being consolidated in your results? Will any shareholder approval from the REITs be required? And if so, are there any meaningful costs that will be associated with these approvals?

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Ricardo, we did 2 acquisitions here or a group of REITs that we acquired from Genial, as you know, it's the Brazilian local bank and a group of REITs that we bought from a local alternative asset manager, real estate alternative asset management called Vectis. On the Vectis front, we did the acquisition of one of their holding companies, which managed these funds. So the transaction is basically already closed. So we did sign and already close. So you will see these numbers already in the third quarter, adding to our fee earnings AUM as we did announce in July.

In the case of Genial, we have to go through the assemblies. We have to call shareholders' vote. But for 90% of the funds, we already got the approval. too much detail here, but you probably know that we need 25% of the quota holders of each fund to actually vote to transfer the management of these REITs from Genial to us. And for 90% of the AUM, we already got the votes in for the shareholders' meetings.

They're still going on because it's a 45 days that we have in order to reach out for these votes, but we already have more than 25% count as of today. So we are in a good position. Just 10% of the Genial funds, which is a $30 million fund of the whole $600 million that we did acquire, 5%. We're still counting to get to the 25%. But I think we'll probably get there, but we still have a couple of weeks to go, which is the 45-day period within the shareholders' meeting that we did call for.

And in the worst of the worst case, we can extend that but it's only 5% of the AUM. So you're probably going to see during our third quarter of 2025. Revenues from that is on an annualized basis of $3 million. So going forward, it should add $1.5 million to our revenue which should translate into a $1 million of fee-related earnings, not annualized for the year, $2 million annualized, but for the year, $1 million as we did do this transaction in July. So it's not a -- it doesn't move the needle, but it's $1 million that we will add to our FRE within the year of 2025.

The costs associated with these are irrelevant. It's basically calling on a shareholders' meeting and a very, very insignificant costs that is not -- it doesn't move the needle at all, I think of our transaction costs. And I think this is it.

Ricardo Buchpiguel - *BTG - Analyst*

Very clear. And just a follow-up here still on the real estate segment. We saw a pickup in fundraising during the quarter. If you could comment on what type of investors are driving the demand, which products are they mainly focusing in would be helpful. And also, if you could comment if we should see this level of fundraising from Q2 in the following quarters also would be helpful.

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Yes. I think our funds have been performing extremely well, and I congratulate here the portfolio managers and my partners that run the business, mainly the industrial logistics, which is the HGLG and also the urban retail fund, which is the HGRU, the ticker of these 2 funds. And of course, the credit fund as well doing very well given the times of high interest rates that we are living in Brazil right now. So we are -- we announced a follow-on offering for the logistics fund, the HGLG as we speak, a BRL 2 billion follow-on. We already have BRL 1 billion taken, which we are exchanging assets for shares of the fund.

So investors that own assets, own real estate assets are in this follow-on offering are exchanging these assets and receiving in exchange shares of the fund. That accounts for more or less half of the offering and the other half of the offering would be new money. So it's a significant offering that we are running right now.

And the other fund that looks into a good position to be able to do a follow-on is our street retail fund, the HGRU. Why do we see that? Because the share price is trading at a very close level to the NAV of the fund and puts us in a good position to do a follow-on. So street retail, logistics, of course, more than an office fund and credit also doing very well. So we're very -- again, high interest rates environment, but been able to manage the funds, our logistics funds very well, manage them very well.

Our logistics fund is the largest in the segment. So that attracts a lot of investors because of its size, because of its liquidity. Same with street retail, the largest of the segment.

The Brazilian economy is doing reasonably well. I think it's -- those particular things of Brazil and one of them is very high interest rates, very high real interest rates, but the economy continues to perform reasonably well. GDP at around 3% growth for 2025, which is impressive. You would imagine that such a high interest rates, it would cause a slowdown of the economy, but the economy will probably finish 2025 posting a 3% growth. And that reflects in all our businesses.

And as you know, Brazilians find a way to protect themselves against inflation, indexing, hedging, et cetera, to the good and to the bad to what I'm saying.

And we see in our private equity portfolio, EBITDA, as I mentioned during my earnings call, organically up 20% year-over-year, which is the whole portfolio, and we have everything in the portfolio from Fund IV all the way to Fund VII exposure to several sectors is quite -- our private equity portfolio is a quasi ETF of the Brazilian economy because it's exposed to so many different sectors and that 20% EBITDA growth organic, it's over 30-something-percent if I consider the acquisitions. So again, the -- as the Brazilian particularities of the Brazilian economy, we continue to perform given this environment. And we continue to fundraise in real estate, in infrastructure, for infrastructure, for real estate and for credit.

Operator

William Barranjard, Itau BBA.

William Barranjard - *Itau BBA - Analyst*

I have a couple of questions here. Starting with the first one regarding fundraising. I just wanted to pick your brains on how do you think the recent news flow regarding the US tariffs on Brazil affected maybe the mood of international investors towards Brazil and the region. I would say it apparently didn't affect so much because of the upward guidance revision but maybe if you could comment here a little bit.

I have a second question now regarding a different topic regarding net debt, dividends and buybacks. So Ana commented during the call, the net debt should remain stable throughout the year, right? And also that you should use this new buyback program as a way to keep the number of outstanding shares in the range of the guided range, right? So I wanted to understand here what should we see in order for the dividend increase from the $0.50 per share we've been seeing for the past 1.5 years. When do you expect net debt to decrease and if we should see that in order for this dividend to increase again?

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

First question on US tariffs. they're all predictions and expectations, right? It's very hard to understand exactly what's going to happen given that we haven't lived in an environment similar to this for a while now for over 50, 60, 70 years. So we don't have a lot of data to be able to go back and understand what are the exact effects.

Of course, in my general view, higher tariffs globally, it's not good news for global trade, for global growth in general, making this general comment. How will these tariffs be the cost of these tariffs be absorbed by the supplier of the goods and services by the importer of the goods and services, it's hard to say. I think it will probably be absorbed within the whole system.

As far as Brazil is concerned, as you know, 12% of our exports are directed to the US and a lot of 45% of that 12% were exempt from the tariffs. So 45% of 12% exempt. So 55% of the 12%, around 6% of our exports are going to the US with higher tariffs.

And we might see some additional, I think, exemptions. For example, coffee, it seems that it doesn't make a lot of sense given the exemptions that the Trump administration gave on products similar to coffee with the rationale that if there is a plant or something that does not grow in the US, they have to import it without tariffs. And coffee is one of them. Coffee does not grow in the Northern Hemisphere. So that can be another 5% to 7% of the exports.

And so we might be affected by 35% to 40% of the export, not 55% as of now.

So in the end, I think we're it might not really change the needle dramatically for Brazil. I have here Luis Fernando Lopes with us. Our initial math does account for a 0.2% to 0.4% of reduction in GDP and the whole thing gets into effect and nothing comes back. And that was more of the 100% of tariffs on 100% of the goods. Tariffs on 55% of the goods is more to the 0.2%, 0.3% than the 0.4%.

So as I was mentioning earlier, we were expecting GDP to grow around 3% this year in Brazil. So we might see by the end of the year, that reducing to an annualized growth rate of 2.6%, 2.7% because of the tariff. So it's -- of course, it's painful, but I don't think it's dramatic in the sense that our 3% GDP growth will go down to 0 in Brazil, something like that. It's on the -- as we say here on the margin, right, on the margin. So that's, I think, is more of the economic impact.

I think the second part of your question, I think there's a political impact, which is caused, I think everybody's concern and attention that these tariffs are not really derived from trading issues, but they come from political issues. And that puts us in a more uncertain scenario, right? Because even if we go back and we have good trade negotiations, but we didn't fix as far as Mr. Trump is concerned, the political side of it, where do we land. And so that puts us in a more uncertain position.

So it's harder to say where will this thing land.

So the third thing that I would say before I conclude the question here, other regions of the world, Middle East and Asians and Europeans, I think they have moved in the direction of investing more in Latin America as we see from our higher and robust fundraising for the first half of '25, and we see the pipeline with very robust fundraising for the next five, six months of 2025. And some of it has to do with this. I think, look, I'm going to direct my exports not into the US, I'm going to direct my exports to Latin America. And the Chinese car industry, for example, they're very competitive. They're directing their exports to Brazil and other countries in LatAm.

Other European manufacturers and service providers are directing exports to LatAm and Brazil, in particular. And that, of course, brings them to invest more, be it financial investors, be it strategic investors in the country. And we didn't see any blip in the interest.

On the contrary, we saw more interest in the region. And I think it has to do -- and they say it out, actually, our clients say that, the uncertainty of -- now of the US economy in general and maybe the uncertainty of the US being that trade partner that we thought it was in the past, I'm going to look for new markets, for new partners. And even if they shift a small amount of their total and it's in the -- only the new money and in the margin of the new money, that's already a huge amount of money for us, right?

For Brazil, we have an FDI of around $60 billion to $70 billion. Another $5 billion to $10 billion raises the FDI by 10%. And today in today's terms, $5 billion to $10 billion is not a lot of money. Look at us, we're managing close to $50 billion, a Brazilian alternative investment manager. So even us could raise another $10 billion.

It would be another 10% of our AUM, and that increases the FDI into Brazil by 5% to 10%, which is amazing. So I think we still -- we continue to be in a good position. So finalizing my answer, I think it's -- the effects of the tariffs are marginal. They're not going -- I think not going to cause major harms in Brazil. Of course, particular sectors are going to suffer a lot more than what I just mentioned.

We look into a 0.2% to 0.4% reduction in GDP out of a 3% growth in GDP for Brazil. Of course, very painful, but not very dramatic. But my main concern is on the political side where we land there. But nevertheless, investors continue to show very high interest in our products and in the region.

On the net debt, share count dividend recount here, William, what I can say is like, as Ana mentioned, we see net debt remaining relatively flat from the number that we posted by the end of the second quarter of '25, around $120 million, $130 million. Net debt probably finished the year with $120 million, $130 million of net debt. Share count, we are 159.5 million. The range that we gave at our December 9, 2024 Investor Day was 158 million to 160 million shares, and I think we're going to stay in that -- within that share count. And we don't foresee any increase in the dividend as of today.

So we continue with $0.15 per share per quarter, and our Board last week approved the dividend of $0.15 per share to be paid for the second quarter of 2025, and we see that dividends will remain in the third quarter and the fourth quarter.

As we approach the end of the year and if the fundraising continues to go the way that we are seeing and the uncertainties that we just described in my answer here recedes, and we see 2026 as robust as we are seeing when I answer my question here to Tito from Goldman, we can review this dividend policy. But as of today, we're remaining with $0.15 per share for the third quarter and the fourth quarter. I hope I answered your question.

Operator

Guilherme Grespan, JPMorgan.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

My question is more as well to pick your brain a little bit related, how do you think the business, Alex, in relation to geography? And just the context of the question, I have been having more and more debates around Brazil potential bull case scenario next year. And this bull case, I think it's a combination of potential administration change plus lower rates. So some investors are seeing the scenario of a risk on scenario in Brazil. And my question to you is how do you see Patria nowadays?

And how much should we expect in terms of benefits from Brazil, specifically?

Because if you go into the past 10 years ago, it used to be a very specific concentrated asset in Brazil, right? But I think for the right reasons, you diversified a lot of business. Nowadays, Brazil, I think, if I recall correctly, it's only 25% of the fundraising. And if you can recap, I'm not sure how much it represents in terms of asset allocation. But my point to you is, if we see this bull case scenario in Brazil in terms of risk-only environment, do you think fundraising trends are expected to accelerate or at this point, do you think it's reasonable to see a steady growth going forward independent if Brazil does super well or not?

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Guilherme, definitely so. I think if there's a re-rating, as you just explained, linked to the political shift to a center-right government in Brazil, definitely, in my view, fundraising and prices of assets post-election will rise. And we've been seeing that, and we've been following that. And we do cover that very closely. And you can see from all kinds of graphs and data points what happens with -- in the shift from center-left to center-rights in economies like Brazil.

There's some correction or increase in the prices of assets before, but a big correction in prices of the assets post the election and increases in fundraising, in general.

But what I would like to highlight is not just Brazil. Not by chance, but by strategy, as you mentioned, we did diversify our business into other countries in Latin America first and then into Europe. And what you just mentioned about Brazil is also happening in other countries in Latin America, mainly in Chile and Colombia. And today, on the liability side, we have 65% of our fundraising from investors that are based outside of LatAm, 20% from investors based outside of Brazil, Latin investors that are not Brazilians or based in Brazil and 15% of our fundraising coming from Brazilian-based investors, 65/20/15. On the asset side, where do we invest this money?

It's is more or less 1/3, 1/3, 1/3, in Brazil. It's 28%, 30%. I'm just rounding the numbers to make it easier here and illustrate my example, 1/3 in LatAm ex-Brazil and 1/3 outside of LatAm, okay?

So taking a view of the 1/3, which is LatAm ex-Brazil, and I also mentioned earlier, it's just 3% in Mexico. So it's mainly Chile, Peru and Colombia. These 3 countries are growing -- sorry, are growing over the next 4 to 12 months or 4 to 18 months through elections. And we already see the same effect that you just mentioned for Brazil in Chile. Most probably, the election polls are showing us that a center-right government in Chile will win.

Is it Mrs. Matthei or Mr. Kast and that puts us in a very good position to re-rate Chile. You can see that the more liquid securities in the Chilean economy are already being priced up. And we can see also fundraising of our Chilean clients to be more exposed to this re-rating of Chile going up.

So we're raising more money in Chile to bet on this re-rating strategy or election strategy or election arbitrage, as we call. And we go then next, which is the presidential elections in Chile are happening -- should happen at the end of this year.

Then we go into 2026, we have elections in Colombia and Peru. And in Colombia, the same, the same, a little behind Chile because the elections in Colombia is just in the second quarter of 2026. But what the polls show today that most probably, we're going to have a center-right government because the popularity of the current government President there, Mr. Petro is really, really low. And with that, the whole re-rating, the whole election arbitrage, and we are playing, of course, with that, we're seeing investors willing to invest in our funds.

We're having success in raising a private equity fund in Colombia, success in raising an infrastructure fund in Colombia and mostly through our institutional investors clients. And they are saying exactly that, that you mentioned about Brazil, about Colombia.

And then Peru comes next. And we have the Vice President of Peru actually took over as the running President, and she is then conducting elections in 2026. And she managed to do the same thing that Mrs. (inaudible) managed, right? Her popularity is lower than the inflation in Peru, which is a rare position to be in.

But her population is lower than the inflation in Peru. I think her population is around 2%, 3%. I don't know how low can you get -- how can you get lower than that, right? And inflation in Peru around 4%. So inflation in Peru is higher than her popularity.

We normally say here, at Patria, that when your popularity rate is lower than the inflation rate, I think it's time for you to go, right, which is, I think, the case of the Peruvian President. And she's going to be substituted by a center-right President. So the Peruvian economy also has this election arbitrage.

And then comes us Brazil, end of '26. very, very early to say 16 months before an election, 18 months before an election, so many things can happen. But I think there's a chance of the center-right government to win the elections here in Brazil. And that arbitrage play will come into effect, and we see that into play more of the hedge funds that we see investing in some of our funds. We see the local investors already betting on that.

We see also several data points. As you know, we had a very large sizable short position on the real at the beginning of the year. That short position basically diminished. I don't think people are in a buy long position, but I think the short position went to a neutral position. Same in the stock exchange.

I think the short went to a neutral position.

So I haven't seen here in Brazil because it's the latest -- it's the fourth country in my list here, Chile, Colombia, Peru and then comes elections in Brazil. So we're a little further down the road, the Brazilian elections. But I already saw a shift from a short position to a neutral and we might get into a long buy position as we head into the end of '25 and '26 and the elections poll shows that the center-right in Brazil have a good chance to win. So yes, very exciting moments, to be honest, William. And we're going to play this 2/3 of our assets, as I mentioned, invested here in the region, not only in Brazil.

In Mexico, we don't see that, of course, the President there was just reelected for a 6-year term. So -- but it's amazing. We look into the Mexican and Colombian and Chilean economy. Why are these economies having -- been able to have low interest rates in Brazil? Very simple, the fiscal, right?

Mexico is investment grade with a 50% debt-to-GDP. Chile is investment grade OECD and Mexico is also OECD member. Chile investment grade OECD member and also interest rates coming down with a fiscal stands relatively under control, 40% debt-to-GDP.

Colombia, not investment grade, but it's 50% debt-to-GDP, moving a notch up to 50-something percent of debt-to-GDP, but the leadership in Colombia is quite complex. And us here with gross debt at 76% of gross debt-to-GDP. So the fiscal says a lot about these 4 countries as well, right, that I just mentioned. So we might have even not only a center-right government winning the next election, but a solution or at least a path to a solution to our fiscal problem, and that adds to the whole rerating or election arbitrage in Brazil. So pretty excited, to be honest, and we see all of this happening in all these countries, and we did expose Patria on purpose by strategy to these countries.

And lastly, if I go to Europe, we're basically exposed to the UK. UK is doing reasonably well given the situation and went out and already signed a tariff deal with the US administration, which seems as a good tariff deal given what the European Union signed and given what [Japan] signed. So they are in the good side.

And that also is an economy that's interesting, a lot of infrastructure investors because of their higher defense spending, et cetera. So I'm pretty excited here, William. I hope I answered your question -- Guilherme, I'm sorry.

Operator

And this does conclude the Q&A session for today. I would like to turn the call over to Alex Saigh, CEO, for closing remarks. Please go ahead.

Alexandre Saigh - *Patria Investments Ltd - Chief Executive Officer, Director*

Thank you very much. Thanks for the call. Thanks for coordinating the call as well. And again, we're very excited with the news of the first half of the year and looking to a great 2025. Thanks for your participation.

Thanks for the patience, and I hope to see you all in person and safe in the near future. Thank you. Bye-bye.

Operator

Thank you all for participating in today's conference call. You may now disconnect.
