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PAX.OQ - Q3 2025 Patria Investments Ltd Earnings Call

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PRESENTATION

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Good day and thank you for standing by. Welcome to Patra's 3rd quarter 2025 earnings conference call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during this session, you will need to press star 11 on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question, please press 11 again. Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Andre Medina, from Patra Shareholder Relations. Please go ahead.

Unidentified_2

Thank you. Good morning, everyone, and welcome to Patra's 3rd quarter 2025 earnings call. Speaking today on the call, our Chief Executive Officer, Alex Saig and our Chief Financial Officer, Anahuso, and our chief economist Luis Vernando Lops for the Q&A session.

This morning we issued a press release and earnings presentation dictating our results for the quarter, which you can find posted on the investor relations section of our website or on Forbe 6K filed with the Securities and Exchange Commission.

This call is being webcast and a replay will be available.

Before we begin, I would 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.

A 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 factor section of our latest Form 20F annual report.

Also note that no statement on this call constitutes an offer to sell or a solicitation of an offer to purchase an interest in any patri fund.

As a foreign private issuer, Pater 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 No 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 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'll turn the call over to Alex.

Unidentified_3

Thank you, Andre.

Good morning, everyone, and thank you for joining us today.

Before we jump into the quarterly results, I would like to take a minute to celebrate an important milestone for Patria, as our assets under management exceeded $50 billion as of the end of the 3rd quarter.

Over 3.5 times higher than our assets under management at the time of our IPO in 2021.

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Looking back to our origins 37 years ago.

Unidentified_4

Seeing the diversified investment platform we have built is extremely rewarding.

Unidentified_3

We could not have achieved this milestone without the hard work and dedication of our team and most importantly, the trust our clients have placed in us.

Since we went public in January 2021, Patria has grown from a $14 billion assets under asset manager, serving primarily a global investor base and focused mainly on private equity and infrastructure in Brazil.

To a broadly diversified multi-asset class manager serving both local and global investors with strong investments and distribution capabilities across Latin America and expanding capabilities in Europe and the United States.

Congratulations to all of our amazing team members in reaching this milestone.

Now, with that as a backdrop, the strong third quarter, 2025 results further highlight our progress as organic fundraising surpassed $1.5 billion in the quarter.

Led by our infrastructure and credit businesses and total organic fundraising year-to-date reached $6 billion.

Therefore, we are well on track to exceed the high end of our previously upwardly revised full year target of $6.6 billion.

I would like to note that for the last 12 months, organic fundraising inflows to assets under management total approximately $6.9 billion.

I'd like also to point out that the aforementioned year-to-date $6 billion of fundraising inflows into asset under management.

Do not include any acquisition.

A result of how we are leveraging the investments we have made in our platforms, mainly in our commercial areas.

Redemptions have been trending lower and year-to-date represent approximately 30% less than what we saw last year.

A clear reflection of our strong investment performance across our words.

Strong fundraising supported by lower redemption rates is translating into solid net organic growth as we generated over $1.4 billion of net organic inflows into fee earning assets under management year-to-date and $1.8 billion over the last 12 months.

Year-to-date, net inflows reflect an analyzed organic growth rate of about 6%, which continues to highlight our ability to drive strong organic revenue and earnings growth.

With that, our fee earning assets under management in the third quarter 2025 grew to $38.8 billion up 4% sequentially and 14% year over year.

In the third quarter of 2025, we reported fee-related earnings of $49.5 million.

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Representing 7% sequentially and 22% year over year growth driven mainly by solid fee earning, assets under management growth, and margin expansion.

As we continue to make progress integrating our acquisitions.

On a per-share basis, fee-related earnings of $0.31 in the third quarter of 2025 rose 8% sequentially and 19% year over year.

Our momentum is further illustrated by the $46.9 million of distributable earnings we generated in the third quarter.

Or $0.30 per share.

A robust 22% sequentially and 31% year over year driven mainly by the just mentioned, very strong fee-related earnings growth.

In addition, during the 3rd quarter, we entered a total return swap with a financial institution to repurchase 1.5 million shares.

With that, as of the end of the 3rd quarter of 2025, our share count stands at 158 million shares.

Anna Huso, our CFO, will provide further details in her counts.

While we did not generate performance related earnings in this quarter, I am excited to announce that subsequent to the quarter end we had multiple monetization events in our infrastructure Fund 3, which we expect will generate approximately $15 million of performance related earnings in the fourth quarter.

Bringing year-to-date total to approximately $16 million.

With the potential to move higher if we have additional monetizations over the remaining two months of the year.

We continue to expect infrastructure Fund 3 to be the main source of performance-related earnings through 2026.

As it relates to the macro outlook, it is worth noting the depreciation of the United States dollar against most of the other currencies which contribute to our revenues in addition to the dollar.

Historically, periods of dollar weakness have acted as catholics.

For international portfolio diversification.

Prompting investors to seek exposure to regions with stronger relative performance.

Lower correlation and more attractive fundamentals.

We are seeing this story unfold once again as many global investors move to reduce their overweight positions in United States assets.

We believe there is still more to come as non-United States markets continue to offer compelling valuations and can serve as effective risk adjusted options to rebalance portfolios and hedge against dollar depreciation.

This environment is likely to further support our fundraising efforts.

As I noted at the start of my remarks, we are pleased to report that we raised $1.5 billion in the third quarter of 2025.

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Totalling approximately $6 billion year-to-date.

And we are well on track to exceed the high end of our full year target of $6.6 billion.

For the last 12 months, organic fundraising inflows to assets under management total approximately $6.9 billion.

To provide some additional color on fundraising, we continue to see increased global interest in investments in infrastructure in Latin America.

From which we continue to benefit as the leading infrastructure investor in the region.

Over the first three quarters of the year, we raised 4 times more than in 2024.

Led by our infrastructure fund 5 drawdown fund, co-investment vehicles, and other strategies.

I would like to congratulate our infrastructure and commercial teams on the recently announced final close of our Fund 5 and related vehicles at $2.9 billion almost 40% higher when compared to our previous vintage, making it the largest dedicated infrastructure vintage focused fund on Latin America.

It is also important to highlight that our credit business continues to stand out and has surpassed total 2024 fundraising by almost 15% as of the third quarter of 2025, reaching $1.6 billion fundraised this year.

It is worth noting that 2024 was already a record year for fundraising for credit.

Our success in fundraising for infrastructure and credit is supported by a global economy experiencing persistent inflation and consequently high interest rates.

Finally, GPMS has raised $1.7 billion year-to-date.

Continuing to highlight the strong support from our clients and the success of the integration of this business onto our platform.

We believe that GPMS will continue to be a strong contributor to our future growth.

As we expand our business, a large portion of the capital we raise will flow into fee earning assets under management as capital is deployed.

Our current pending fee earning assets under management totals about $3.2 billion.

While the level of pending fee earning assets under management can vary over the short-term, over time, we would expect it to grow as our fundraising grows, and we can raise more capital in draw down funds, SMAs, and similar fund structures.

It is also important to note that our fee earning assets under management and management fees are very sticky and highly predictable.

Indeed, approximately 22% of our fee earning assets under management are in permanent capital vehicles, listed vehicles with no redemption policies.

And approximately 90% in vehicles with no or limited redemption policies.

Additionally, it is worth noting that over 50% of our fees are charged over net asset value or market value.

Which year-to-date has contributed approximately $2 billion to fee earning assets in the management.

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Reflecting our very strong investment performance.

We also like to highlight that our fee-related earnings have limited exposure to foreign exchange volatility.

Based on our current assets class mix, a 10% variance in soft currencies against the dollar impacts fee-related earnings by only about 2%.

As we head into the fourth quarter and we gain better visibility into our expected full year 2025 and 2026 results.

We believe we are well on the way to delivering on our targets.

With regard to fundraising, we are confident in our ability to exceed the high end of our 2025 4 year target of $6.6 billion.

Additionally, as disclosed during our December 9, 2024 Investor Day, our objective is to raise $21 billion from 2025 through 2027.

Comprised of $6 billion of fundraising in 2025.

$7 billion in 2026 and $8 billion in 2027.

As we expect to exceed the $6.6 billion upper end of our previously upwardly reviewed 2025 guidance, this increases our confidence that we can surpass our announced 2026 targets of $7 billion.

Accordingly, we believe total fundraising for 2025 and 2026 combined could reach $14 billion.

Considering our $8 billion fundraising target for 2027, we believe we are well positioned to exceed our total three-year objective of $21 billion.

As it relates to our full year fee related earnings, we expect full year fee related earnings to be slightly higher than the entry level of our fee related earnings target range of $200 to $225 million for 2025.

Additionally, as we look into the next year, we are introducing the 2026 fee-related earnings target range of $225 to $245 million or $1.42 to.

$1.54 per share.

When taking into account our share account guidance of 158 to 160 million shares, our 2026 fee-related earnings objective reflects approximately 15% year over year growth in fee-related earnings per share at the midpoint of this range.

Importantly, we remain comfortable with our fee-related earnings 2027 target range of 260 million to $290 million or $1.60 to $1.80 per share.

Finally, we are reaffirming our performance fee-related earnings target range of $120 million to $140 million from the fourth quarter of 2024 to the end of 2027 of which we already realized $42 million and we expect to realize an additional approximate $15 million in the fourth quarter of this year.

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 is paying off.

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

Thank you very much.

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Unidentified_5

Thank you, Alex, and good morning everyone. Over $50 billion in AUM is indeed a landmark to be proud of. And as Alex mentioned, our strong momentum continues as we raised $1.5 billion in the third quarter and $6 billion year-to-date.

Our fundraising success shows how the strategic investments we have been making in our investment platforms, products, and distribution capabilities are paying off.

We entered the 4th quarter confident in our ability to achieve our objectives for this year.

Now, let's review our 3rd quarter results in more detail.

In light of our robust fundraising year-to-date, we are well on track to exceed the high end of our full year target of $6.6 billion against a backdrop of increased global uncertainty and volatility.

Our fee rose 14% year over year and 4% sequentially to approximately $38.8 billion. The strong year over year growth reflects the combination of solid organic net inflows of $1.8 billion positive contribution from strong investment performance, and the acquisition of the Brazilian rates we discussed during our last earnings goals and concluded this score.

Our fee earning AUM growth continues to highlight our expanding fundraising capabilities and deployment opportunities coupled with the thickness and resilience of our asset base.

In addition, our fee earning AUM is also benefiting from a declining rate of reduction.

Spending fee earning AUM of $3.2 billion combined with our fundraising goals, the 22% of fee AUM that are in permanent capital vehicles, the almost 35% of the AUM in drawdown funds with an average life of six years, and the overall thickness of our asset base together highlight our ongoing abilities to generate net organic CAUM growth over time.

Total revenue in the third quarter reached $84.6 million up 11% year over year and about 4% sequentially. This quarter included $1.3 million of catch up ee.

Our management fee rate averaged 94 basis points over the last trailing four quarters. As we review at our December 9, 2024 Investor Day, we are steadily diversifying our business and introducing new investment and 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 trend towards 90 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, total approximately $34.4 million in the quarter, flat versus second quarter 25 in prior year.

We remain focused on controlling expenses and capturing operating efficiency even as we continue to reinvest in the business.

Looking ahead, we believe the 3rd quarter personnel and G&A's expenses combined are a good baseline for the next quarter.

Putting it all together, Patra delivered fee-related earnings of 49.5 million in the quarter, up 22% versus the prior year and 7% sequentially, with an FRE margin that rose more than 500 basis points versus the third quarter 24 and 170 basis points sequentially to 58.5%. We remind you everyone that the 4th quarter is often our strongest quarter in terms of FRE margin, driven by the recognition of most of our high margin incentive fees from our credit and public equity platforms. We continue to expect the full year margin to fall within the range of our 58 to 60% guidance.

As Alex mentioned, as we enter the last quarter of the year and our visibility into the remainder of the 2025 improves, we expect fee-related earnings for the full year to be slightly above the entry level of our FRE target range of $200 to $225 million.

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Additionally, as Alex also noted, we expect to generate $225 to $245 million of FRA in 2026, and we remain on track to deliver our 2027 FRE target of $260 to $290 million with an FRE margin objective of 58 to 60%.

As a reminder, about 10% of our 2027 FRA target reflects future potential M&A.

Although we did not generate any performance-related earnings in the 3rd quarter, subsequent to the quarter end, we had multiple monetization events in our infrastructure fund 3, which we expect will generate approximately $150 million of performance related earnings in the 4th quarter, with the potential to move higher if we have additional monetizations over the remaining two months of the year.

We continue to expect infrastructure 3, which performer for the recent monetization had approximately $45 million of net accrued performance fees at the quarter end, to be the main source of PRE through 2026.

Next, our net financial and other income and expenses in the third quarter 25 total a negative of $1 million versus a negative of $4 million in the second quarter 2025.

This sequential improvement mainly reflects a greater contribution from Trius, our energy trading platform of $1.7 million in the quarter compared to $0.7 million in the second quarter 25.

Additionally, lower average debt over the course of the 3rd quarter also contributed to the lower financial expense.

As of the end of the third quarter, net debt total approximately $108 million and our net debt to FRE ratio of 0.6 times was well below our long-term guidance of one time.

As we manage our cash flow and capitalist structure over the balance of the year, we expect our debt levels to remain relatively unchanged, as we do not have any relevant money payment for this year.

Our current deferred M&A related cash payments through 2028 would be approximately $95 million excluding potential earnouts.

In addition, we entered to a total return swap or TRS with a financial institution during the third quarter, which under the terms of the swap, purchased 1.5 million shares on our behalf. We expect to settle the cost of the TRS by mid 26 and transfer the shares to Patu, which we plan to retire.

Our effective tax rate in the third quarter of 3.3% mainly reflects credits related to our UK operations.

We expect our tax rate over the coming years to hover around 10% annually, but will vary quarter by quarter, depending on the evolving mix of our business, although we expect 2025 to be below 10%.

In the third quarter of 25, we generated $46.9 million of distributor earnings, up 34% versus third quarter 24, and at DE per share of $0.30 up.

31% year over year and 22% sequentially, mainly reflecting higher FRE helped by lower net financial and other income expense, lower tax, and on a sequential basis, lower share account.

As I mentioned during our last earnings call, the board of directors voted to renew and increase our share repurchase program, and we have the authorization to repurchase up to 3 million shares. In the third quarter, Pata entered a total return swap with a financial institution, which under the terms of the swap, purchased 1.5 million shares on our behalf. Considering the nature of the TRS, we finished the quarter at 158 million shares and continue to expect the share count to average between 158 and $160 million from 2025 to 2027. Inclusive of additional share repurchase, which will be focused on offsetting a stock-based compensation.

Finally, as announced during our December 9, 2024 Investor Day, the board had approved an annual dividend of $0.60 per share for 2025.

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With that, we declare a dividend of $0.15 per share for the third quarter.

Also, it is important to note that the board has now approved a total annual dividend of $0.65 per share for 2026.

Overall, we are very pleased with our 3rd 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 the various targets we share with you, and we are excited regarding the growth opportunities that lies ahead of us.

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

Unidentified_1

Thank you. At this time, we will conduct a question-and-answer session. As a reminder to ask a question, you will need to press star 11 on your telephone and wait for your name to be announced. To withdraw your question, please press satr 11 again. Please stand by while we compile the Q&A roster.

Our first question comes from Rodrigo Ferrera at Bank of America.

Unidentified_6

Good morning, Alex.

I hope everyone is doing well and thank you for taking my question. You've raised $6 billion here today and are on track to exceed the $6.6 billion dollar full year target. Given the strong momentum, how are you thinking about the pacing of capital deployment, especially with the $3.2 billion in pending fee earning AUM?

Thank you.

Unidentified_4

Thanks for the question. Thanks for participating in the call.

No, really, we've been very excited with the, 6.6 raise, up to the third quarter of 25, as I mentioned during the call.

Last 12 months we did raise 6.9. That's why we feel comfortable at no 6, until the end of the third quarter.

Guidance of 6.6, last 12 months, $6.9 billion. So that's why we feel comfortable that we are probably going to beat the $6.6 billion dollar, new guidance.

We have over $3 billion of pending.

But I think over the next 12 to 18 months we should deploy that.

We do have, a very active pipeline, mostly in infrastructure, most of this, fee pending fee earnings, fee pending, AUM, comes from our infrastructure efforts as we did raise in 2025, finished raising our flagship, vintage, fund 5 for infrastructure of, approximately $2.9 billion.

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So most of that capital will come from investing our infrastructure for new vintage number 5.

In addition to the co-investment vehicles that are paying fees together with the infrastructure, closed them from 5.

Also we did raise capital that's tending to for us to invest, which is in the GPMS and also the the GPMS mostly the secondary, our secondary strategy, we envision to invest along the next, 12 to 18 months as well.

So, most of this, fee penny AUM, should be invested over the next 12 to 18 months. I hope I answered your question.

Unidentified_6

Thank you. No, that was great. And then for my follow-up, can you give us an update on how you are thinking about inorganic growth at this moment? I may know we have the $14 billion investor day guidance, but at this moment, what asset classes or geographies are you most most interested in?

Unidentified_3

Yeah, well.

Unidentified_4

We had guide guided that we would TRY not to do any acquisitions in 2025.

And we will TRY then to, restart with our acquisition efforts the end of 25, 26.

Of course, it's easier said than done. I joke that sometimes the mergers and acquisitions, M&A is a misery and anguish, right? You don't, you never know when you're going to sign the deal.

But joke jokes aside, I think we, I think we managed to do that. Now we're finishing 25, we wanted to have a full, 4 quarters, 6 quarters of no M&A, as we mentioned the last 12 months, the last 4 quarters, all the numbers that we just posted are pure organic fundraising, organic growth, organic related numbers, and we wanted to have that pause to show.

Us and of course investors and stakeholders that our strategy was working that the the acquisitions that we did were being integrated. You saw that we know very disciplined on the cost level of, you can see it in the third quarter results and you're going to see it in the full year results. So this was important as a checkpoint that now we paused, we integrated, we fundraised for these new asset classes that we acquired, we controlled costs, etc. As we move into 26 and 27, we would like to come to turn on, then the the inorganic expansion which is important for us to, complement our menu offering to also complement our geography footprints and.

What we see going on right now is most of the activity is in the real estate and the credit arenas. So these two, asset classes are the ones that are with negotiations in a more advanced phase, coming then, in third place, our infrastructure related, also strategies. So, of course it has to do as well, I think with the strategies that have been performing the best, in fundraising and the best in, interest, level from our clients. On the geography side, I think we will, as we mentioned all the way back, I think our, GPMS global private market solutions that we did buy as a carve out from the, asset manager Aberdeen was a mostly European-focused, business. 2/3 of the business is European focused.

And we will like to expand our US side of this business, to become more of a global solutions provider for private active primary, secondaries and co-invest. So US, would be, a geography that we are looking into.

I think the acquisition that we're going to do there is not going to be very substantial. That's why like it's forced in the list of, relevance.

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I go back to the infrastructure and real estate credit and real estate, and then comes infrastructure then comes GPMS on relevant sides, geography US mostly GPMS and Mexico, mostly real estate and credit, so, in order of importance again just repeating here to be redundant credit, real estate. Then comes infrastructure, then comes GPMS, geography, US, and Mexico as new geographies, and we continue to enhance our presence, of course, in the geography that we already exist, mainly in Brazil.

We are trying to go to spearhead and be a protagonist of this consolidation of the industry, we see, several of the asset managers in our, industry, pushing that agenda, now, from the mega ones to the large ones and now with the $50 billion dollar. Asset manager, I think we joined the club of the other $50 billion dollar asset managers. So I think the other the mega ones, managing close to $1 trillion. Then there's a second group of of around 20, that manage, managed globally between 100 and 300 billion.

And then we come with this third group which is no number, we're number 31 now globally, 3,031, of course, so this second group of $50 billion dollar asset managers, all of us actually pushing this consolidation agenda.

Interesting that these are $50 billion dollar managers, they have a geographic, also.

Origin, some of them are, Asia or have Asian origins.

Another has a Middle Eastern origin. We have two Europeans, we have a couple of Americans and us. I think the only Latin that does exactly what we do pursuing this consolidation agenda in their respective regions of origin. First and foremost in our case, Latin America, of course, and then of course, trying also to expand globally with one or two asset classes or or strategies in our case, GPMS was the chosen one.

So I hope I answered your question.

Unidentified_6

That was perfect.

Thank you.

Unidentified_1

Our next question comes from Tito Labarta at Goldman.

Unidentified_7

Sachs.

Hi, good morning, Alex, and thank you for the call and taking my question. A couple of questions, just on the FRE guidance for this year, you mentioned you, you'd like to be slightly above the lower end of the range. Just looking at the trends right now, if FRE is similar in 4Q, you'd be around 188 million. Should we assume that the difference to get you to above that 200 million. Would mostly come from the incentive fees that you most typically get in 4 or would there be any other potential upside that that we could see in 4Q other than the incentive fees and then have a second question.

Unidentified_4

Thanks C so, nice talking to you and thanks for participating in our call. I think that, no.

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Unidentified_3

Both, I think mainly.

Unidentified_4

The numbers that you just, went through there, I think it makes sense, that you know we expect around $10 to $12 million coming from incentive fees and that's, a relevant portion, of the, FIE contributor for the 4th quarter of 2025. In addition, but not at this level of relevance in absolute dollar terms, we have, more, FIE coming from management fees because these management fees being driven by the fundraising that we just described during our earnings call and answering Rodrigo's question. All of that fundraising is already translating into more management fees and that management fees, no, it's the same team that basically that we had in the third quarter. So that actually then flows down to. Fee related earnings, but, in, absolute value importance, you are correct. I think that now 10 to $12 million coming from incentivvi is number one, a contributor for us to then surpass the $200 million of FRA, which is the entry level of our guidance coming second contribution from the fundraising that is translating.

Into fee related earnings in the 4th quarter that we have more, fee earnings that went in the 4th quarter than we had in the 3rd, more in the 3rd than we than we had in the second, and so on and so forth because we are, managing to fundraise more than what we expected. I'll give you one example here just to know also using your question here to throw in another interesting subject that I would like to cover. We didn't cover this in the call because we got that.

We got that news, late last night, our data center platform, so I'm using your question here also to make this, release of information here, Chito, but it has to do with your question.

No, as of, yesterday, the Brazilian government did approve a very interesting, regulatory framework. That basically enables exporting data from these incentivized areas in Brazil in a incentivized tax framework. Basically, you don't pay taxes as you as you as a data center exports data, so the data that is processed in the data centers in Brazil have this very interesting tax advantage and also if you import the machinery equipment to build the data center. You also don't pay any import tariffs. Brazil is kind of mimicking what other regions in the world did, like in Malaysia and Singapore, etc. To attract, these massive data center related investments. And so I think the Brazilian government is in the forefronts in the vanguard of this regulatory framework by approving this legislation as of yesterday.

Of course, an additional advantage of actually building these data centers in Brazil is the vast availability of renewable energy and also the low consumption of water and recycling water that we have in our specific design, data center design. And of course you know about the renewable energy in Brazil and in our project per se that is actually you know that actually we're leverage on this regulatory framework of of through by the Brazilian government also the and of course we have been working with the Brazilian government very intensively over the last quarters. We already have an offtaker, a relevant offtaker to build a 200 mega data center that consumes around 300 mega of energy.

We already have the energy provider in this case is Casa Ventus, 100% renewable, and we also have several of the licenses, and mainly and most importantly to connect our data center, to the substations that actually are connected then to the submarine cables. The real estate that we actually have already identified and already optioned, is very close to the submarine cables that connect the the Brazilian coastline. With the major regions of the world and that's the cables, help on the, in reducing the latency of actually, processing that the data centers in Brazil and we know, we're putting up $2 billion to construct the infrastructure. The off take is putting up approximately $8 billion so it's a $10 billion dollar project.

We can 3-fold, 4-fold, 5-fold that because it's it's a 200 mega. There is no potential for us to increase that with the same off-taker.

Which the the offtaker has the interest actually to more than double. We also have the interest to continue investing in that project and we can actually work with other offtakers as well. If we do have, that we do manage approximately, on fee paying AUM going back to Rodrigo's questions and your question on FREs and revenues, for our infrastructure vertical, we're managing around 4 to $4.5 billion of fee in the UN.

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We can basically double that, with a fee paying SMAs dedicated to these data center platforms. So, extremely interesting. We also, did the same kind of, SMA joint venture framework to invest in toll roads in Brazil. Also, through our infrastructure vertical also, answering Rodrigo's question that will take on then, of course, the AUM raised for our infrastructure vintage number 5 and invest and then turning that into the AUM and revenues, we won a couple of, toll roads through this JV that we called Rahui or Union Unified. That has not only infrastructure from 5 but has other very very important large, institution investors of ours, mainly sovereign funds investing in that platform. We again want to concessions to that platform and we see that we can continue going on that can become, it's a billion dollar commitment, but it can become, 34, 5-fold that as we look into the future. So we see these platforms, in totals which is already up and running and already 12 concessions in data centers where we have this project that I just described and the company there is called Omnia.

And we see other potential platforms that now infrastructure-related platforms throughout Latin America where we can actually then, in coinvest with our infrastructure fund or just have a JV kind of framework, and SMA kind of framework to invest significant amount of money in infrastructure-related projects in Latin America. And all of that actually transforms them because all of them are fee paying Chito and all of that transforms and into fear and in the UN that actually then fuels our revenues and our numbers going forward. So as we look into 26 and 27.

We feel comfortable that we'll continue with that good pace of fundraising and good pace of FRE increase that we went through during the call today.

Thank you. Sorry to take a long answer to your question and using the data center example sheet, but I think that was important.

Unidentified_7

Yeah, no, very helpful.

Thank you, Alex, for all that color. And then just one other quick question on your performance fees. I mean, did you mention infrastructure 3, sort of the main likely place where you can maybe realize some performance fees in the near term in the past we've seen 4Qs we typically. Are able to realize them. Just any color you can give on your ability to realize some of these performance fees in the short-term.

Thank you.

Unidentified_3

Yeah,

Unidentified_4

After the end of the 3rd quarter, so into October of 2025, we did have some realization events that we highlighted during the call, pushing, increasing our performance related earnings by $15 million. We had a small number up to the end of the third quarter of a million dollars, so that actually adds to the 15, so we're now looking into $16 million.

Of performance, related, fees, for this year-to-date end of October, as we look into November and December, we're very active on realizations, so potentially we're going to have more realizations from our infrastructure fund in the last 60 days of the year.

However, as I know, like I don't want to be repetit on my joke here, but no mergers and acquisitions also means misery and anguish in some cases, and so you're there signing the deal or something happens with you then slides to be signed, early 2026. It's be part of the game. So that's why we would like to give more of a broader, kind of. view on timing, as far as, realization of performance, fees are concerned. So into 2026 and of course 2027, we still see the $120 to $140 million out of which we already did deliver, around 45, and so we know we still have some that might happen end of this year, but we see that the very good pace, and the quality of the investors also.

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Very high-quality as we are being able to attract strategic foreign investors that are coming into the region. See, the, French toll road operator in their first, incursion into Brazil was buying one of our toll roads. We also had Indigo, which is another French parking lot operator that bought into a parking lot, a company called Pay Being, and so on and so forth, so no, and so a very high-quality sovereign funds also buying into our assets, so very interesting. In quality of investors and bringing money into Brazil, know, to be able to, buy our assets and you see that the whole the theory here is actually, turning into reality as it has for the last 25 years in infrastructure. We have development funds and then once the asset is developed, we sell to strategic investors.

That can be sovereign funds that take a role of strategic investors and can be also pure strategic strategic investors.

We see that as well, now, coming along now, closer to 2025 now, on Chito, not 26, some of our private equity related, strategies also with a high probability of generating performance fees, in this case specifically, we see our growth funds and our venture funds, being able to generate interesting performance fees later in the three-year plan period which is into 2027. So we're probably going to see infrastructure fund 3. Realizing most of its, performance fees during 26 and as we look into 27, we see some P/E related private act related funds, in the good moments to realize investments as some of these investments are already mature and we could, we start actually looking into realizations and building into that performance. For example, we recently sold, 12 assets from our growth fund. One is a, online. Psychology driven, business, psychology sessions driven business that we actually, sold, and merged into another company and then we sold our online education business as well and as you sell these businesses, they build into then return principal and hurdle and after that you start generating fees. So as I see the realizations from these funds already happening, I mean. I mentioned two examples. This year 2025, I see other deals that we're working on that we're probably going to realize from these funds in 206 building in to deliver back capital to investors and then performance fees in 2027. So I have a lot more of a 20, 24 to 36 months advance look because I see the realizations building up, and getting close to the principal and hurdle and then we have the whole catch up as we have right now for infrastructure fund. So more P/E related strategies, for 2027, more infrastructure-related strategies for 25 and 26. I hope I answered your question.

Unidentified_7

Thank.

Unidentified_4

You.

Unidentified_7

Yeah, very helpful.

Thank you, Alex, and congrats on the strong quarter.

Unidentified_1

Our next question comes from Ricardo Usageel at BTG Patel.

Unidentified_8

Hi everyone, and thank you for the opportunity of making questions. Can you please provide an update on how the cross sale of the GPMS products should pa LP should evolve over the next few years. The vertical is now going around like 8% year over year, the AUM, so it'll be interesting also to hear what we can expect in terms of potential acceleration over the next, I don't know, 3 years without considering M&A on this vertical.

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Thank you.

Unidentified_4

Yeah, I think, Ricardo, thanks for participating and thanks for your question. I think it's a, what, when we did the acquisition, we saw a couple of, phases, into, raising money with, from all of our client base. I think phase one, was to gain the confidence from the current clients, right? I think we. As a Latin origin company buying a business in the UK, of course, we did the diligence, before that, and we saw that and we heard from the clients we did of course interviews with these clients blinded and and and non-blinded interviews with the main clients of this business, Ricardo and a lot of thumbs up, they really like the team.

And they were saying, of course, depending on the buyer, we will actually of course support that new buyer. So phase one was actually getting back to these clients.

Unidentified_3

Post closing, which we did.

Unidentified_4

Which was, as you, as we did took, we took over the business in April of 2024, so a year and something ago. And that actually went very well. You can see the kind of, how does, how do clients actually respond to that in a concrete manner. They don't redeem and they invest more, right? They invest more with you because they're happy and they don't redeem because they're happy and that's what happened I think over the last

12 to 14 months or 15 months, everything worked well. We saw clients actually reupping. We saw it for hours, special, secondaries opportunities fund number 5, which is a blind structured fund. We saw no SMAs that continue to be, beef up with new money and renewed and so on and so forth.

Unidentified_3

Then I think

Unidentified_4

we started

Unidentified_3

with

Unidentified_4

I think as secondaries opportunities number 5 fundraising to attract new clients.

New clients from our base and clients that were not in our base of clients, or, and we've been been able to be successful and we are very well on plan to be able to have secondaries opportunities on number 5. To reach its, target, and I think it's going to exceed its target.

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We were targeting around $500 million for that, and I think we know, we already see that kind of that number, so it's not very common these days for a blind structure funds to hit, the targets, and I think we're going to surpass it now, we, I think we're going to surpass it in, 10 to 20% of that number.

Which is rare. It's not very common for private equity, related strategies in this case of the secondary strategy to hit the number that it announces and it's, what you say in its front cover page of the prospectus. And it's even more rare for actually you know funds to overcome that number and we're going to do it. I think we're going to overcome that number in 10 to 20% as I just mentioned. So that was the second phase and we and the real test, as I say is clients actually, give you more money and that's what they did for secondary.

Opportunities from number 5 and not only from our own base but we have clients that were not even our clients which is because we have a new product to offer a and then, and so we're happy so we are in phase number 2 and live phase number 2. Of course, phase number 3 we're going to launch more products from this from from from the GTMS structure. We have ahead of us, so many new strategies that we're thinking about a blind fund structure which a pure co-investment fund that we're thinking about, starting to launch early next year. So we have the SMAs that invest in private active primaries, secondaries, and co-invest.

Then, several years ago.

The Aberdeen team actually did spin off the secondary strategy and started raising blind structured funds. 123, and now we're raising fund 5, as I mentioned a couple of minutes ago.

We, when we see, when we take a look at their co-investments, track record that they did over 100 co-investments through the SMAs, amazing track record, 16 to 20% net IIRs. So we are then pulling that off. We're, of course, working to show investors the the fantastic track record that the team actually, delivered with that specific strategy and then actually raised a close-end fund. So it's going to be our co-investment fund number one. And we see some traction, and we have, we're taking that to the roles early next year. So that's phase number 3, to have a new product, with the same investors and new investors, and, so.

So we, pretty happy that that's working on well, and I can mention several other products are also in our pipeline, that actually derives from the GPMS strategy. Now we can have a credit fund that actually, works in the same kind of mid-market level. We can have actually a GP state fund like dials of the world or whatever. So other, know, so many, new products and exciting new things that we can do. Over the next year, as I mentioned, a blind fund structure investment fund as an example.

On the Latin American side, we continue to raise, a very important absolute, value, from Latin, American investors into our.

Unidentified_3

GPMS products.

Unidentified_4

Because we are not bringing them now into our strategy.

Unidentified_3

But

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Unidentified_4

to other global.

Asset managers that we do, represent in the region, Carlisle being one as you guys know, and we have been very successful, with that strategy in 2025, raising significant amount of money with Latin American institution investors mainly.

Into Carlisle related funds working with Ovest, which is the solutions provider for Carlisle helping us actually develop solutions for our institutional clients in Latam. We're also looking to represent eventually other global alternative asset managers who sell for our Latin clients and.

Unidentified_3

So happy.

Unidentified_4

With that as well, so no.

Unidentified_3

I can't complain.

Unidentified_4

I think it's, the, we were not well accepted by the GPMS clients and again, as I mentioned, the best way for our clients to say that they are happy with you is to put more money in a new fund or a new strategy and not redeem and that's what's been happening and I think we're going to have great news to report to in 2026 in these fronts. Hope I answer your question for you.

Unidentified_8

That's clear.

Thank you. And for my follow-up question on capital return, it would be interesting if you could provide more caller on the total return swap mechanism you you mentioned in the call and and also give more details on the rationale for the .65 per share dividend that you also announced for next year.

Unidentified_4

No, thank you.

Thank you for those 2 questions.

Well,

the CRS

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