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PRESENTATION

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

All right. Good afternoon, everyone. I'm Rob Lee; I'm the Head of Shareholder Relations at Patria, and welcome to our second Investor Day event. I do see a bunch of familiar faces in the audience as well as a lot of new ones, and we want to thank all of you in the audience, all of you who are either here in person participating in person or on the webcast. And thank you for your interest and your time.

Now before we do get started and into the program, as you'll see, is pretty lengthy but I think very interesting, I have the privilege of sharing some important disclaimers with you, so pay attention. Okay. Today's presentation will include forward-looking statements, which are uncertain and do not guarantee future performance. Patria does not intend to update any such forward-looking statements.

These statements are based on current management expectations and involve inherent risks, including those discussed in the Risk Factors section of our latest Form 20-F annual report. Also note that no statements today constitute an offer to sell or a solicitation of an offer to purchase an interest in any Patria fund.

Patria reports financial results using International Financial Reporting Standards or IFRS as opposed to US GAAP. Additionally, we'll refer to certain non-GAAP industry measures, which should not be considered in isolation from or as a substitute for measures prepared in accordance with IFRS. Reconciliations to these measures to the most comparable IFRS measures are included in the appendix of our recent 3Q '24 earnings release.

Okay. Now with that out of the way, it's only been two short years since Patria's last Investor Day in 2022 and just under four years since our IPO. And in that short period of time, we've made significant progress evolving and positioning our business for long-term growth. And in many important ways, we are ahead of where we thought we'd be at this early stage of our journey.

It's against that backdrop that we decided to accelerate the timing of our second Investor Day so we could bring the investment community up to speed on the advancements we've made in transforming our business as we build on our local roots within Latin America to create the leading alternative asset management platform in the region while also extending our global presence as we leverage our position as a leading sector specialist within the industry.

But we won't only be talking about how far we've come. We are really gathered here today to talk about the exciting next chapter of our growth as a unique and leading alternative manager as well as introducing our next set of three-year targets. These targets reflect our confidence in the growth that lies ahead of us because of the substantial investments we've made in our business over just the past few years.

I think the presentations you're about to see will be very engaging for all of you as they reinforce the major themes we've talked about since our IPO and are intended to provide you a comprehensive deep dive into our platform as we look forward from today for the next part of our journey. Today, you'll hear from the full spectrum of Patria leadership, all of whom are Patria partners.

You'll hear about the incredible opportunity that we see in alternative investments in Latin America. You'll hear why we believe Patria is uniquely positioned to not only seize that opportunity, but also how we can selectively extend our footprint and leverage our expertise globally into attractive market segments. Hopefully, you'll come away with a conviction that we can drive and deliver attractive value for shareholders as our story continues to unfold.

So that's a lot of ground to cover. And with that in mind, we will kick off the agenda with our CEO, Alex Saigh, who will review our strategy and the progress we've made and expect to make going forward, followed by Head of Commercial, Daniel Sorrentino. Following Daniel's remarks, we will take a deep dive into each investment vertical with a short break midway through.

We will finish the presentation portion of our agenda with Ana Russo, our CFO, who will provide more details on our three-year financial targets and expectations, followed by concluding remarks from Alex and a Q&A session. For those of you who are here in person, please note that we do not intend to take questions during the program, so please save them for the Q&A session.

After Q&A, you will be able to stick around for some refreshments, we hope, and an opportunity to interact with the different members of our management team, each of whom have flown into New York from far away for the event. Also, the presentation is available on our website and in the event app for those of you who want to access it that way.

Okay, with that, let's get into it. To kick things off, it's my pleasure to welcome to the stage our Chief Executive Officer, Alex Saigh. Alex?

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

Thank you. All right. Thank you very much. Well, thanks again for all of you for being here this afternoon. I'm very happy with the positive and constructive news that we're going to share with you during the day. And I'm Alex Saigh; I'm one of the co-founders, partner, joining all my other partners here today.

Also, our Board members are here. Thank you for their presence, and several other partners that run our businesses. Thank you very much. Here we go.

Well, it's been a while since we talked last, I think, in this kind of venue, in the organized structured way. And so just who we are, I think we are the leading alternative house in Latin America, with 30 years of existence, and here with my co-founder, Olímpio, and Chairman, with us, $34 billion of fee-paying AUM has been quite a journey. Focus on the key resilient sectors, you know us.

Seven sectors compose approximately 80% of all of our assets. We combine a very unique approach of knowledge of investment leaders, combining with sector experts and company managers with on-the-ground expertise, profound on the ground expertise. You're going to see from my partners here what we're doing in the region, delivering consistent and attractive results and returns for our investors in a very sustainable and long-lasting impact in the regions where we operate.

So now I'm going to show a short video. We wouldn't be Patria if we didn't have a video. I think -- here we go. Thank you.

(video playing)

Okay. Thank you. Very important messages here in the video, and I hope that we're going to cover them with you over this afternoon. First of all, since our IPO, I think we came a long way. I think we established a very scalable and resilient and diversified platform through organic growth and through acquisitions.

Now we have a very broad product offering today, a lot broader than when we went public, and also with very diverse investment capabilities and expanded geographic reach all over LatAm. And now as we look into 2025 onwards, we want to accelerate our organic growth, mainly through the new product offerings that we have already established, with global distribution capabilities -- you're going to listen from my partners here today -- and a very, very large addressable market, a very larger addressable market than we went public.

Of course, delivering long-term shareholder returns. We have a very resilient and strong cash flow generation, coupled with a very strategic capital allocation agenda, which includes M&A. We have done some M&A in the past, and we plan to continue doing it to add value to our shareholders.

I'm very, very pleased to say that we are on track to deliver our PAX Day 2022 targets. I think when we went public -- we had a roadshow late 2020; we went public early '21. And we did set targets for '21 to '22, and we did deliver them. Then late '22, in the PAX Day here at Nasdaq, we did set targets for '23, '24, '25. And we are very pleased to say that we are one year ahead of main targets or we're going to be on track to deliver the targets.

So this is our fourth year since we went public that we are delivering our guidelines, so building some credibility here on the guidelines that I'm going to say for our next three years, '25, '26 and '27. And we are very well positioned to double our fee-paying AUM by year-end '27. So 25% increase in our fee-paying AUM over the '25, '27 period.

So going back to our PAX Day, I think one of the KPIs that I did give was a guidance. We gave five KPIs, main KPIs in December '22. The first one was capital formation, $20 billion of capital formation between the year of '22 and '27 -- and '25, I'm sorry.

Where are we today? We are at $27 billion. Out of the $20 billion that we gave as a guidance, $13 billion was going to be through organic fundraising and $7 billion through inorganic or M&A. What did we do by third quarter of '24? We already did raise $27 billion, $12 billion organically, so a year ahead of target.

This $13 billion that you see in the page here was '22, '23, '24 and '25. By the end of '24, we already reached $12 billion, and we actually doubled what we promised in our M&A targets. Instead of $7 billion that was promised, we did actually acquire $15 billion.

In the next -- the second KPI that we did set up, PAX Day '22, we said that we're going to reach $50 billion of AUM by December '25. By the third quarter of '24, we have $44 billion. So we're very comfortable that we're probably going to reach that target ahead of time.

Most importantly comes our fee-paying AUM. Target was that we're going to hit $35 billion by December '25. Third quarter of '24, we are at $34 billion. And you're going to listen from our CFO, Ana Russo, that we're probably going to finish '24 at around $35 billion. So hitting the target a year ahead of our guidance.

Fee-related earnings since the IPO, again, I think we've been hitting the guidance for '21, '22, '23. We're going to hit the guidance again for '24, $170 million, and we are confirming the guidance that we gave out in the PAX Day '22 of $200 million to $225 million for 2025. So we are on track also to deliver that, with the margins that we had stipulated back then of 58% to 60% FRE margins.

Lastly, on performance fees, we mentioned in the PAX Day of '22 that we were going to deliver $180 million between the last quarter of '22 and the end of '25. We are at $66 million, so around $110 million, $120 million to go. I think we're also on track to deliver maybe some good news by the end of the year or early next year and then during the year of 2025 to hit the $180 million. We are also on track.

So very pleased to say that it's the fourth year that we're probably going to deliver in our most important metrics. In some very important ones like fee-paying AUM, we are one year ahead of track. So again, building credibility here for what we're going to say that we're going to do during '25, '26, and '27.

Capital formation, I think, is something that is very important for us to cover in more detail. And Daniel, my partner that covers Global Head Commercial, is going to walk you through here. But just as a highlight, on the left side of the slide, you can see that our $20 billion of guidance that we gave for capital formation during the years of '22 all the way to '25, as mentioned, right now, we are at $27 billion.

But if you look at the right side of the slide, you can see now zooming in where we actually are, so third quarter of '24, we are at $12.7 billion. Our guidance for '24 is we're going to raise $5 billion, which is this green part of the bar. And we're confirming that probably we're going to hit that. As the end of the third quarter, we already raised $4.2 billion, making us comfortable that we're going to hit the target again.

The $12.7 billion is very much so in line with what we promised in our PAX Day '22 of $13 billion, as you can compare from the left side of the slide. However, we are a year ahead of guidance. So if we increase the guidance for fundraising for '25, which is $6 billion, the green bar on the right side, actually adds to $18.7 billion for this period, '22, '25, making us then deliver 1.5 times more than the guidance that we gave by the end of '22. So very happy with this, and then you can also listen from our net organic fundraising during the presentation, also very positive for the last few years and for the next years ahead of us.

Talking about M&A, I think we did $900 million of M&A during the last three years, very accretive M&A. You can see the values that we paid compared to some of the deals that are happening in the market, very, very, very attractive, 3.5% of EV to fee-paying AUM. That's the average price that we paid or approximately 12 times EV to FRE.

And we are forecasted to deliver a 20% IRR on the completed M&A already by the year of 2027, which is a pretty short period to actually calculate the returns on your M&A, it's 20%-plus already. We are integrating the businesses. We're doing it at a very conservative pace in order not to affect the businesses. We are a people business, so we have to be careful with our culture.

But yes, already at 20% IRR, which is a great return for us, all shareholders. As you know, us PAX partners, we own 60% of the firm. So if it's good for all of us, our shareholders here, we look at this number extremely closely because we are the largest shareholders of the firm as well.

Some examples that I can actually give you, you've been following with us, I think, the first last -- the first big association that we did, we like to call our acquisitions associations, not acquisitions, was Moneda. We associated with our friends from Chile, an amazing team of people, highly competent that brought to the table very, very high competence on the credit side, on the public equity side.

We have the partners that run these asset verticals here with us today. Pablo and Fernando are here today. I see Pablo here, Fernando some place in the crowd here in the audience. And they actually run these asset classes, these verticals for us. And they were the best.

We looked for the best and see some of the returns that we have here. We managed to increase fee-paying AUM by 15% since late '21 when we joined forces with Moneda. And as we did announce at that time, it's been a while so I'll just refresh your guys' mind here, around 40% FRE margin. We pushed that FRE margin to over 50%, and I look to push that margin, together with my friends and partners from Moneda, to around 60% over the next years as well.

And then on the VBI, we also have the VBI partners here. Rodrigo is going to talk -- speak with you here today. He's going to present our Brazilian real estate business. Ken is also with us here that did present last time in our PAX Day '22, also great partners of ours. We actually invite these partners to run our asset classes.

So now Rodrigo is running our Brazilian business real estate business today. and you're going to listen from him. VBI had around $1.3 billion of AUM in June '22, organically. We raised together -- because we bought 50% of VBI in June '22, we raised $600 million, 17% CAGR. We did buy another $2.2 billion of real estate assets in Brazil, mainly through the Credit Suisse real estate division. Today, we are the number one Brazilian independent real estate manager, with a 14% market share. Pretty impressive, all the job that our real estate guys did.

Marcelo Fedak is also with us today. He's going to talk about our real estate ex Brazil business, which is also growing extremely well, that we did the deal in Colombia that he's going to actually cover during the afternoon. And lastly, the abrdn, we just closed on this transaction in April of this year but already raised $1.5 billion since then and increasing our addressable market by $1 trillion by getting into this business.

So our strategy is pretty well known. We keep repeating the strategy slide, and strategy hasn't changed. We try to cater for the global investors investing in LatAm, which is number one. Number two, more recently, over the last -- more recently, I mean 10, 15 years ago, we started catering to the local investors. So a local product offering to local investors, which is number two.

And number three, we actually saw, even with our association with Moneda, they were already into this third vector of actually attracting our local investors to invest in global alternative asset management. So the strategy remains the same: increasing product offering, increasing geographic footprint within LatAm, extending our client base and strengthening our platform.

Here is a very short way and I think concise way of showing what we did since the IPO. We started with $7.7 billion of fee-paying AUM broken by asset class. You can see by the color shading of the donut, how many new asset classes we did actually incorporate in the business, and very well diversified in these asset classes here today.

We also know, as we divided our AUM by product structure, we also did increase our portion of permanent capital that we basically had close to 0 at the IPO. And today, it's over 20%, giving us very predictable revenues and predictable fee-paying AUM. Because, again, it's in permanent nature, no gates, no redemption policies here.

And then 34% in drawdown funds and the 16% in SMAs so -- and 18% in interval funds, so over 90% of our fund structures with no or limited redemptions. And currency, over 70% denominated in hard currencies, very important given the volatility that we have sometimes in the region that we actually keep that over 70% of our revenues in hard currency so we're less exposed to currency volatility.

And additional information that's not in the slide here which is important, over the years, we did diversify our asset base from Brazil. So we had over 90% of our assets invested in Brazil. Today, it's 28% of our assets invested in Brazil, around a third LatAm ex Brazil, around a third ex LatAm. And going forward, over the next three years, that 28% will go down to around 14%, 15% Brazil. and then a third LatAm, and the rest outside of LatAm.

The strategy remains the same. So now looking forward over the next three years, I want to come back to the same slide because it's the message that the strategy is exactly the same. Number one, number two, number three, caring for global investors investing in the region, even more so with geopolitical risks all over the world. We see Asians and Middle Easterns more inclined to invest in the region. The SMAs that we have been signing over the last months, you can listen from our team here, has a lot to do with this trend, and even more so maybe with the Trump administration here in the US.

Number two, local alternative asset managers looking for local products and from local alternative asset managers, and we have to extend the product offering to cater to these clients. And number three, the local capital looking for exposure in global alternative assets and through our GPMS business that you're going to listen from Marco here today. We're very well positioned to serve this trend.

So now starting with the guidelines for the next three years, as you remember, we did deliver $27 billion of capital formation over the last years, two years actually. So looking over the next three, the '25 to '27 guidance is $35 billion. You're going to note that we actually did not increase much our acquisitions target compared to what we did over the years, so it's around the same, $15 billion, $14 billion, which is the blue part of the bar.

But we are significantly raising the green part of the bar, which is the organic fundraising from $12 billion to $21 billion, 1.75 times more, close to 2 times more than we plan to raise over the next few years versus the last few years. Organically, it's three times more. Daniel and Ana Russo, our CFO, are going to give more details on these numbers as we continue the presentation here.

On M&A, as I mentioned, very accretive, very important for us to continue doing these M&As to add products to our menu, to add geographic expansion. So we're going to continue to do strategic M&A as we go forward.

So if you look at the same donuts now but three years down the road, doubling fee-paying AUM, but still very much diversified. So I like this diversification. It's important for us, makes our revenue use more predictable. Also on the product structure side, over 90% -- no, 93% now, are very stable fund structure, sticky and long duration, and you have permanent capital going to 20%, 24% of the business. SMAs, which is very sticky money as well, 13% to 17% of the business.

And hard currency as well. Now we continue with this very significant exposure of our revenues to hard currencies, over 70%. So we continue, even as we grow in the region, to have over 70% of our currencies denominated in hard currencies.

Of course, we do invest in a very responsible manner, given where we are in the world. I think we need -- we always had this mindset. Through the ESG agenda, we picked one agenda of each one of the environmental, social, and governance themes. In the environmental agenda, we chose climate change.

We do a lot in renewable energy. We do a lot also through our infrastructure funds, but we do a lot also through other investments to help climate change, investing in waterways, e-mobility, biological fertilizers. In the S part of the agenda, the social agenda, we chose, we picked economic, enabling economic mobility.

Given where we are, there's a lot of unprivileged Latins that we would like to help, democratizing access to first necessity services like healthcare, wellness, food, connectivity, et cetera. Governance, this is what we do for a living. And I think that we can carefully build a legacy of transparency, accountability, and good governance in the companies that we actually invest.

So very happy to be also a signatory of PRI and Blue Dot. So we have crafted unique opportunities for clients and building a legacy in the regions where we operate, and we feel very comfortable that we will continue doing that over the next years.

So continuing with the guidance here, So first, I already showed this number here, capital formation, $35 billion. Breaking down what is fundraising, organic fundraising, $21 billion; acquisitions, $15 billion (sic - see slide 20, $14 billion), totaling $35 billion. Second, you already saw this guidance again, doubling fee-paying AUM from $34 billion. We're going to finish the year with around $35 billion to $70 billion.

It's a 25% CAGR. Over the next years, up to '27, nine times more than what we had during our IPO, which was around $7.7 billion. Fee earnings, we expect to deliver $260 million to $290 million by '27, $170 million this year, as mentioned, growing at a 17% CAGR all the way to '27, with approximately 60% FRE margin.

And lastly, FRE per share, $1.11 per share this year. growing to $1.60 to $1.80 per share by '27. That is a 15% CAGR. Ana Russo, our CFO, is going to actually go through more details of these guidelines. And of course, we can talk to you guys after this presentation.

So in summary, I think here we are. Major guidelines, very comfortable that we're going to be able to deliver. Very comfortable, as we have delivered over the last four years, that we will deliver over the next four. We have built a very scalable business, a very predictable cash flow generation business.

And here with my partners today, I feel that you get very comfortable with us during the afternoon and feel the level of excitement that we have for our business and the level of comfort that we have that will deliver these numbers for you.

Now I'll call to the stage my partner, Global Head of Commercial, Daniel, to cover our fundraising efforts. Thank you.

Daniel Sorrentino - *Patria Investments Ltd - Managing Partner, Brazil’s Country Manager*

So my job with you today is to share the size of the opportunity that we have ahead of us. If I have to pick just one number, that would be 20 times. This is a size that we have grown our investment market, our addressable markets, and that's what we're going to discuss today in this presentation.

I'm Daniel Sorrentino, Managing Partner of the firm, have the privilege to work for this firm for the last 23 years. Most of my career on the investment side of the business. But for the last four years, I've been running the commercial team.

So what I plan to do here today with you is we'll update you where we stand in terms of the commercial team and what is the plans ahead of us. But before we do that, let's recap on the numbers. As Alex presented, I'll highlight some numbers that are relevant for what we do on the commercial team. So first on the guidance.

As you remember, the guidance for the last PAX Days '22, '25 is $20 billion of fundraising or capital formation, out of which two-thirds or $13 billion would come from organic fundraising. We have updated you. We are -- as of third quarter of 2024, we have raised $12 billion. And over the last months, our LTM, we have raised $5.6 billion in organic fund raise. So we feel -- we are a year ahead, and we feel very confident that we'll get even above the $13 billion target that we have set up for us in the last PAX Days.

Again, reinforcing our targets for this year is $5 billion, so we feel that we will surpass the $5 billion target for fundraising this year. And while we look ahead, what we do expect, again, just recalling some numbers Alex just presented, it's $35 billion on capital formation for the next three-year cycle. 60% is organic inflows, so we do expect something around $21 billion in organic fundraise for the next three years.

So that will take us to an average of $7 billion of fund raise per year from $4 billion in the last cycle. And our guidance for next year, '25, is a $6 billion target in terms of fundraising. So of course, we do expect to lower our redemption rates as we work closer to our clients, and we definitely see an improvement on the fee-earnings AUM. I think the net inflows will be discussed later on by Ana Russo, but I can anticipate to you that there are positive news coming from this metric.

So starting my presentation, right, I just mentioned 20 times. This is the addressable market that we are now looking for, right? And what do I mean by that is that basically, we have grown the number of products that we offer to our clients today.

If you exclude that, just what we have for the global stance, right, where we have the addition of our GPMS, that is a product that is focused on Europe and the US market. If you look just on what we are seeing in LatAm, we have multiplied by three the size of what we cover. Basically today, we cover most of the private market products for LatAm. And that's definitely great, right?

So what is the fundamental change, I think, that we have done from the last years, right? From a product-centric company, right, now looking to clients, relationship with our clients. We are now a client-centric company, when we think about our clients' needs, their portfolios and how can we provide investment solutions for these clients.

Today, we offer multiple investment strategies. We offer multiple investment regions. We assess global and local institutional investors, high net worth individuals and also the mass affluent investors. So basically, we changed a lot, right, in agreement of -- with the expansion that we have done so far.

So getting to more details on the strategy and what we have done so far and the plans ahead of us, but let's put some numbers on the client side, right? So as you know, we have today 11 commercial offices around the globe. Out of these 11 offices, we have what we call six hubs today. And from the $7.7 billion that we had in our IPO, 84% of this money would be global investors investing in LatAm products. That was relevant -- super relevant -- to us.

And the second part of our strategy, which was the local investors, at that time, basically Brazilian investors investing in Brazilian local products. So we have grown, as you know, from $7.7 billion to $34 billion. And today, even though we have grew by 30% the global to local allocation, this represents a healthy 26% of our money today, right?

And the most relevant part of what we do is the local-to-local strategy, which accounts for 68%. As you know, our clients, they have a big home bias. Most of the time, their benchmarks is in local currencies. Of course, there's regulations to support this investment in local funds. They feel more comfortable with the environments, the names, the companies.

So we wanted to have a leverage here, right? And the relationships that we have with these local clients are much better. And we feel that we create a significant competitive advantage when we look and focus on the local-to-local. But of course, why we did that?

We noticed that our clients, we learned with our clients, that they were looking for investing in private markets globally, and we helped them on that journey, supporting them to allocate capital into the global private markets. And this is what we have today, from local investors to global products accounts for 5%. And if you add up all these three, should be 100%, and this is the strategy that Alex just mentioned.

Another way of looking into our AUM. This is our clients' base, right? And this is the $34 billion that we have. Today, our largest clients' base is in LatAm, 39% of what we have in terms of client base. The second most relevant is Europe, with 27%. Of course, a big increase coming from GPMS, right, and all of these clients that they brought to us.

And I'd like to mention also the North American part of our pie. Used to be the most relevant, right, but I think we healthily diluted that to 19%, even though we grew by 70% the amount of money that we have from North American investors at Patria today.

So getting into more details of what we have done, of course, you saw the big change that we have done in the company. And of course, we have to update our brand, right? So I think the way you should be seeing and feeling that today, we didn't change much, but we changed a lot, right? And I think that's the kind of feeling that we want to have with the colors, the brands, the name, right?

And of course, I think that's a way of us positioning to our clients. That's the way we would like to be seen by our clients today. We are crafting unique investment opportunities for our clients and building a legacy in the regions where we operate. This is the way we are positioning today in the market for clients, for the teams, for the stakeholders at Patria as a whole. So I think a very new and renewed brand that we have today.

And getting back again to the details of the strategy, as I mentioned, right, we have grown a lot in terms of the strategies, from 7 to 35 different investment strategies. That is great, especially coming from the commercial side, because we have a lot of things to offer to our clients to manage their portfolios.

I think what we like to say, right, 90% of our fee earnings AUM are in funds that have no or very limited redemptions, right? And that helps us a lot. That was something that was relevant for us at the IPO, where 95% of our funds were a drawdown, but we kept that. Even though we have grew a lot in new asset classes, new investment strategies, we still have a very important part of our pie, 90%, dedicated to that.

This is on the product side. So let's take a look on the client side, right? This is the traditional global institutional clients, global clients, institutional clients. And if I have to say one word about this client segment, that would be relationship. That's what drives this kind of relationships that we have with these clients.

On the top part, you can see that we advanced a lot in the coverage of these clients. Not only did we assess new clients, but of course mostly, we have developed great relationships that is expanding at this point, right? And there's two cases of clients of us that I would like to share with you, the first case being a global sovereign wealth fund that started investing with us 13 years ago.

This client has $1.4 billion in five different products strategies with us, and they have grown their initial commitment by 18 times. So this is a great relationship that we have. Another great case, Andean Pension Fund. This is probably -- all these clients, with more than 30 years working together with us at Patria.

He has, this client, $1.3 billion invested with us, four different asset classes, 10 different investment strategies. So this is the kind of relationship that we have built with these clients. And of course, we do want to expand, cross-sell new investment opportunities, new asset classes. And definitely, I think here, the SMA are a way for us to manage and to increase the relationship that we have with these clients.

We just announced that we have closed with an Asian investor a $500 million SMA that will definitely be very interesting for us, and I think this is one of the ways that we'll be growing our business in the coming years.

There's another important client segment here, which is the individual segment. Still very early days for us at this front, but I think it's very interesting what we can do and execute with this client segment. I think the focus over the last couple of years was mostly in Brazil and also on the Andean region, right?

And I think we have two great examples of what we are doing there, and I think the way to go, right, what are our plans? The first one is that we have partnered up with the largest Brazilian distributor platform. And through this partnership, over the last three years, we were able to raise $1 billion with this client segment.

13 products were developed for this, very tailor-made for mass affluent investors, individual investors. And definitely I think not only the size of the opportunity is great, but even more the economics that we can have from this type of clients.

Another one is still very immature; we're just starting this process. We made a joint venture to assess Colombian investors with the largest bank in Colombia. Not only on a commercial bank, but a private bank, and it's called Bancolombia. Together with Bancolombia, we are developing 10 local products, and of course, offering the whole Patria's platform to these clients, and we are assessing directly this market. So we foresee great news coming from this front.

So this is something that is new. I think we can count a lot on this in terms of growth rates for the coming years. Definitely, I think very interesting in terms of economics what we can do with this client segment. And of course, we're going through that.

So I think, what is the structure that we have together, what we have developed so far? This is what we call the local commercial hub that started back in '22 in Brazil. It's basically a regional hub supported by client coverage, product, marketing, client services, and IR and product specialist. This hub is dedicated to our local clients.

It worked, we rolled out to Chile in '23, again in '24 for the Colombian market. And we were able to manage with these hubs to increase our client base by 11 times from 1.2 times -- $1.2 billion that we managed in the IPO to more than $13 billion that we manage today. And I think the idea for the coming years is to roll out this model for the next -- for the other hubs that I just presented to you.

And what is the size of our team, right, what we have done so far? From the IPO, where we had five people working on the commercial client-facing team as we like to call, we expanded to 52, right? So we tenfold the number of people that we have on the client coverage, client-facing.

If you add up everything that we have, marketing, client service, IR, product specialists, this will total more than 120 people just here to support our clients. So it's a big change, definitely. When I started, 5 to 120, changed a lot. But definitely, I think this is the way to go.

This is what we feel that -- how can we serve our clients. This is the best way to do it. And I think that's what we want to do and definitely I think in the next PAX Day, there will be even more people here in this front.

To support the team, of course, marketing is essential, right? So I don't know how could we do it without the marketing. We had just a global institutional marketing element to this strategy. Now we have local support. We develop products together with the marketing team.

Now we are focusing on the clients' journey, which is basically how we, from an end-to-end perspective, how we manage our clients throughout the cycle inside Patria. And definitely, I think there's a big component on the investments that we are doing on the CRM, our sales force. And of course, we will leverage on AI to support us on managing our clients the best way possible.

To finalize, I have the privilege to work with this amazing team. It's a very senior, seasoned, with a global experienced team. On the top part of the slide, we have the heads of each of the regions that we manage today. And the bottom part of this slide, this is the team, our global team that supports us on the day-to-day. And this is the team that will make this goal happen.

So I think I'm getting to the end of this presentation, but there are a couple of numbers for us to remind and to highlight as we walk through the finish line. 20 times, as I mentioned, is the size of the growth of our investable market. So it means that we have more products to sell to our clients.

10 times, the size that we have grown our teams. Five times is the size that we have grown our investment strategies, and we have been able to increase our fundraising pace since the IPO by two times today.

So those are the figures. 20 times, super important, and I think that's what drives us to the future. So this is our guidance. Just to recall, $21 billion inflows for the next three years, from $4 billion to $7 billion on average in terms of fundraising; '24 guidance of $5 billion; '25 guidance of $6 billion.

We feel very confident that we can deliver those targets and even get higher than this. When we look into the pipeline of clients, the pipeline of products that we have, we feel that we are very well prepared to get to these goals. Thank you very much. Now, Juan Luis.

Juan Luis Rivera - *Patria Investments Ltd - Managing Partner*

Thank you, Daniel. Very good job.

Daniel Sorrentino - *Patria Investments Ltd - Managing Partner, Brazil's Country Manager*

Thank you.

Juan Luis Rivera - *Patria Investments Ltd - Managing Partner*

Okay. So I'm here to talk about our credit platform. This is a story that started almost 25 years ago in February of 2000. And we had an insight that was basically that it was a good idea to lend money to corporates in Latin America, in US dollars, through corporate bonds.

And at that time, that was not an asset class that existed. We managed to convince some of our closest clients to put up $15 million, and that's the way this started. So I'm going to tell you how it went. I guess by me being here, you can already tell it wasn't a complete failure because we're still around 20 years after.

So let me start by the addressable market. I think you're going to hear from all our verticals about the addressable market for each of our investment strategies. I think this is key to kind of get the big picture, not just the current state of affairs, the photo, but also the movie where things are going.

So if you look here, the blue, total blue square divided in smaller parts is the total stock of corporate credit to companies in Latin America. This is about $1.8 trillion. Unsurprisingly, around half the biggest part of this is banks. So banks lend a lot of money to companies, about 46% of the total lending in the LatAm region. The other half or so is a mix of local currency bonds and US dollar bonds, both high yield and investment grade. And down there at the bottom, if you can see on your screens, it's only 1% private credit.

So where do we invest? We invest in the red square area, which is around $1 trillion. Our platform is very broad, so US dollar, local currency, high yield, high grade, public and private. So we -- and in terms of where things are going, you can see the arrows here. There's -- similar to the US and other markets, banks are facing regulation restrictions, capital requirements, and that credit is being provided more by the private markets and by the bond markets as well, and LatAm is no exception.

So just a couple of remarks. $1 trillion, is that a lot? Is that not a lot? Well, the US high-yield market is about $1.2 trillion. So this whole local and dollar market in LatAm is roughly the same size as US high yield. There's 500 managers in the US high yield. There's $900 billion in fund assets in US high yield. In LatAm, there's nothing close to that. Maybe 2% of the universe in fund assets, in the US, the figure is more like 60%, 70%.

Another data point, just so you can compare, high yield is our biggest -- high-yield dollars is our biggest vertical in the credit platform. It's $360 billion. This is almost exactly the same size as Europe high yield. And again, in Europe high yield, you have 50% of the market size through funds. In LatAm, it's 2% or 3%.

So the bottom line, there's a long way to go. It's a big market, very few players and early days. ETFs are not an issue here. We were chatting with an investor prior to this. In the equity markets, ETFs are 50%, 60%.

They've destroyed the fee base. It's been a tough world for active managers in the corporate credit. You haven't really seen that. Even in the US, the big high-yield ETFs are less than 5% of the asset class compared to 50% or 60% in equities. In LatAm, they're virtually nonexistent right now. So we're still operating in a healthy business in terms of revenue base.

So the movie here, again, banks are pulling back. Private credit is picking up some slack. Borrowers need flexible capital with faster underwriting. And then maybe most importantly, I think the message is the fund penetration is increasing.

We're the largest dedicated credit player, with around $6 billion or $7 billion in a $1 trillion space, and there's a lot of white space to go. So I think we're just starting that. Why should this grow? It's not because I say so. I think funds are an efficient vehicle.

In the corporate bond asset class, it's difficult to diversify. You have maybe 100 line items, 150 line items. Some bonds are tough to buy. There's minimum ticket sizes. You can't buy 2,000 of a bond, you need to buy a minimum 50,000 or 100,000.

So there's a lot of arguments to go in favor of fund structures. There's also favorable tax treatments in places like Brazil, but also others. It's more convenient to own the assets through a fund than outright. So that also helps us. And then there's regulatory incentives for local institutions to invest in these asset classes. And most of them don't have the capabilities to do it directly, so they naturally look for a partner such as us.

So we think the wind is very much at our back. Big market, we're the large player, but we're not quite big yet. So $6.5 billion from the $15 million that I mentioned, 25 years ago, almost. We've grown to $6.5 billion. This is all organic growth, 24, almost 25-year track record.

And since the last PAX Day, this vertical has grown fee-earning AUM by 24% CAGR, all organic. So I think we've tried to distinguish today between what's organic and what's not. I think people put a lot of attention on the inorganic. I think it would be good to spend time looking at the organic side. The attributes of our platform, I'm not going to read all this out. I'm just going to focus on the competitive edge.

So again, we're the leading platform in a large market with very few dedicated players. I think that, by itself, is an edge. There's -- some of my partners were saying the winner takes all. I think you've seen that in the US markets, in credit and other asset classes. I think we're very well positioned in that respect.

Local, we have local investment capabilities in every country in the region. So we not only invest in the dollar bonds, but we also invest in the local markets in Brazil, in Mexico, in Chile, Colombia, Peru and Argentina and so on. And maybe a lesser known one that I'm going to spend one slide talking to you about is that actually LatAm-US dollar corporate credit outperforms US corporate credit and EM corporate credit over the long term.

So this notion we had, or Fernando had right in the back, 24 years ago, turned out to be very right. I'll show the numbers to support that. Now our platform today, the $6.5 billion, I'm going to slice it in a stylized way just to get an idea of how our strategy is shaping up.

So corporate US dollar funds is our largest vertical, as I mentioned, $4.3 billion, roughly 60% or 70%. And these are done mostly through global vehicles and with a regional focus. What do we mean by this? It's -- regional focus means investing in the whole region, Mexico to the south. And this is done through vehicles that are good for any investor domicile. So US investors, European, Chile and Brazilian and so on.

This is historically where we had spent most of our efforts. And you can see we have products filling all these boxes, right? So we also have product -- a regional flagship fund for local currency corporates, and we have a flagship for private credit, right? I think what we're starting to do more and what we intend to do more in the future is customizing individual country vehicles for the -- to take advantage of the home bias basically, what was said before.

Instead of fighting against home bias and getting a Chilean to buy a regional fund or a Brazilian to buy a regional fund, you say, no, I'll just give you what you want. You like Brazil, you have local benchmark, local regulation, I'll give you the fund you want. So we've done that already quite successfully in Chile. We have around $1 billion here, which is a significant amount for the size of the country, and we intend to continue this going forward, as I will show you.

Now a snapshot of the platform, the $6.5 billion. Where does the investor base come from, sort of in line with what Daniel was just showing. In our case, for the credit platform, 81% is local to local. So most of the capital, 80% comes from LatAm. The other 20%-ish is a mix of Europe, North America and Asia. So these are the flagship funds. You see they capture investors from other places, but a lot of it is also LatAm investors.

In terms of type of client, it's mostly institutional or larger investors. Pension funds are the largest vertical with 54%. But high net worth and wholesale, which is sort of the wealth channel, is around 35%. We also have life insurance companies and consultants with 6% each.

If you look at the type of structures, so to provide detail on the same aspects that Alex and Daniel showed before, 90% of our assets are in drawdown and interval funds and only 10% in mutual funds. So this is not daily money that's coming in and out every day. It's mostly dedicated institutional money.

In terms of currency mix, 68% US dollars, 32% local currency, and 44% of the AUM are eligible for performance fees. So again, it's a good fee business. You shouldn't think about this as a commodity business.

So I said that LatAm beats all other regions in US dollar corporate bonds. This is history going back to 2002. The white line is Latin America. You'll see that the white line is on top of the other lines for all the time periods. This is global emerging markets. The red is US. They're almost hand-in-hand together.

So I get a lot of people in the US say, I know I don't invest in EM. Why would I? It's the same as the US, maybe. They're quite close. It doesn't make a big difference. Asia is the big underperformer. There's been some of it because of the Chinese issues lately in high yield, but it comes -- it's more persistent than that. It's not just the last few years.

So how much is the outperformance? It's somewhere around 80 basis points per year to 310 basis points per year, depending on time period and what you're comparing it with. So very significant outperformance. Why does this happen? Basically, LatAm company debt trades -- tends to trade about 100 basis points wide to US high-yield similar rating. So the market prices it as more risky.

However, it exhibits lower default rates. This is Moody's data going back 30 years. LatAm default rate is 2.5% for high yield, and global high yield is 4.3%. So the market prices it as if it were riskier, but it, in fact, is less risky. So you capture a premium by holding it.

This is -- what I've said so far is US dollar debt. I left a corner on this slide. And also, we were talking about this before the presentation started. I mean, I cannot not mention the high real interest rates in our region. I mean LatAm has 6%, 7%, 8% real rates in Brazil, Mexico and other parts. This is a huge opportunity for fixed income investors.

If you're an institution sitting in Brazil or in Mexico or in LatAm, if you can invest in bonds from your own country at a real interest rate plus inflation of 6%, 7%, 8%, that is a very, very strong opportunity, right? So we think that's going to be a tailwind. It's a very good entry point going forward.

Okay, there. So how do we -- these are our two flagship funds. One is US dollars; one is local currency. They invest from Mexico to the south. I'm just going to focus on one, just for the sake of time. Our flagship strategy that started in the year 2000 compared to the global emerging market peer group from eVestment. We are sitting at Nasdaq today.

Nasdaq, aside from the stock market, owns a platform called eVestment, which is the largest fund platform fund database globally, has about 95% of all strategies. If you compare our strategy with the global emerging markets peer group, which is -- sorry, $814 billion of assets, 441 funds, we ranked top 1%, 1%, 3% and 2% across different time periods. So it's quite consistent.

So as I told you, LatAm outperforms, we outperform LatAm. About a third of this return is alpha-driven, which is good news, and the return is 11.2% net in US dollars. As a reference, the S&P 500 has been roughly about 7.5% for the same time period, right? So pretty strong returns for investing in LatAm company. And please note, we have $4 billion in this strategy out of $814 billion peer group, right, so 0.5% market share.

If you go to the rest of the funds, here, we did 1, 3, 5, 10 and since inception. We're green all the way. So all the funds outperformed their benchmarks on all time periods. This is very difficult to do. We're proud of the track record. We take care of the track record. You can see in the last column the extent of the outperformance. So it varies, but -- and these are all net returns, by the way. We don't report gross.

So this is where we were before. I showed you this. I just wanted to stop here in the -- we have the dots, so we have the vehicle. But if you double-click on this, we actually did a revamp of our vehicles. And we redomiciled our main fund in the high-yield strategy to Ireland. And today, we have a $3 billion fund listed in Ireland regulated by the Central Bank with European passport. We think it's a much more efficient vehicle than what we used to have.

So we have $4 billion in this strategy, mostly with the Chilean domicile vehicle, which is a bit tricky for global investors. We believe now, with the new vehicle, we're much better positioned to capture the growth that is attracted by that performance.

Similar thing in the US, we just see that a new collective investment trust this year in April from a US client, $200 million for the pension market in the US. So we had this, we still have it, but I think it's much more robust now in terms of access vehicles.

In the local markets, as I mentioned, I showed you this before, I think the action for the next two, three years is mostly in Brazil and Colombia. We already discussed the partnership with Bancolombia and the extent of the Brazilian local business. And then going forward, there's other countries. The obvious one is Mexico, but also we're looking at stuff in Peru as we speak.

So basically, grow what we have, build new products to package the investment capabilities that we already have in a customized way per market, and then in private credit, continue growing the program. So to sum it up, fee-earning AUM today, $6.5 billion.

This is not -- the number you see at the bottom is not a three-year target, a five-year target. It's an aspirational market share, medium-term number where we think we can get. And I do think we have line of sight to achieve this. How is that number achieved? Three main pillars: the flagship funds, more of the same; better vehicles; performance plus a good vehicle equals asset flows.

So we'll continue doing that now that we have the vehicle range sorted out. That, I would say, it's more of the same. Local markets, we have the investment capabilities. We're going to create -- we'll continue creating customized vehicles for Brazil, for Chile, for Peru, for Colombia, and so on, and we think that translates to about a $15 billion opportunity.

How do we get this number? We apply the market share we have in Chile today, which is about 1.6%, 1.7% to the other markets. That number, only for Brazil, is about $12 billion, right? So we have a strong dominant position in Brazil. We have the returns. We have the capabilities. It's just a question of packaging it in the right vehicles.

And then for private credit, I'm not going to dwell on the growth of private credit, but it's a big market. Fair share for Latin America should be around 3%. If we capture 5% of that, that's about a $4 billion opportunity going forward. So we're very excited. We're confident that we have line of sight to these objectives.

We don't have to invent anything new. It's basically continue doing what we're doing, packaging it in better ways and doing partnerships with local investors. So thank you very much.

I'm going to pass it on to Marcelo and Rodrigo, who are going to talk about our real estate platform.

Rodrigo Abbud - *Patria Investments Ltd - Partner, Head of Real Estate Brazil*

Good afternoon, everybody. We have here the challenge today to present you the amazing opportunity that we see to invest in real estate in Latin America. My name is Rodrigo Abbud, and together with Marcelo Fedak, we're going to run through this opportunity.

When we look at the real estate globally, we're going to see a $3.2 trillion market size on the REITs market. This market is growing on a 7% rate year over year. When we look at LatAm, we're going to see that this market is only $87 billion. It's less than 3%, but it's growing on a 14% rate.

And when we break down different countries, we're going to see that Brazil is representing almost 50% of this number with $42 billion market size. And it's growing on 18% rate; followed by Mexico, which is a $31 billion market size, growing at 10%; Colombia with $9 billion, growing at 12%; and Chile, $6 billion, growing at 9%. All of them growing more than the global REITs.

This market usually is the prime beneficiary of the ongoing deepening finance that we see in LatAm. Most of the times, there is the entry level for alternative investment products. It is oriented to individuals and to local institutional investors. And sometimes, it benefits from some tight tax incentives like we see in Brazil.

And when we look at the Brazilian market, we're going to see extremely fragmented and underdevelopment market, creating a lot of different opportunities. If we look at the 10 largest managers in Brazil, they control 50% of the market share. And the remaining 50% is divided on more than 150 different managers. So it is an environment, very interesting for consolidation and growth.

This market is growing not only in terms of the market cap, but it's also growing in terms of number of investors, number of properties, and also very important, liquidity. Liquidity is important because more liquidity you see in the market, more investors are allowed or able to invest in this market. And that's what we are seeing in the Brazilian market.

Today, this market that originally was oriented to individuals, today, we start seeing more and more institutional investors investing on this segment. This number is already representing 20% of the market, and it's growing on a 38% CAGR. So more and more, we see an institutionalization of our market.

And how are we positioned to capture this growth? If we look back four years ago, pre-IPO, we were managing $700 million in real estate. Last time that we've been here in '22, we were managing $1.5 billion. We had just signed the acquisition of VBI, our platform for growth and consolidation in Brazil. And we had just signed our first partnership to invest in the Chilean market with our partners, Moneda.

In '23, we signed a partnership with Bancolombia, a very strategic one, and it was our first REIT in this country. This year, we signed the acquisition of the real estate business from Credit Suisse and the acquisition of Nexus in Colombia. With this movement, we're going to finish this year with $6.1 billion under management, almost nine times more than where we were in the IPO time.

Today, our platform is one of the leading platforms in the region, the largest independent manager in Brazil, number two in Colombia. We have more than 1 million investors on our bases. We are managing more than 20 public traded REITs. We are also managing JVs and private equity funds.

We are vertically integrated. We are able to manage from development to core investments. It's very important because we can offer different products on different types. We are also able to manage credit and equity investments. We can offer total return products or core investment products. And more important, 90% of our capital today is permanent capital.

And how are we positioned in Brazil? If we look over the last two years, our AUM jumped from $1.3 billion to $4 billion, more than three times in two years. We are the largest player in the logistics segment, we are the largest player in office, and we are the largest player as well on the retail market. Our platform today combines the expertise and the recognition of two platforms that we acquired over the last two years, the VBI and the Credit Suisse business.

We are -- we have a very strong market power today in Brazil. We have a broad range of different products to offer to our investors. And it is very important because we can offer the right product on the right timing, on the right -- on the different market conditions, especially on the macro conditions as we see this volatility in Brazil.

We have -- with all this market power, we developed a strong relationship with the local distributors, a very good recognition by our local investors, and also a good relationship with tenants, developers, owners. In this case, we are always able to source new deals and to raise new capital on different environments.

Lastly, it's important to mention also our proven track record on the M&A side. If we look over these two years, the M&A was an important component on our growth in Brazil, and it's something that we want to keep doing. It's an important movement in order to keep growing in this country.

And what about performance? All this growth must be followed by performance. And when we look at different sectors, different vintages, and different countries, in all of them, we're going to see a very strong performance. The light bar -- the light part of the bar is the index or the benchmark performance during the period. And the dark part of the bar is our -- how much our funds are exceeding the benchmark.

We're going to see that the different asset classes, for example, the first two are the logistic funds. They are bidding the index since the inception. The next three are our office funds, and they are also building their index. Then we have the retail, the credit and the fund of funds, all of them exceeding the index since the inception by far. And the last one, the green bar is our performance also in Colombia.

So in all different cases, all different asset classes and different vintages, we are bidding the benchmark. This performance is important for us to keep growing and to keep raising additional capital and having a good recognition by our local investors.

To continue this presentation, I'm going to hand over to Marcelo, who is going to present our strategy for LatAm.

Marcelo Fedak - *Patria Investments Ltd - Partner, Head of Global Real Estate Ex-Brazil*

Thank you very much, Rodrigo. So as Rodrigo mentioned and has been mentioned before today, the real estate business has been really a true growth story. We sort of increased the business by nine times. So we thought that a good way to tell a little bit about how is our approach to go into new markets, we decided to bring you the Colombia story and tell a little bit about how our playbook was designed in that country.

And I'll start with one stat. Colombia, since 2021, has grown the international visitors to the country by 174%. That's the largest in all of the OECD countries, and it was not because of our due diligence visits. So number one stat that we start with is the size of the commercial market, the commercial real estate market.

So we're talking about $430 billion. So we start at that number, it's definitely a sizable market. It's worth looking into it. Next, we think about, well, where are the institutional investors? Are they investing in alternatives or are they still just doing equities and fixed income?

And in the case of Colombia, they went from 5% to 16% over the period of 2016 to 2023. And if you think about where the global average is, they're still below that benchmark. So they are at the right place. They have been increasing and they're probably going to continue to increase. So that's very positive.

So when you think about these two things, you get to the REIT market that Rodrigo already mentioned in the beginning. You're talking about a $9 billion market in Colombia. And if you look at other markets and the ratios, we expect this market to go to at least $21 billion in the near foreseeable future. So we cover the first part, which is, is it an attractive market? That's the first thing.

Next is how do we get into that market? So number one is we need to find a partner. In the case of Colombia, we were lucky to find Bancolombia. Bancolombia is the largest, most dominant bank in Colombia by far. They have not only a very strong position in Colombia, but they're also really, really strong in Central America, El Salvador, Guatemala, Panama, so on and so forth. So they are essentially the dream partner in that country.

So we start with the partner. So we have the partner. Then we look at our products and we look at doing the product market fit for that region. So we did that next. Then we think about where we are in the cycle and how are we able to continue to grow these products. Is it equity, capital raising? Is it doing in-kind contribution in exchange for shares?

So we figure out how do we continue to grow. Then -- I mean all these steps are done in parallel. Then we basically talk to our marketing team and we say, how can we become a recognizable brand in the region? So we do a really important marketing push where we make sure that people know our name, know our brand, and we become a household name in that country.

And finally, and not least important, we make sure that we strengthen our teams with local talent. We make sure we have a lot of Colombians. There's a lot of smart people in the country, and we make sure that they join us and they're part of our teams.

So with that, in the case of Colombia, we had nothing last time we were here in our PAX Day. We went from nothing to $1.4 billion and now $2 billion, and we expect this to continue to grow. Obviously, we do organic growth, but we also expect to do a little bit of M&A as well, not only M&A in terms of finding new managers, but also in terms of merging funds into our fund and growing the products this way.

So in essence, when you think about the real estate business, I think there's four different things that we want to make sure that our important messages or five different things that are messages we want to make sure that we deliver and that you guys leave the meeting today with those messages. Number one, when you think about Brazil, the property REIT market, we have a very dominant position, right?

So we have a dominant position in logistics, industrial, we have a very strong position in office and in street retail. So what that gives us is a disproportionate market share growth in terms of when the market is growing and when new offerings are happening. It's a term we decided to mention this term of winner takes all, which is kind of the case. The largest ones will continue to become larger while the other ones will suffer.

Second one is credit. We're still below our fair market share in terms of credit. Credit is probably the largest part of the REIT industry in Brazil. And we have a lot of effort and a lot of -- a strong desire, and we have the right products. So we'll really push the credit products so that we make sure that our credit funds are at the same level as our other funds.

Number three, when you think about Colombia and Chile, we -- our growth in those regions has been -- it's a little bit different in Colombia and Chile, the way it works. But for Colombia, the funds that we have, while we're still waiting for the equity capital markets to come back as interest rates continue to trend down, we have seen a lot of activity or potential activity in in-kind contributions in exchange for shares.

So we're very much strong -- we're strongly pursuing this path. We have a lot of potential good news on the way regarding those conversations. In terms of Chile, it's very interesting because the most promising strategy in Chile has been one that is a little bit of a mix between infrastructure and real estate.

It's basically doing deals where it's ground leases to renewable energy infrastructure projects. So basically, we own the land where somebody is building a solar project or some other renewable projects. Long-term contracts, the land collects the rent, but the partner puts all this equipment, all this CapEx on top of the land. So we feel it's very downside protected and had a really good return. We've been able to grow that significantly.

Next one is about M&A, right? So as we mentioned, we -- expertise. So we have a lot of M&A expertise. We expect to continue to do this consolidation in Brazil that Rodrigo mentioned. But also, in Colombia and Chile, there is no true dominant player, and we feel like we can step in and take that lead.

Finally, the last one is about expanding into different geographies, right? So we have all this business in Brazil, Colombia and Chile, but there's still other Latin American countries that we can tackle, and particularly Mexico. Mexico is the second largest market, $31 billion of AUM for that market, and we still don't have a foothold there. So that is a market that we are currently exploring ways to get into that market and it's something that we feel really, really good about that potential.

So finally, the last message is the following. We have about $6.1 billion, as mentioned before, coming from humble beginnings, the $0.7 billion, we are at $6.1 billion, which is roughly 8% market share on $87 billion. We expect the market to go from $87 billion to $130 billion, that's basically applying the current CAGR that we have seen for this market for the next three years.

And we feel that our fair share would be something closer to 10%, which gives us $13 billion, right? So we see the potential to essentially double the business that we have today, and it's a sum of essentially two things.

Number one is the disproportionate market share that we should get of new fundraising, particularly because of our strong positions in the Brazilian and Colombian market and also the fact that we expect to get into markets that we are currently not in. And in those markets, we feel that we can get a prominent position as well.

With that, I'd like to ask -- I'd like to invite our partner, Andre, to talk a little bit about infrastructure.

Andre Sales - *Patria Investments Ltd - Chief Executive Officer, Managing Partner, Chief Investment Officer - Infrastructure*

Hello, everyone. This is the final presentation before the break, so I hope you're enjoying it. So infrastructure, so all of the energy transition, climate change, global warming, digitalization, artificial intelligence, that all requires new infrastructure.

All of the major economies in the globe are in need to attract private capital. Latin America is not different from that. So I'm Andre Sales, Head of the Infrastructure vertical. And let me share with you in the next minutes three major messages here for infrastructure in Latin America here.

So starting first one, it is a large and attractive addressable market, very large and attractive addressable market. Second, Patria, the long-standing track record that we have, what we've been doing in infrastructure in Latin America and what we'll do. And finally, the diversified platform.

You saw Alex this morning talking about diversification of Patria. Patria has been more and more diversified in infrastructure as well. We started with just one family of funds, we now have infrastructure credit, core/core-plus, and equity as well. So very diversified.

So starting with point one here, the large and attractive addressable market. This is the figure, $2 trillion of investment needs in infrastructure by 2030. This figure is prepared by a limited partner of one of our funds, the Development Bank for Latin America and the Caribbean, a close relationship that we have. It's a giant figure, of course, ahead of us.

And what are the trends? What are the, let's say, the major factors behind this giant addressable marketing infrastructure? So first, privatizations. If you would take one takeaway of this presentation today here, it is one of the largest privatizations and concessions programs in the world, that's Latin America, one of the largest in the world.

Giving you a few examples, 7,000 kilometers of toll roads being auctioned, being put into place, attracting private capital. There is one, by the way, today, Patria has just delivered, has just submitted an envelope in an auction in Brazil today in the Brazilian Stock Exchange. So this is, again, one of the several opportunities within toll roads in the next 12 months in this case, but also five years.

Sanitation, $120 billion of sanitation CapEx requirements for the next year, so another example. And again, there's ports, airports, energy. And within energy, transmission, generation, other logistic assets, a variety of infrastructure sectors, again, one of the largest privatizations and concessions programs in the world. That's a big trend.

Second one, digitalization, all of the AI, cloud adoption. And let me help you read the graph in this page here. If you look at the right side of the presentation, the global data traffic, United States, 7%; Latin America, also 7%; but still, with 7% of global data traffic, only 2% of the installed capacity, 7% of traffic, 2% of installed capacity.

What does that mean? That means significant growth ahead in data centers. That's what we've been doing in the past. That's what we will continue to be doing in the future. That's the opportunity ahead of us.

Third one, decarbonization and climate adaptation, climate mitigation. That's another very impressive element of Latin America compared to the globe. If you see the right side of the page here, from the total energy, globally speaking, 30% comes from renewable. That's the globe.

Latin America, 65%, way above the entire globe. And why is that? That's primarily the resources, the quality of the resources, hydro, wind, biomass, solar. For every megawatt, installed megawatts in Latin America, Colombia, Chile, Brazil, primarily those three countries, for the same megawatts, you can produce more megawatt hours, more energy for the same capacity.

That means higher efficiency factors, better quality of energy, again, hydro, biomass, wind and solar. That combined with cheap and available land, cheap and available land. So a combination of better efficiency factors, cheap and available land provides the region, Latin America compared to the world with, again, significant competitive advantage in this field.

And what is Patria doing in infrastructure? How are we positioning in that? So we're doing, again, as I said, a variety of products. Today, a full range of products to address the opportunity. We started with just equity. Now we have credit, core/core-plus, and equity development funds for all types of investors.

If you see in the right side of the page here, large global investors. We have been talking about this word here, this SMA word here. We have $500 million SMA with a large sovereign wealth fund, 12-year period. We also have on the other -- on the opposite here, Brazilian, Chilean and Colombian individuals investing with $1,000 here or there with very liquid products for them, permanent capital for Patria. So a wide range of products and types of clients as well, all doing infrastructure together with Patria.

And when we did the IPO, it was only this, again, this -- the infra development that is equity in LatAm in Brazil. Today, we have those four families of funds here: credit, core/core-plus, and trading. Trading was something that we started this year. We started this platform in March, that's energy trading, already profitable.

It was a profitable first year, but happy to share, it was profitable first month actually. It has been profitable since the first month of operations of the energy trading, and we're now talking about evolving that from energy trading to other commodities, carbon credits, for example. So very happy story with the energy trading as well. And as you've seen, very well diversified.

What about the team? If you would take, let's say, another takeaway of this meeting here in infrastructure. Patria Infra is not only a financial player. Of course, we have the financial mindset. We're here in Nasdaq. But I'm an engineer, we're a group of engineers.

We have 100 people on the ground. We're specialists in all phases of construction since the development of any product, land acquisition, environmental licensing, regulatory approvals, project finance, engineering, procurement, construction, all of that from the start until fully operational, that's what we know how to do. That's our day to day.

Not only, again, as I said, a financial player, but with a technical engineering mindset. That's what we do. And if you take that, again, with the history that we have, the track record, the reputation, the relationship with off-takers and suppliers, which are very much the same global, globally speaking, similar off-takers, similar suppliers for the things that we're doing in Latin America.

So that we're opening our minds to potentially go beyond Latin America, beyond Latin America, using the capabilities, the track record, the knowledge of the sector that we have with potentially partners in the US or in Europe to have the local knowledge combining the sector from LatAm with the local expertise of maybe one of the developed markets in Europe or United States.

What about our track record? So we've done in the past $20 billion of projects, $20 billion of projects in the past. And let me show you some pictures to help you, let's say, make it more material. All of those pictures here are real pictures of assets or platforms that we either created, entered in very early stage or bought, acquired or invested in some of them.

So pictures here, in the left side here is one of the assets from our credit fund, that's a solar plant. In the middle of the page, a small hydro plant from our core fund, existing one. This is our -- we own that small hydro plant in our core fund. The one on the right, a wind farm from our equity development fund.

Some other pictures to help you understand that serve as example to things that we've been doing. This is a transmission line of also one of our funds that we started in this case from scratch. There was nothing, pieces of paper. We went -- we got the contract. We were awarded the contract, a 30-year contract, fixed revenue, inflation adjusted.

We had the team, so the CEO, COO, regulatory directors, all came from Patria, all came from our team, from our infrastructure team, went there, branded this company, created a company, and started building the transmission line. We had five years to build. We built it in three.

We sold the company in four years. We made four times capital in US dollars. Investors were very happy. This line pass through 45 municipalities, five different states in Brazil. We have five substations as well, again, 1,500 kilometers of transmission lines developed, derisked, totally sold.

Another example here, we created the largest waterways logistics operator in Latin America. This is a publicly traded company. Patria still has a stake in that particular company. Toll roads, we have seven concessions, three in Colombia, four in Brazil, 4,000 kilometers of toll roads, assets that belong to some of our funds, some of our infra funds within Patria.

Data center, we created one of the largest and fastest-growing data center platforms in Latin America, 100% powered or fueled by renewable sources, that's very important to us. That was the case here, a company that we also branded, developed, derisked, started in Brazil, moved to Chile, Colombia, Mexico, and then we sold to a global infrastructure fund very successfully, again, 4 times capital in US dollars. Another example here, a desalination project, $1 billion CapEx project in Chile under construction as we speak, financed, in derisking phase, very happy story in Chile as well.

Again, those are real examples that I think is important to share from different funds, again, credit, core and equity within infrastructure. That's what we've been doing, again, in Latin America.

But what about returns? So left side of the page, you see the returns. I'm not going to read it for you. It's above benchmarks. This is the returns of our largest funds, the equity development funds, above benchmarks. Very happy with the returns, which is something that, for us, of course, is so, so important because it's what brings investors close, but one thing that we like very, very much.

We spoke about the SMAs. Now we're going to speak about the DPI, which is something that, of course, we like very, very much. And again, this is the figure of DPI. We gave $4.6 billion of capital back to investors.

And also, happy to share the last time that I was here in Nasdaq was in the last Patria Day, that was December 2022. So from the last Patria Day, December 2022 until today, $1.8 billion of capital returned to investors, which of course, is very, very good for them and also for PAX investors because one of our funds, as you know well, is already in the catch-up phase. So for every new dollar distributed to investors in that particular fund, that means performance fee to all PAX shareholders.

To finalize here, what is ahead of us? It's, again, we saw the, let's say, the addressable market. What about the actionable pipeline? This is the actionable pipeline in credit, $200 billion. Projects with name and surname. Of course, there's a big funnel. There's mortality, whatever that is.

But again, $200 billion of actionable credit opportunities in the next years. $100 billion in core/core-plus, another $100 billion in equity development of actionable, again, name and surname of opportunities in the next four to five years. So $200 billion credit, $100 billion in core/core-plus, $100 billion in development, a total of $400 billion of actionable opportunities.

And the fund sizes, as you know well, are way smaller. So that means our funds is really a drop in the ocean. It's a giant market close to us and very actionable, again, opportunities in the coming years.

So final page here, if you take again a minute for a final takeaway here, if you look at those three messages here. First, large and attractive addressable market, and we spoke about that. Second, our long-standing and solid track record and experienced team.

Third, diversified platform and position that platform to grow. So you should take this team structure, track record that we have, this unique capability of doing development, and this is proprietary. Again, 100 people on the ground with unique capability of doing infra development.

If you take all of this, I think we're very well positioned to take advantage of this very attractive and interesting growth ahead of us. So thank you very much.

And now for bureaucratic announcements here, we have a 15-minute break. I hope you have some good time here. Thank you.

(break)

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

Thank you. All right. We're ready for the second part of our afternoon. And next up will be private equity with Ricardo Scavazza. Ricardo?

Ricardo Scavazza - *Patria Investments Ltd - Chief Executive Officer, Managing Partner, Chief Investment Officer - Private Equity for Latam Strategies*

Thank you, Rob. Welcome back. Sorry to break off the networking. Everybody seems to be excited about the networking. Rob had a hard time gathering the crew back, but now off we go back to the sessions.

I'm Ricardo Scavazza, CEO of Private Equity, and I'm going to be covering for you overview and outlook of private equity. The central question I want to answer today is what is the outlook and the potential for the private equity business in Latin America? And interestingly, through the previous session that we had here, light lunch before this presentation, that was exactly the question I heard from some of the investors. So very good job from IR, setting up the focus that we should have for today.

And one interesting question that I got asked exactly on these talks, and I've never heard it that way, was why isn't private equity in Latin America bigger, and if that's a chicken and an egg thing? It was an interesting take, meaning whether we don't grow more because we are smaller, so we don't have the liquidity to turn over the portfolio as you see in the US market and whether that was the defining factor for why the industry doesn't grow more.

But I thought that was an interesting take; I never heard that question in that way. And let me go through the analysis that we have today, and I think we're going to cover that. What is the potential and then also this chicken and the egg interesting question.

First, I think to define what is the potential size of the industry, we have to look at the opportunity. So how big could private equity be in Latin America? And to answer that, we have done an analysis of what is the inventory of potential investments to be made on coming years. We came up with a pipeline of $200 billion, and that is specific to the industries that we focus on and with the filters and criteria.

So that is a pretty good study of an inventory of potential investments. And it's a very big number, $200 billion. I mean, just for a reference, fundraising in the region has been varying between $1 billion and near $6 billion at the high. So naturally, the fundraising that we see is very small compared to the size of the opportunity.

So I don't feel that opportunity is nowhere near what it should be. And it's a growing opportunity because there are very interesting trends in the region. You have an elderly population, so healthcare is very lively and growing. Digitalization, growing demand for food, there are some interesting trends like eating out of home, this is something that we have explored a lot.

So out-of-home consumption is something that is growing very healthy. So many very interesting trends, but the very interesting reality is that supply and demand of capital is very unbalanced. So you have a very strong opportunity to buy companies at very attractive valuations.

In terms of what is the current size of the industry, if you compare AUM of LatAm to its GDP, it's about 1%. And that is also the percentage of fund raise historically, of the global fund raise that goes to LatAm. That seems very small if you compare to global averages, even more so if you compare to the US. We don't feel that Latin America should be at the same level of the US or not even at global levels because that includes the developed markets such as the US.

But certainly, 1% seems very small. So we feel that we should be something like 25% of global averages, which would already give us a lot of leeway to grow. And let us explore what is driving this under-penetration and what are the potential opportunities and avenues for growth.

One interesting chart is what we see in our historical vintages and what we see in our latest vintage. Here, we see historically, we fund raised two-thirds from North America, and this is our recent vintage where we have one-third from LatAm and more than 50% from Rest of the World, excluding North America. So as Patria is about half of the market, this also reflects what's going on in Latin America right now.

So we see today, recent years, they have been down in terms of the highest that we've seen in the market. And that's a mix of two different -- very different trends. First, you see Rest of the World is growing, excluding North America. LatAm has been a very strong growth. We're seeing volumes and allocations growing a lot, especially our recent funds. We're seeing strong demand from locals.

But North America has been at a low compared to historical. We feel that it's very linked to interest rates and to specific trends to the North American market. But that is cyclical. We feel that this trend should be reverted on coming years. We've seen that go back and forth. But certainly, that is something that is affecting what we see in terms of the current fundraising level.

And moving forward, what we see is this is a conservative case that we have. For the next three years, we forecast about $2 billion a year of fund raise. When you look at this number, you should think, well, that's very small compared to the total potential opportunity. So it's basically a reflex of assumptions on the fundraising front.

Here, we assume continuation of the growth that we see in Rest of the World and LatAm and a moderate return of the North American investor, meaning coming back to less than half of what was in the highs. If it comes back fully, this number would be much bigger.

So we feel that today, we have a very strong potential growth, and Patria has a historical and very strong dominant share, more than 50% of the market. And we feel that we should continue to have such a market share.

In terms of our platform, we are the leader, we have been elected the firm of the year last two years. By far, the largest AUM, like I said, more than 50% market share. The longest track record, 30 years' experience across all the segments that we operate in private equity, we have a leading return.

Our buyout funds, 17% net US dollar return for 30 years, that is very good anywhere in the world, especially in LatAm, but even compared to US firms and global firms that is a very strong track record. And you also see growth and venture. We have extremely good returns with 30% and 22%.

We're established across the region with a true LatAm positioning, not just Brazil, but also strong presence in Colombia, a strong presence in Chile, and growing presence in Mexico. And from our historical base of flagship funds, following trends in the market, we're innovating with new formats. Especially, we're more and more doing co-investments and SMAs, which are special managed accounts, which are more tailor-made relationships with our investors that allows us to increase our share of wallet.

We are especially strong with very sizable foreign investors. I'd highlight Middle East and China today, where we're striking some record tickets with these investors, especially due to this customization and becoming the preferred partner of these investors in the region. We're also doing thematic funds, especially climate and regional vehicles following the growing demand from Latin America.

Latin America has been exactly this highlight. I think it's interesting to see in contrast to the lower than historical allocations from North America, the demand from locals is really booming. And exactly that shows how the locals understand that this is the time to invest.

They see that the economy is growing. There is a lack of capital, so they understand the opportunity to do great investments and to have a great vintage today. And the region has been historically underinvested. So therefore, you have this potential for growth, which is in the very beginning of the cycle.

When we look at how much can we grow our Latin American business, it has been growing substantially more than what is the global growth of private equity. Private equity in the world grows about 12% a year. And this is what we have consultants projecting for us.

Latin America is growing more than twice that. So it is a market that's smaller, but already gaining some scale, and it can be quite large. We see potential addressable market in Brazil plus Colombia plus Mexico, totaling nearly $20 billion.

Today, the actual numbers are less than 20% of that in recent years summed up, but it tends to achieve closer to this addressable market. So that is exactly what's going to fuel growth in coming years.

In terms of some cases to illustrate what we're doing and what's driving those returns, our venture and growth equity platform already has $500 million under management. It has performed over 30% in local currency. And we're finding great cases. I bring here just one highlight, Contabilizei is a company that does services for accounting for small companies.

You see extraordinary growth. We have done near 8 times invested capital for this, it's already divested business. And we see many of these very attractive cases, producing similar returns that you see in the venture capital market in the world in the region.

To add to that, I bring a recent divestment from private equity. This is a distributor of ingredients to food service, company growing robustly over 50% the top line. We recently sold it to CVC, 50% of the company, producing near 3 times MOIC, 25% returns in US dollars, 30% returns in reals. And this is exactly the typical case that we have in private equity, where we buy several family-owned companies and build it to a leader and then sell to a financial sponsor or strategic.

Ultimately, our goal is always to build the company to sell to when its strategic, and that's exactly what we've done over the years. Here's the page and Alex was commenting, I'd like to see that the page is full. We've even had to lower the size of the logos here because there are so many cases.

But the interesting thing is all of these companies, which are in healthcare, food, agri, so across the verticals that we explore, recurrently, we've been able to create market leaders. And I emphasize the word creates because we very rarely invest in companies that are leaders. So we buy a smaller family-owned business, and we develop them into leaders.

And that's exactly the core of where the alpha has come from within developers of companies. We've had this ability to deploy capital, fragmented and to be managers and to develop companies over the years and consistently do this move of basically buying from families and selling to strategic buyers.

And as a final message, so the conclusion that I want to bring to you, to exactly that first question, so what is the potential? First, I'm very confident that we have the leading platform in Latin America. Our leadership is consolidated. For many years, we've held this dominant market share of over 50% in the region. And I feel like the market trends that go to our favor today.

As we are, by far, the largest scale of fund in the region, the large-scale tickets, they tend to come to us because actually, we're the only firm that has that -- the scale to take checks, if I have to give a number of over $100 million. So that creates a positioning where we are the preferred receiver of large-scale checks and also more spread-out checks.

We also have the strongest brand. So we tend to perform well in that market. So I feel confident that we can sustain that leadership position.

In terms of the growth potential, we see all these buckets of capital with very promising growth prospects. First, Latin America tends to continue to grow. It is growing, but still at a very early stage in terms of penetration. So we think that we have easy a 5- to 10-year cycle where the industry in Latin America should outgrow global private equity by double in my opinion and as it has in recent years.

You have Middle Eastern and Asian investors, very confident in the region and allocating very healthy. And we have, in our recent fund raise, a record allocation from Middle Eastern investor and also a record allocation from an Asian investor. So these are very positive highlights.

And the North American allocations, which definitely have been the negative note on recent fund raise, for the future, they provide a lot of leverage for growth because we obviously see that they are at a low. If you look at historically, they average about 1% of allocation of global portfolios to LatAm. Recent years, they have been at 0.3%. And that's basically the institutionals from North America, reducing their allocation substantially, but we've seen them reduce and come back over and over.

So what I think is that, for North American investors, the recent negative trends, they are cyclical. And the positive notes on LatAm and Asia and Middle East, they are more of a trend. So I think that both of these blocks, they tend to be supportive of growth and in summing that with new formats that we have been exploring, SMAs, new types of funds, and segments such as climate.

Our base scenario is that the potential for growing our platform is between 2 and 3 times, and that is not considering all these trends because alone, if we consider the comeback of North America, if just that happens, it comes back to historical averages, that alone should take us to the top of that chart and not counting all of the other factors.

So I feel that we have a lot of momentum, very positive trends in the business. It's actually a very exciting time to be investing and managing private equity funds in Latin America. So I hope I've covered well the proposed agenda.

And with that, I close the presentation, and I turn over to Marco D'Ippolito, to my partner to talk about GPMS. Thank you very much.

Marco Nicola D'ippolito - *Patria Investments Ltd - Managing Partner, Chief Financial Officer*

Thank you, Ricardo. Good afternoon, everyone. Some of you may remember me from the time I was a CFO. Last time I was on the stage in '22, and my shareholder relations and corporate development responsibilities. But today, I'm here to talk to you about something else. I'm here to talk to you about global private market solutions.

You know our story starts 35 years ago by serving international investors to invest in the region. Followed to that, we developed local products to serve locals in Latin America. You saw some of the presentations from my partners here today. And finally, the third pillar of our strategy, which is serving local investors to invest in global private markets. And this is what I'm going to talk to you about today, global private market solutions definitely investing in developed markets. We're talking about mainly Europe and the US

This is -- I was given the mission to find what would be -- so the beginning of this story actually starts way before today, 12 years ago, when our partners in Chile started serving local investors to access global private markets. And on the backdrop of a very successful story after 12 years, 16 vintages and over $2 billion, I was given the mission to explore what will be the continuity of this story.

And our analysis took us to the private equity solutions business, defined as indirect primaries, secondaries and co-investments. This is a big market with $4 trillion that has been growing consistently over the past years at 150% per annum, and most importantly, is expected to reach $6.8 trillion by 2027.

The reasons, number one, as LP sophisticates, the demand for more bespoke solutions to invest in private equity. Number two, secondaries account for only 11% of direct private equity. And even more so in a world where liquidity is key, secondaries plays a key function, especially when M&As and IPOs are muted. Finally, LPs looking for fee optimization and co-investments provide as a very good route to get there.

Within the -- so within the private equity solutions business, we decided to focus on the middle market. The middle market is defined as funds below $2 billion, companies below $1 billion. And more impressively, it's a universe with 6,000 GPs. This is a big market with $1.4 trillion, expected to reach $2.4 trillion in 2027. So definitely very big space.

Now what's our starting point? The reasons we believe this market is the place to be, simply put, it outperforms by 240 basis points on average. And if selectivity is key, it outperforms by 1,000 basis points in the upper quartile. There is less competition, 85% of the M&As involve companies with less than $1 billion, yet only 40% of the money that goes to private equity goes to the middle market -- go to middle market funds.

And finally, if diversification is key, the middle market correlates only 60% with the public markets. Today, we're managing $10.3 billion through three strategies: primaries that account for 40%, followed by secondaries co-investments and our LatAm advisory and distribution business, all with 20%. More importantly, the strategies operate -- we operate in an integrated manner and in a way that the strategy is synergized. and I'm going to I'm going to describe to you how this synergy makes our platform better.

We've been doing this for 25 years. We're a total of 30 investment professionals located in New York, London, and Edinburgh. And our ecosystem is composed by 250 GPs to which we invest in 600 funds. We serve our clients through separate managed accounts, drawdown funds, a listed trust -- listed in the London Stock Exchange for the past 25 years and advisory and distribution services.

Now let me give you a little bit of context how the ecosystem that I mentioned to you operate. Within this ecosystem, there are basically two very important stakeholders, the GP to whom we represent visible source of capital and the deal certainty. And that makes us strategic to the relationships that we cater today.

The LPs, remember, I mentioned that we operate in a very fragmented market. So within a very fragmented universe of GPs, we cater for relationships. And with that, we are able to provide bespoke portfolios, and that equates into alpha.

I'll give you a little bit more color, how does that operate. It all starts with primaries where to the GPs, 90% of the money that we manage is highly visible. It's either permanent capital or have a very high level of -- has a high duration. And that means that 70% of the money that we put on the ground on a primary basis are re-ups.

To the LPs, we navigate in this very fragmented market with over 6,000 GPs. We curate a list, and we cater a relationship that equates to 250 GPs, to which we can deploy capital at scale with over 180 transactions since 2008.

Now how does that create a differentiated deal flow for secondaries and co-investments? 80% of the deals that we do in secondaries happens within our ecosystem. And that means there are GPs that we already have a relationship. And in 50% of the cases, we are incumbent to the funds that we are trading.

What does that mean to the LPs? In 50% of the deals that we transact, the deals that we transact do not have a broker, and our cautious approach to investing equates to a loss ratio that is about 1%. Again, we can do that at scale with over 100 transactions.

Likewise, on the co-investment, our selectivity is even more accentuated. We have 20 relationships that we focus on co-investment that drive 80% of what we do in co-investments. And that translates to about 60% of the deals that we do, we are lead co-investors. And that translates into a meaningful discount, 20% discount on the average on the entry multiple on the co-investments that we sponsor.

Now how does that translate in terms of returns? For each of the strategies that we manage, we have not only consistent returns. But most importantly, we can commit money at scale. It's not only the amount of dollars, but the number of transactions. We stand out on TVPI, IRR, but where we really make a boost is on the DPI, where 93% of the primaries falls into the first and second quartile in terms of DPI, and 100% for secondaries and co-investments.

But that's not all. When you look through the vehicles, each of the vehicles that we have, you're going to see that according to the strategy, we have been performing consistently. The dark boxes that you see in this page represent the outperformance relevant to each of the strategies that we manage.

Now let me drive you through one case. This is a story about a public pension that has asked us to develop their private equity portfolio in 2015. We started off investing on a primary basis and developing relationships. Followed to that, we expanded into secondaries, and we used the secondaries to mitigate the J-curve of the portfolio and accelerate the DPI.

And finally, we introduced co-investments as a way to boost the alpha of the portfolio. The result is a tax bookcase with 50% on primaries, 20% on secondaries and 30% on co-investments. And in terms of returns, I'll give you a few seconds to get to your own conclusions.

We were trusted with less -- just less than $200 million in 2015. With only $59 million of addition to the portfolio over this entire period, we were able to generate $700 million. And that's money that has been deployed, distributed, reinvested again and again and again. Today, this portfolio is worth just under $1 billion, and returns has been very consistent throughout all the years.

With that, what is an important message to pass here? Remember, I mentioned our ecosystem has about 250 GPs, 600 funds. We're deploying annually about $1 billion doing 45 to 60 transactions per year. What I can tell you is that without increasing this ecosystem nor the number of transactions, we're capable of two-folding the amount of money that we are able to put on the ground without much effort.

So looking ahead, how are we going to grow this platform? Starting from my left-hand side, one, we're going to drive new separate managed accounts. We're going to, two, scale up our existing family of closed-end funds and expanding into new family of closed-end funds; three, expanding our capabilities, investment capabilities here in the US and definitely leveraging on our LatAm presence to increase our advisory and distribution business. All that without even touching to other asset classes within the private market solutions like credit, real estate, and infrastructure.

So to sum it up, it's a big market. The fundamentals of the market are sustainable. We believe that we have the right platform. We're managing an ecosystem where our clients and our GPs are very happy. And we believe that with that, we're set to deliver on our growth plan.

So with that, I thank you very much. And I call on the stage Ana Santos for the next presentation.

Ana Paula Santos - *Patria Investments Ltd - Partner, Head of Human Resources*

Good afternoon, everyone. I'm really excited to be here with you. I'm Ana Santos, CHRO and partner at Patria. Today, I will walk you through three messages: message one, why we have a successful integration story to tell; message two, how we have been able to assemble a particularly strong team; and message three, why HR is a key enabler to our platform.

We need to start by talking about integration. As you know, after the IPO, we brought on board complementary skills in credit, equities, growth, real estate, and our private solutions. So why it has been so successful? Because we value and respect the expertise of those we bring on board. We give them voice. We give them a seat on the table.

Three out of our six asset classes are led by partners who came through acquisitions. Nearly half of our management committee are partners, who partnered with us and chose to be Patria. All the partners who came through M&A are here with us, none of them left.

And how about all the employees, how do they feel about working at Patria? Late July, all the employees were surveyed by an independent and specialized culture consulting firm. What did they tell us? Well, here, I have to tell you a short story.

When the consultant first came to present us the result of the survey, he said, Wow, 93% response rate, that's amazing. How do you do it? Never seen that before. And I reply by saying, yes, that's Patria. We expect nothing but the best.

Our employees told us that we are recognized by high-performance culture, entrepreneurial spirit, collaboration, and high technical expertise. Let's hear directly from them, shall we?

(video playing)

As you could see, we are One Patria, a diverse and multicultural organization. Because diversity is at our core of our values since the inception, we believe different perspectives make us stronger, at the end, leads to better results. Today, we are in over 12 countries, and we welcome every single member.

We also work on being an inclusive organization for minority groups. We are particularly proud of the progress we have made on the female side in total representation. And we are 7% above market average on managing director level, according to the latest McKinsey survey. As you may conclude, our successful integration story is based on an inclusive culture that allows everyone to be heard and perform at its best.

Now let's move to my second message, how we have been able to assemble a very strong team. First of all, we build from within. We have a very selective and award-winning internship program, which allows us to bring bright young talent in the house. Then we provide them a massive of technical training from the best universities, over 10,000 hours of technical training per year to our junior teams.

Yes, you did hear it correctly. It's over 10,000 hours of technical training from the best universities to our junior team every year. We also take our own investment theses and transform them into case studies. Then we foster a desired partnership program. Today, we are nearly 40 partners, who have been working together over 16 years in average, which allows us to have a strong succession planning in place.

As you can see, our senior investment team do remain with us. So let's talk about retention and performance culture. Meritocracy, our high performers can make twice more money than our average ones. And everyone in the company can make up to top decile compensation in the industry based on performance.

Long-term commitment, our senior leaders' compensation package is based on long-term incentives, I'm sorry, and very important, skin in the game. You can see our partners are truly committed with PAX shares. Nearly every senior leader in the organization invested at least 50% of their bonus into PAX shares.

So what's behind all those achievements? We also pursue excellence in HR service. We have a seasoned HR team who are specialized in top-notch programs and practice. We carefully choose the best providers in the world to support us. And by providing excellence in HR service, we are an attractive platform for an independent asset. And by providing excellence in HR service, we allow our investment colleagues to focus on what they excel, investments and make money to our clients and shareholders.

We are super proud of being Patria. We are ready to the next chapter of our growth. Thank you very much. And now I call on stage my colleague, Ana Russo, our CFO, our female CFO.

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

So good afternoon, everyone. I'm Ana Russo, CFO, Patria CFO, and really a pleasure to be here today. And since I'm probably the last one before closing remarks, I would like to thank everyone present and in the webcast for the time we spend today to learn more about the business.

I joined the firm about two years ago in a very similar time, actually two months before the last investor. And it's amazing to witness the transformation of this company in a short period of time. As you heard from Alex and my other colleagues, they discussed a lot about the progress we have done in terms of all the asset -- across all the asset classes and the progress we made in platforms.

But now I would like to share with you how we translate that evolution, the progress into financial results. First, versus the IPO; second, versus the last Investor Day; third, I would like to discuss a little bit about our next chapter about the next three years, update capital management. And altogether, we believe that we are building, and we remain very focused to build a company with consistent growth on FRE and DE.

So let's start looking into our main metrics versus IPO. This is really exciting to take a look at how we progressed since the IPO and the financial results we produced. FEAUM, 50% growth since the IPO, and we came from a two-asset class alternative manager to a multiproduct, multi-strategy that we are today with significant greater reach in terms of local, global, and regional. So this all leave us well positioned for our continued growth.

Let's take a look of what we have achieved in terms of FEAUM. Since the IPO, we have minimally scaled our platform from a two-asset class to a six asset-light company, arriving in a $34 billion FEAUM in the third quarter 2024. This means 4.5 times what we have at the time of the IPO. And as this path to that growth, we onboarded several acquisitions to Patria platform.

Our strategy for expanding our capabilities through M&A and leverage our investments performing distribution and operational capabilities generate a sustainable growth and has started paying off already. This positions us for our better organic growth and opportunities to capture a wide range of organic inflows.

So not just in terms of diversification of our asset class, we also expand our product capabilities and the number of strategies we offer. As you can see as well, 90% of our FEAUM is actually concentrated in long-term duration and with more than 20% is permanent capital. This highlights our sticky and resilient nature of our FEAUM.

So how this translates into our management fee. Our management fee has grown almost 30% CAGR over this period of time, driven by a significant diversified platform, but also creating a -- which also create a resilient growth for the future. When you look into the bottom of the graph, you can see the management fee rate, which has evolved what reflecting the nature of the acquisitions that we onboarded in Patria with different asset classes and also product structure.

Over 90% of our asset classes now represent five different asset class -- sorry, 90% of our management fee represent five asset classes compared to two at the time of IPO. So that shows that we have a much more balanced management fee. And you can see this is going to also help us to create a much better base for our next three years, which we will be much better balanced.

And this new blended rate that we see has a significant growth potential because our newer strategies has our permanent capital or also charge fees on NAV or market values, and this can drive our consistent management fee growth. So how can this translate into our FRE? Our -- generating a sustainable FRE is always our key objective and remains so.

Our FRE now, we expect to reach $170 million by this year, which we confirmed in our -- also last earnings call. We are confident about reaching that. And this means three times our FRE at the time of the IPO. This made possible, one, for our strategic acquisitions, but as well our fundraising over this period. But we cannot forget about that our margin was always kept in a high to mid-60% -- high and mid-50%.

Despite of our onboarding of new M&As, which most of the time arrives with less margin, we were able to recover throughout the period. So I think with this steadily deliver with this need and margin, we will be able to continue the growth on our FRE, and we're going to see it later on.

So as we could onboard all the new capabilities, we could not execute all of that without enhancing our operational capabilities. It was also important to highlight that our operational structure needs some support for growth and the diversified business that we acquired, while we also allow to build these fundamentals for continued growth.

In addition to enhanced governance, compliance and risk, we also have continued investing in technology, not just for standardized systems because we are onboarding different type of products and platform, but also to ensure that in the next years, we should be a data-driven company.

Putting this all together, our integrated process and our robust operational backbone leave us well positioned to scale our business and not just in terms of asset classes, but also geographically as we introduce all the new M&A that is expecting going forward.

So let's look into what we have built since also our last Investor Day. We are able to continue the growth despite some headwinds that in this period took place. And this progress that we have made, produced a 40% increase of a -- CAGR of FEAUM.

Let's look into some of the metrics that you have seen with Alex's presentation, but we're just going to revisit that what in -- more in depth. So from last Investor Day, which -- from last Investor Day through Q3 2024, our capital formation reached $27 billion, of which $12 billion is organic. This is well ahead of the target that we set ourselves at the time of the last Investor Day, leverage on acquisition opportunities that presented to ourselves, but also aggregate organic fundraising on the plan.

As of Q3, FEAUM reached $34 billion, and we are all ahead as well in terms of reaching the target for 2025. We estimate that for the final of -- the end of the year, we will be reached probably around $35 billion, which also mentioned by Alex. FRE remains on track as we delivered consistently over the period, and we are confirming the guidance for the 2025.

In regard to performance fee, for Q3 2024, we reached $66 million. Just a reminder, we have an inventory of net accrual performance fee of $455 million. Out of that, $100 million in Infrastructure III, which is in catch-up phase. So we believe that we are on track to deliver our guidance for 2025.

So looking ahead, we believe that our progress since our last Investor Day position us well for the growth that we expected for the next three years. So let's look into the main guidance or the metrics that we will follow going forward. Considering the expanded investment product and distribution capabilities, we believe that we can double our FEAUM throughout this period, not just -- this is not just based on asset classes, but also organic fundraise.

By this -- the capital formation that Daniel actually mentioned, we expect to reach $35 billion in the period, where 60% would come organically. And fee-related earnings is expected to grow 15% to 20%, reaching $260 million to $290 million by the end of the period. It's important that we included as part of our plan that all the acquisitions will be back-end loaded to the mid- to the end of the plan.

So if we look into our FRE and just take it one year, 2027, M&A will represent less than 10%. FRE per share is expected to grow from $1.11 to $1.60 to $1.80 at the end of the period. And as noted in our last earnings call, we expect that 2025 share count will be between 158 million and 160 million, which since, as you know, we have currently around 153 million, 154 million shares. This difference is related to share issuance that we -- is needed to pay some of our acquisitions, which we usually do mainly to retain talents.

Finally, we estimate that our performance fee would reach the -- in the period will be $120 million to $140 million. This, as I mentioned before, is mainly realization for Infrastructure III, but also to remind that as part of our net accrued performance fee, we have Private Equity V, which has $165 million, and we expect that in the end of the period, this will be already in catch-up phase.

So let's deep dive in some of those targets that I mentioned. So in this slide, I would like to provide you a building block for our targets of FEAUM that we expect to be $70 billion by the end of the period. This target includes $10 billion for net inflows, which means 8% to 10% increase annually. Overall, our FEAUM include $35 billion to $40 billion of inflows, which from this number, one-third is related to acquisitions, okay.

Just remind again that this number includes acquisitions more back-end loaded by the mid- to the end of the plan. Our outflows includes a healthy divestments, mainly for our drawdown funds and GPMS, normal distribution of dividends and in a lesser extent, the redemption for some of the strategies of credit and public equities.

The investment returns is an important pillar. As you know, some of the newer strategies, we pay FEAUM based on NAV or market value. And we expect that those one will generate between 5% to 8% return. And this is what is included between -- what we consider between $9 billion to $12 billion, which is adding all up, would actually double our FEAUM in the period.

Since we understand organic growth is an important element for the discussion of the plan, I just want to deep dive a little bit about our organic growth in net inflows organic in the period. When we look into the period of 2022 to 2024, we have $1.3 billion of net inflows, which was impacted in this time by some of the macroenvironment in Chile, which we had higher redemptions.

Addition to that, in this period, we have a planned step down of Private Equity IV, Real Estate III, and Infrastructure II, which because we -- on the plan period, we don't have notable step down of the funds, we added up for comparison purpose. So if I add up this step down of these three plans, I would reach the $3 billion. So when we look into our growth, we plan to have a net inflow of three times our net inflow what we have in this period.

Overall, we expect an acceleration of this inflow throughout the planned period, mainly supported by our newer verticals that is supporting this increase and also the number of strategies and products that we onboard into our new business. So how this translated into FRE. FRE is also expected to accelerate. If you look into our growth between '22 to '24, we have grown 14%. And now the new plan period, we have a growth of FRE of 17%.

We expect our management fee rate and also because of our blended and increase of this new strategy to be towards 0.9 percentage. Of course, this margin -- our margin at the end of the plan period would be very similar to what we forecast by 2025. But do not -- we should get in mind that we also plan to onboard some of the M&As towards the end of the period. If we normalize without the M&As, our margin for the current business will be more about 60%.

We know that our business is not immune to any market conditions or economic environment. But we think that our FRE is very well insulated from currency movements. If we just take all the soft currencies that Patria is exposed to, that I think you saw in early in Alex's presentation, and we move 10%, our FRE will be impacted by less than 2%. So this shows that we have -- our volatility can be well -- I would say, well hedged with just a minor impact of the currency.

Talking about DE, as our FRE remain a focus for continued growth, it is not different for our DE per share growth. So when we look into our cumulative DE from 2022 to 2024 versus the period, why we accumulate because our performance-related fees, related earnings, sometimes it's very difficult to predict in a specific year, we look into cumulative base. So when we compare our plan period, we are going to be doubling our DE per share.

And let's look into just our FRE. FRE minus tax and minor financial income and expenses would arrive in $4 per share in the same period. Even without a performance fee, we will be doubling the amount throughout the plan period.

So also, since we are talking about DE, and we have been always discussing in different forums, we just want to highlight our components between DE and net income. We know that this year, we were more on the high side on the transaction costs because we onboarded almost five M&As in this year.

So when we look into the plan period, we estimate that the components between DE and net income will total approximately $80 million per year. Out of this $80 million, 25% are cash items, which means -- which includes transaction costs and deferred and contingent payment related to M&As. And the rest, 75% is related to amortization of intangibles or equity-based compensation, which are not cash item in that period.

So that said, I think we have a healthy DE, and I will go into more details now with our capital management update. So we have updated our cash management to focus on utilization of our strong cash generation and balance sheet to fuel the growth and create optionality for shareholders. If we take this DE that we had in the previous slide, we have a total of cash generation of $740 million in the period, okay?

How are we going to use that? So looking to the right side of this slide, first, we expect to maintain the dividend of $60 per share in 2025, as we already discussed in our last earnings call and with potential increase thereafter depending on our performance and the visibility of the acquisitions. Second, when we look into our share repurchase, we expect to have a flexibility to acquire 2.5 million shares per year. And this would offset our program of stock-based compensation, what we estimate to be between 0.8% and 1.3% per year.

As I already mentioned, during 2025, we expect to issue some shares, and we will be stabilizing between 158 million and 160 million throughout the planned period. Third, our potential M&As that we had included in the plan period, we expect to pay that mostly in cash. However, we always take, let's say, the flexibility to pay some amount in shares due to retention. But we -- but those amounts in cash is always planned to the back half to the end of the planned period.

And finally, when we look into our contingent payment, we expect to pay $125 million, mostly during '25 to '26 related to previous M&As. As we discussed already in our last earnings call, we are expecting 2025 to pay $60 million. So even with these contingent payments and with the M&As that we are planning in the period, we think that we have a modest number of leverage in terms of onetime FRE.

So we don't expect to pass -- to be different or continue to be like we have today as a target. Should an attractive M&A materialize or the timing of this M&A changes, we always have the optionality to reduce debt or repurchase more shares. But this is what we set for our plan today.

So just to wrap it up, the -- our main metrics, what we will follow now every -- going forward in our earnings call. I think we have significantly enhanced our platform since our IPO and since our Investor Day. And we made our business much more resilient and better positioned for our growth that lies in the future. We have significant greater capacity across our asset class in order to increase our organic inflow and also a wider range of local and global investors, as highlighted before by my colleagues.

These are the metrics that we will follow, but mainly if we focus on FEAUM, we will be doubling compared to what we have in 2024, and our CAGR in terms of FRE is going to be 70% growth for the planned period with margin between 58% to 60%. We continue to invest in our operational backbone, and we think that our capital management strategy is better aligned for our growth of the company, while we create optionality for the shareholders and ability to return money to our investors.

We are very excited what lies ahead, and now, I will ask Alex to come for closing remarks.

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

Thank you very much for your patience to keep here with us for the last three hours. I hope you enjoy the show. I think we did try to give our best here messages for you. And over the years, I think if I can say something here, as a last message, I think we did build credibility over the last years.

We went public just four years ago. As a new public company, we try to give out guidance of very realistic numbers that are attainable. That's what we did in '21, for '22, for '23, and for '24, we feel very comfortable that we will hit the numbers as we did over for the last three years and '24 again. So hitting the guidance, building credibility as a new public company.

Over the last next few years, I think we feel comfortable that we will be able to deliver what we just said throughout all of these presentations here, building a very scalable, resilient, and diversified platform, accelerating the growth of the new products that we have in-house and that we did bring through organic fundraising and of course, through our acquisitions.

In my personal opinion, we have the best team that Latin American can actually invite and buy. We have the best managers. We have the best investors. You saw the track record that we have in all asset classes, beating the benchmarks, beating our peers and competitors. That's what now makes us believe that we will continue delivering great performance.

We also have great services that we are actually delivering to our clients through more of a client-centric approach than we had in the past. So very excited as well to be able to deliver the long-term shareholder returns, doubling our fee-paying AUM by the end of '27.

So FRE per share growing at 15% per annum, dividend yield of 5% at the current share price, $0.60 per share, $12 a share. It's going up a little bit now, but whatever, $12 a share. It's 5% yield as we go forward. So it is a growth stock with a very healthy dividend policy. So combining both here, I think it's a very attractive proposition for us, 60% owners and for all of you that are with us here today.

So thank you very much. I'll invite you now for Q&A and then refreshments. And I turn over to Mr. Lee to run the Q&A session here. Thank you very much.

QUESTIONS AND ANSWERS

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

All right. We'll start with some Q&A. And also, when I call on you, just state your name, so everyone knows who you are, and I'll start with Craig in front.

Craig Siegenthaler - *Bank of America - Analyst*

Craig Siegenthaler, Bank of America. My question is on M&A. As you look across your region, what do you consider the key product gaps today? I heard Mexico real estate might be one from that presentation. And how do you expect to fill them? Is it mostly M&A driven, or can you do some of these organically?

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

Well, yes, I think within Latin America, Mexico real estate is one of our top priorities. We're not in Mexico, and it's the second largest economy in the region. And I think real -- no real estate through the real estate investment trust, I think it's a more conservative way of actually getting into the market. Listed funds, so you don't have the drawdowns, you have no redemption, so you can go through more volatile times with a more stable liability side of your business, which is the listed fund structure.

And we have an amazing competence in our real estate team to grow. So we feel that as a very good entry point within the Mexican economy. In addition to that, I think there's several products that we want to fill in Colombia. Colombia, we just started our venture with Bancolombia. And it's been great, to be honest, over the last 12 months.

They're so excited in launching new products. We're actually launching 10 new products, as Daniel mentioned to the Colombian clients. And for several reasons, I think it has to do with asset and liabilities management. It has to do with regulatory requirements. The local investors, they like to invest in local products in their local currencies or because they have to because of regulatory requirements or because they feel more comfortable.

So if you go to a Brazilian, Colombian, Chilean pension fund, Chileans are more sophisticated, Brazilians and Colombians and Peru. I'm going to give you and sell you a pan-regional dollar-denominated fund. I said, Alex, I'm running a pension fund here. Can I have a Colombian peso product that my assets and liabilities are in the same currency? And I don't know if I want to do -- if I'm Colombia. I don't think I want to do Central America and South America. I want to do Colombia.

And if I go to my Board, I need something more entry level than something more sophisticated. So once they come into the asset class and hopefully, we'll bring them along with us and hold their hands, they will get more sophisticated, buy more sophisticated alternative products. So I think that's another area of improvements of launching the products.

Once we are established in the market like we are in Colombia, I think we can launch organically, Craig. But getting into the market, I think it's -- we need to go through an acquisition, which is faster and cheaper. Now the buy-and-build story at 3.5% EV to AUM or fee-paying AUM, that's less than what we pay for a distributor.

If you want to access the retail market, you're going to pay 4% to 7% in an IPO and a follow-on. We're paying 3.5% to get a business that's up and running. So from a pure buy and build, it makes sense. From a time wise, let's be honest, a drawdown fund business, it takes you 10 years to build it up, right. Fund number one; and three years later, fund number two; three years later, fund number three. When you fund number three, you have some scale, three, three, three, that's nine years.

So buying is cheaper, buying is faster, buying it gives access to the market. Once you're there, then you start actually expanding organically, be it in a new country or be it a new asset class as we did in real estate as we did with GPMS here. So it gives, as you can see here, I think we have these -- all these avenues for growth as of today, 2024 because of what -- the implementation of the strategy that I just described.

So we want to continue the same strategy, giving us the first move will be an acquisition and then build it from there. It's faster, and it's cheaper, to be honest.

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

Thank you. Tito?

Tito Labarta - *Goldman Sachs - Analyst*

Thanks. Tito Labarta from Goldman Sachs. Thank you, Alex, for the presentation. My first bit of a two-pronged question. When I look at the guidance for the performance-related earnings, more conservative than the prior guidance. I think the markets that we're in today where you are in the life cycle.

But conversely, the capital formation, particularly in the organic is much more aggressive than last time. Just kind of trying to marry those two things with the current macro, particularly Brazil, rates are rising, a lot of concern about fiscal, Mexico (inaudible), both Mexican and US elections.

How you think about the ability to deliver on the organic fundraising target? And maybe if you can comment on the performance related earnings why it's more conservative?

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

Okay. Great. I think it has to do more with the cycles of our funds than a general macroeconomic view. We have today -- when we did go public, most of our business were drawdown funds that generated performance fees, be it private equity buyout, be it infrastructure development, right?

Today, they represent a smaller portion of our business, as you saw there. So from over 90% of our business to over 20% of our business today at 30% -- close to 30%. And over the next few years, going close to 15%, right, to 20%, which is very -- I think it's very healthy as we are bringing into our platform. As Ana Russo described, more predictable cash flows through permanent capital structure funds, through SMAs.

And those types of funds, they don't have, in general, performance fees attached to it, right, or they have or less so. Now our credit portfolio has half of the funds have performance fees. Our private equity funds and infrastructure funds, 100% of them have performance fees attached to it.

So as we grow the business and we make it more predictable, more scalable, the nature of the funds is that they have less performance fees as in the past. So I think, Tito, answering your question has more to do with the specific moment that we're living in the two asset classes.

We're basically selling out all of our Infrastructure Fund III. We're beginning then to divest Fund IV. And Private Equity Fund IV and V, we see the divestments coming in two years. So it's because of this particular cycle of the funds, not a specific thing about the macro, but I'll comment on the macro.

Also, I think why we wanted to go into these other businesses with more stable cash flows or whatever to actually minimize these ups and downs that I just described. You can have a year where you see great performance fees and then a year that drives out because the cycle of the funds are not there. So the predictability and stability and presentability of the business becomes higher as you get into these permanent capital structure funds.

Macroeconomically, I think it's not -- we're not going for a fantastic moment in LatAm right now, right? I think it's -- if you see what's going on maybe in Brazil, I think a year ago, end of '22, I think, we had a view for Brazil more positive than what we're living here today. And honestly, I think it's not -- it's -- of course, it's easy said and done, but I don't think it's very hard to correct. It's more of a credibility issue that we're living in Brazil than an actual number issue.

If you look at the macroeconomic KPIs, the country is growing at over 3%, Brazil, in particular, for the third year in a row. That's pretty positive. So '24, over 3%; 2023, over 3%; 2022, over 3%. So growing at 3% or more for three years in a row. And again, 2024, most of the projections show that we're going to go more than 3%.

That's not bad growth, that's pretty decent growth. But I think that the current leadership in Brazil and the financial markets, they are not talking to each other very well. So I think that, that communication has to get better. It's not really -- I don't think it's hard to actually fix, but I don't think there is willingness for the current leadership in Brazil right now to fix it quickly.

But if you look at the other countries, mainly Chile and mainly Colombia, I think we have a very positive outcome for the next three years. I think in both countries, there are probably going to be a change in leadership of the country, be it in Chile, the President cannot run for the election, same in Colombia because they're prohibited by their constitution.

And most probably, we're going to have a more center, center-right governments coming in Chile and coming in Colombia over this three-year period, promoting more friendly -- market-friendly policies in both countries. And now when it comes to Mexico, of course, we have another six years of the current administration that was just elected. But I think the relationship with now Trump in the US, I think the ability of Mexico moving one way or another way gets less.

I think the Mexican leadership has less flexibility with the Trump administration than with the Biden administration or a Democratic administration in the US I think the leeway of the Mexican presence diminished with the Trump administration. So I think we're going to have more center kind of policies than we had in the past because of the Trump election.

So that is a cautiously positive note in LatAm. But that has been our reality over the last 25 years, 30 years. This is it. And we managed to actually create strategies and navigate in these markets and grow over the last years. I think one interesting data point when we met our friends from Blackstone that were our partners for 10 years in '98 when we actually asked them to help us and sell our investment bank back then.

'98, '99, Blackstone was managing USD6 billion, right? We were managing $200 million, Private Equity Fund I. So over the years, if you go from '98, '99, $6 billion to $1.15 trillion, that's a 200 times growth, a little less than 200, 200 would be $1.2 trillion, $1.15 trillion. We grew from $200 million to $34 billion or $44 billion AUM. So $200 million to $44 billion is a little over 200.

So in the same time period, we grew to over 200 times. Now Blackstone grew a lot around 200 times. 200 is a big number, right, growing 200 times. It's a good number, maybe 200 times over the next 30. But I think as I look in the future, I think we might be poised for higher growth than developed markets because of where the allocations of the institutional clients are to the asset class in the developed markets.

Retail is growing in the developed markets, but you saw during the presentation, a very low penetration from institutions and retail to our asset class. So if over the last 25 years, we grew the same, as one of the main companies in the region of Blackstone, maybe over the next 25 years we're poised for higher growth given the nature of our businesses and the nature of the asset class within the region.

Marco Nicola D'ippolito - *Patria Investments Ltd - Managing Partner, Chief Financial Officer*

Alex, just if I may add to this question, I think Alex position, I think that just 30% of our assets today are located in Brazil, right? And in the other side, on the client side, I think even less, right? It's less relevant to us. So I wouldn't focus too much on where Brazil stands today, given relative to LatAm, the globe itself, right?

So why we are so positive on capital formation and fundraising mostly because what we just saw, right? In the past, 50% of our AUM was coming from North American investors. Today, it's less than 20%, and we expanded our client base globally. So I think that we feel that there's many optionalities for us to fund raise and continue growing while, of course, we go and navigate through these interesting times that we have.

So Brazil is doing fine, right? It's not an amazing performance, but we feel that there are so many routes for us to grow that definitely, I think we don't count on Brazil for the next cycle to get to these targets.

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

Great. Any other questions? Girard?

Girard Sweeney - *KBW - Analyst*

Yes. Girard Sweeney, KBW. Just one on infrastructure specifically. So I think it's been a pretty popular asset class globally, pretty robust fundraising. And you laid out the case for Latin American infrastructure and opportunity there.

But it seems like [Apache] it's maybe been a little bit slower than some of the larger players. Can you talk about maybe why that's been and why you think that's going to change or step up going forward?

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

I don't know if Andre is -- there he is.

Andre Mauricio Penalva - *Patria Investments Ltd - Managing Partner and Head of Sales and Distribution, Latin America*

Thank you for the question. Well, I don't know about slower. I don't know -- we know which figure you're looking at globally. We are in this cycle of the fund. So on -- let's say, on the development funds, which are, let's say, our flagship funds, are now fund number five.

What may have been happening in your calculations of where to grow is that Fund III is divesting. So Fund III is a $1.7 billion fund and is divesting. So as we raise Fund V and we are in the process of raising Fund V, still have some time to go, we're divesting Fund III. So if you look at the growth of the AUM, combined with the divestment of our Fund III, which is yielding performance fees, that is, again, a happy story for us.

So we would look at, let's say, a combination of doing other funds like Fund V now with the selling of assets of Fund III. So that's one element. The other element is the following. You heard the presentation today that this is the development funds, which we called in the past the flagship funds.

Now we're growing in credit and core, and this is just beginning. So just beginning. We launched the core fund 1.5 years ago. We launched the credit fund this year. So we're literally beginning.

So if you look at the next years, we expect that this is also going to grow from zero to something to better figures next year. But again, as a major message is the divestment of Fund III that is reducing, but also at the same time, generating performance fees.

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

Thank you. Anyone else? I think there's a question from the --

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Unidentified Company Representative

There are a couple of questions from online. So if you guys have any questions from the audience, just let me know, I'll keep asking what's coming in. The first question is about the M&A opportunities in case that you don't find M&A opportunities to fulfill your plan that you just presented, what else will you do with the cash? And how will that impact your FRE and DE for the three-year plan?

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

Okay. Great. I think Ana did touch on that, but our M&A program, at least the way that we projected is back ended towards the end of the plan, which is more '26 and '27 versus '25. I think I did mention during the earnings call that we were not going to do any M&A during '25 because we wanted to consolidate the business, blah, blah, blah, integrate, et cetera. So it's '26 and '27, that's the first thing.

So with that, our FRE gets affected by around 10% if we do the M&As and if we don't. So 2027, $260 million to $290 million FRE gets affected by around 10% less if we don't do the M&As that are planned because they are back end, as mentioned. What we will do if we don't find the right targets? As also Ana mentioned, we tend then to increase our share repurchase program and also diminishing some debt.

Maybe we don't have a lot of debt by then because we didn't do the acquisitions. So we generate more cash. And always trying to then to hit the target of the $1.60 to $1.80 of fee-related earnings per share. So if we do less M&A and we have less FRE, we use the cash to buy more shares to hit the $1.60 to $1.80 per share, okay?

There's an additional point, I think it's interesting that this question brings me to, maybe another point. If we just -- you saw there that we have around $4 per share cumulative over the next three years, fee-related earnings per share of $4 and approximately another $0.70 cumulative over the next three years in performance fees, right? So $4.70 the next three years of DE per share, right?

If we don't do any acquisition, radical, let's say, binary, and we use the money to buy back more shares, the FRE, the DE per share will be more or less similar. So the returns are very similar, okay? So we use that -- and I use going back maybe your question, Craig, is the buy and build. I'm looking into how much it costs to build the business, how much it costs to buy the business.

Also, if I use all that cash just to buy more shares and don't do any acquisition, of course, we're going to have a smaller business with less potential to grow '27 onwards. But just to be radical about it, we use all the cash that we use in acquisitions here to buy back shares, we ended up with less FRE, of course, but less shares because we bought a lot of shares. And the FRE per share is similar to the $4 -- $4.70 per share that I showed you here or Ana showed you here.

So that's also all the math that we do now comparing the decisions that we take, if it's better for us to just buy back, now we are shareholders. We own 60% of the business. That's something that we care about a lot, always better for us to do an acquisition that gives us another avenue for growth.

So we're always an eye on the cat, an eye on the fish, always looking at both sides here, what is the best thing to do.

Unidentified Company Representative

Actually, a lot of similar questions to what you guys asked before, but this one, I think, is a different one. Saying that you guys did a great -- like are doing a good job on consolidating the industry and so on. But would you consider a strategic partner shareholder coming in to add more capital and could potentially help accelerate growth?

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

Interesting question. The short answer is yes. I think we're not -- we have nothing against strategic partners. Let's go back to our history. On the contrary, we believe in strategic partnerships.

When we started back in 1988, we started as a 50-50 venture with Salomon Brothers. We ran an investment bank with them for 10 years in Brazil. Great partners. We learned a lot. Wall Street in the '80s was a little different than Wall Street in the 2000s, to be honest, different crowd, different culture, but here we are.

But after that, we also partnered with Oppenheimer raising our Private Equity Fund I and Oppenheimer then was acquired by a commercial bank, National Bank of Canada. So that partnership didn't go along, but we partnered with Oppenheimer. And then we partnered with Blackstone for 10 years. They did own 40% of our firm for 10 years.

So we think that an international partner or it really adds value to the firm. We are humble enough to know that we have a lot to learn and we can learn a lot from partners as the ones that we mentioned. I think if there's something that we are known about it to be very associative.

I think we are -- if we are something here, we are good partners. I think we have been good partners. As Ana Santos mentioned, our Chief of Human Resources, all of the partners say, and I think they like us, like working for Patria. It's supposed to be fun, right? So also supposed to be fun, right?

So yes, I think it's -- we're not definitely nothing against it. On the contrary, if we think that it adds values. It could be for the whole business; it could be for a part of the business. We did partner up with Bancolombia in Colombia, a venture there. And we are open for it.

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

Anything else? There's another one?

Unidentified Company Representative

Yes. Actually, there is one more here asking, I think it's more from Daniel -- asking thinking about the distribution capabilities and regional hubs, what's next in terms of organizing and having the regional hubs?

Marco Nicola D'ippolito - *Patria Investments Ltd - Managing Partner, Chief Financial Officer*

Yeah. I think definitely, I think given the size of the European region for us, this is something that we are focusing a lot these days, right? So I think that would be the fourth, right, as we're seeing. And definitely, I think we touched on Mexico, that would be another one and definitely North America, given the size and the scale of the market for us.

So I think as we grow, as we have scale, I think these local hubs will be more and more on the agenda, right? And that's, I think, the plan that we have ahead of us.

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

Got another one still?

Unidentified Company Representative

No, I think from the mutual side, it's pretty much it because the other ones are kind of like repetitive to what we discussed before.

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

Great.

Unidentified Participant

You may have already mentioned it, I apologize if you did. But of the $6 billion guidance, Alexandre, that you're giving for fundraising for 2025, roughly how much could it be you think for each asset class?

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

That's a tough one. Tough question, I'll ask Daniel to answer.

Daniel Sorrentino - *Patria Investments Ltd - Managing Partner, Brazil's Country Manager*

That is a tough one. That's a tough one. No, I would say, of course, I think the key, I think, fundraising would be coming from GPMS, definitely real estate and infrastructure. That would be, I think, the three largest ones given where they are in terms of the cycle.

But as I mentioned, I think we have been working more and more on the SMAs, which are the segregated managed accounts, which are basically driven by our clients' demand to us, right? So in that sense, we're pretty much open to give to our clients, access to our investment strategy.

So -- and the pipeline looks amazing in terms of these conversations, right? So we may have a different mix between our asset classes from what we're looking today from -- given where market is and the demands that are coming from our client side.

Unidentified Participant

To follow up on that, just a clarification, I thought in the private equity presentation, there was a number for fundraising for next year. Is that right?

Marco Nicola D'ippolito - *Patria Investments Ltd - Managing Partner, Chief Financial Officer*

Sorry, how much? I didn't --

Unidentified Participant

In the private equity presentation, I thought there was a number for fundraising for next year, and maybe I got that wrong, but I thought it was in the order of $2 billion.

Daniel Sorrentino - *Patria Investments Ltd - Managing Partner, Brazil's Country Manager*

No, I didn't mention anything specific for next year. In regard to $2 billion is the current vintage of private equity funds that we're raising. We see around $2 billion for the vintage near that number. So that's probably where you got that mixed up.

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

Okay. Anything else? Any other questions? Right. Well, with that, thank you all for attending. We really appreciate it. I have to thank Andre, Pedro, Paula for a great job. Please give them all a hand.

And also, all the presenters, I know all of you need a drink. So please join us for some refreshments afterwards. And if you have more questions, ask away. And thank you all and stay dry on your way home.