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PRESENTATION

Operator

Good day and thank you for standing by. Welcome to Patria's First Quarter 2025 Earnings Conference Call.

(Operator Instructions)

Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Rob Lee, Head of Investor Relations. Please go ahead, sir.

Rob Lee - *PATRIA INVESTMENTS LTD - Head of Shareholder Relations*

Thank you. Good morning, everyone, and welcome to Patria's First Quarter 2025 Earnings Call. Speaking today on the call are our Chief Executive Officer, Alex Saigh and our Chief Financial Officer Ana Russo, and our Chief Economist Luis Fernando Lopes for the Q&A session. This morning, we issued a press release and earnings presentation detailing our results for the quarter, which you can find posted on the investor relations section of our website or on Form 6K filed with the Securities and Exchange Commission. This call is being webcast, and a replay will be available.

Before we begin, I'd like to remind everyone that today's call may include forward-looking statements which are uncertain. Do not guarantee future performance and undue reliance should not be placed on them.

Patria assumes no obligation and does not intend to update any such forward-looking statements. Such statements are based on current management expectations and involve risks, including those discussed in the risk factors section of our latest Form 20 annual report. Also note that no statements on this call constitute an offer to sell or a solicitation of an offer to purchase an interest in any patria fund.

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

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Thank you, Rob, and good morning, everyone.

2025 is off to a very exciting start, as fundraising totalled a record $3.2 billion highlighting the expanded reach of our investment platforms and distribution capabilities and putting us well on the way to achieving our $6 billion fundraising target for the year.

This record fundraising benefited from the signing of several large, customized investment accounts and SMAs special managed accounts, emblematic of how we evolved from a product centric asset manager to becoming a solutions provider for our investors.

We also reported first quarter '25 Fee-related earnings or FRE of $42.6 million or $0.27 per share. Representing 21% and 16% year over year growth respectively, despite rising global uncertainty. Fee earning AUM grew 6% sequentially and 46% year over year.

Most notably, we generated over $700 million of organic net inflows into fee earning AM in the first quarter '25. Reflecting an analysed organic growth rate of over 8.6%. This is an important PPI to monitor over time as it highlights our ability to drive organic revenue and earnings growth independent of M&A and investment returns. As we highlighted at our recent Investor Day on December 9th our increased diversification and the expansion of our investment and product capabilities is paying off in the form of robust fundraising and profitable net organic growth. In addition, fee earning AUM growth and management fee revenues benefit from the over 60% proportion of our assets which earn fees based on net asset value and or market value.

Compared to below 10% at the time of our IPO and which provides the opportunity for long term compounding. All of the above reinforces our confidence in the 3-year targets we introduced at the event. Now, let me quickly summarize our first quarter results before we move on to some of the other highlights for the quarter.

First, as we just noted, FRE per share of $0.27 in the first quarter '25 rose 16% year over year, driven by higher management fees due to higher fee earning AOM. The sequential decrease of 22% mainly reflects the expected seasonal decline in incentives, which totalled $12 million in the fourth quarter '24.

Overall, we remain comfortable with our 2025 FRE per share guidance of $1.25 to $1.50 reflecting at the midpoint of the range, approximately 20% year over year growth. We generated $37 million of distributable earnings in the first quarter '25 or $0.23 per share, up 12% year over year.

Driven by strong FRE growth performance related earnings were the diminished in the quarter.

However, the net accrued performance fee balance of $368 million or $2.33 per share rose 15% in the quarter, mainly due to the depreciation of the dollar partially offset by declines in publicly listed portfolio companies within private equity.

For perspective and notwithstanding changes in the value of the public holdings in our carry funds, underlying business trends at our private active portfolio companies generally remain positive. In local currency terms, EBITDA at our non-public P/E portfolio companies, rose approximately 15% on average in 2024.

As we focus on resilient sectors of the economy such as Agribusiness, food and beverage and healthcare. Furthermore, infrastructure three, with $53 million of net accrued performance fees, remains in catch up and we expect it will be the main source of realized performance related earnings over the year.

Assets under management of $46 billion grew 43% year over year and over 9% sequentially with a sequential growth driven by the record quarterly fundraising of $3.2 billion and positive impacts from investment returns and effects. Moving on, the Ernie AUM of 35 billion rose a eurobust 46% year over year and 6% sequentially.

There are several important things to keep in mind regarding our fee earning AUM results. There were no acquisitions in the quarter, and net organic inflows in the first quarter '25 were above $700 million representing an 8.6% annualized organic growth rate.

This was our second straight quarter of positive net organic fee earning AOM growth, and we believe it highlights how our expanded platform is primed to grow organically. Supported by the capabilities we have acquired through our M&A activity, in addition to those we have developed internally.

As a result, we have built a better and more resilient business. Fee earning AUM in the quarter also benefited from continued strong investment returns and a positive effects impact.

Keep in mind that as we highlighted at Investor Day the FRE impact from soft currency FX volatility is modest given that most of our expense base is denominated in local currency.

Providing a substantial natural hedge. We estimate that for every 10% change in soft currencies, our fee-related earnings impact is approximately 2%.

Finally, as we highlighted in the earnest presentation, investment performance remains strong, particularly within credits. It is worth keeping in mind that even though many of our strategies are US dollar or hard currency denominated, Local currency returns are increasingly important as over time, we expect to source more assets from local investors to invest in local strategies.

Moving on to fundraising, as I noted at the start of my remarks, we are very excited to report that we raised $3.2 billion in the first quarter of 2025 and $7.4 billion over the last 12 months, both a record for Patria. The quarter's outstanding results highlight the diversified product offering and distribution capabilities of the platform we have been building.

Fundraising included a mix of customized investment accounts, SMA special management accounts, and other fund structures including drawdown funds, Permanent capital listed vehicles and interval funds all spread across a variety of asset classes.

As of the end of the First quarter of 2025, approximately 20% of our fee earning AUM were in permanent capital vehicles.

The growth of which remains a key long term objective. Drilling down into some of the fundraising highlights for the quarter. We continue to see strong demand from Asian sovereign wealth fund investors, and we closed on approximately $1 billion of commitments from these investors in customized investment accounts and SMAs, special manage accounts that will be invested in or in conjunction with our current vintage private equity buyouts and infrastructure development funds.

The quarter amply demonstrated the expertise we have developed in crafting customized solutions for our investors, and we continue to work on additional mandates for these strategies.

We hope to have more news to share over the coming quarters within GPMS we raised over $620 million in a new special managed account. In addition to normal course fundraising in our commingled vehicles and other special manage accounts. We also continue to see significant momentum across our credit platform led by our flagship US dollar high yield credit fund.

Regarding real estate, while high interest rates in Brazil have impacted demand for many of our listed REITs, we see selected opportunities to raise capital on the floor of the exchange through M&A and consolidation, as well as through credit-oriented REI strategies.

It's important to keep in mind that a significant portion of the capital we raised in the quarter is customized accounts, SMAs, and other products will flow into fee earning AUM as capital is deployed, and our current pending fee earning AUM totals about $3.5 billion.

Also, we will earn fees on most of the co-investment capital sourced through the customized accounts and SMAs once deployed.

Of course, while we are excited about our robust fundraising this quarter and believe we are comfortably on track to hit our $6 billion dollar target for the year. It is important to note that the 1st quarter benefited from the closing of several large SMAs and customized accounts that we have been working on for some time.

While we continue to work on other customized solutions across the platform.

In addition to our normal fundraising, The timing of when large and complex customized investment contracts will close is very difficult to predict.

With that, we caution against extrapolating the extraordinary fundraising success in the 1st quarter across the entire year as a new level of quarterly fundraising.

Our efforts to diversify our platform and increase the resiliency of our business could not be timelier considering the highlighted global macro uncertainty and increased volatility that has gripped economies and markets around the world since the proposed imposition of widespread tariffs by the US on its trading partners. And uncertainty over future trade and economic policies.

Against this backdrop, it's important for investors to understand and appreciate how the region in general and patria is specifically are positioned in these uncertain times.

In a nutshell, while it's possible that increased economic uncertainty and volatility could have a dampening impact on investors' willingness to commit capital to new investments in the short run, We believe Latin America is becoming a more attractive destination for capital even as our locally focused and diversified business model enhances our resilience.

While much uncertainty remains and the potential for a global recession creates challenges and headwinds, we believe the region and Patria are positioned to weather and indeed possibly thrive in these challenging conditions.

Consider that save for Mexico, where our current exposure is minimal at below 3% of AUM.

The region is less exposed to potential tariffs and initially faced lower effective tariffs than other regions.

Long term, however, we believe Mexico remains an attractive potential market for expansion.

As the trade war between the US, China, and other countries escalates, we believe Latin America as a region is a beneficiary, given the region's low level of geopolitical risk and export markets that focus on in-demand agricultural products in addition to both hard and soft commodities.

With a population of over 650 million people and a combined GDP of over $6.5 trillion the region also has large and growing internal markets that provide an attractive export destination for trading partners.

As evidence of these attributes, China is already Brazil's largest trading partner and the largest in the region when excluding Mexico. Also, the European Union and the Mercosur, a regional consortium of countries including Brazil and Argentina recently signed a trade agreement after nearly 20 years of negotiation.

Spurred on, we believe, by defending imposition of tariffs and increased uncertainty out of the US. The region's relative attractiveness as a destination for investment can also be seen as it captures a growing market share of foreign direct investment which the United Nations Trade and Development Organization estimates reached 14.5% in 2023 more than 3 times the 4% in 1,999.

Which represents the beginning of the data series, making Latin America one of the few regions to record a pickup in market share. From Patra's perspective, as investors in the region, with over 36 years with significant boots on the ground resources, we have extensive experience in dealing with and investing through periods of high interest rates, effects, volatility, and economic uncertainty.

At the strategy or investment level, our private act investments are mostly oriented toward domestic consumption markets not export markets Infrastructure by its nature is local, and our GPMS solutions business is focused on the European and to a lesser extent US.

Middle market P/E secondaries, primaries, and co-investments. Direct exposure to export focused businesses and or investments in the US is minimal. Our position within Latin America as the go to alternative manager for global investors looking to invest in the region is best evidenced by the customized investment accounts we completed in the 1st quarter with several Asian sovereign wealth funds.

While this interest preceded the recent tariff-induced economic uncertainty, we believe recent trade actions by the US have led to early signs of increased interest from Asian. Middle Eastern and increasingly European investors in our infrastructure and other strategies, including our European solutions business.

As investors seek alternative destinations outside the US to deploy capital and earn returns. Also, the potential for the denominator effect to once again rear its head. As well as the prospect for lower DPIs in the global P/E industry should also benefit our solutions business, particularly our secondary strategies.

Our business is also built to serve local investors and at the local level. We continue to see early signs of increased allocations to alternatives from local investors and institutions that are both under allocated to alternative strategies.

And are often required to invest locally and understandably have a home country bias in times of economic stress and uncertainty. Local investors in Latam accounted for approximately 17% of our fundraising in the first quarter '25 and over 40% in 2024. And we believe the current uncertainty is also supportive of demand for our European solutions business.

Last but not least, economically, our fee earning AUM and management fees are very sticky and highly predictable, as approximately 20% of our fee earning AUM are in permanent capital vehicles and approximately 90% in vehicles with no or limited redemption features.

At the same time, our FRE has little sensitivity to both currency FX volatility, as we mentioned earlier. Pulling this all together, our financial results and strong fundraising provide additional evidence that our strategy to diversify. And grow our business both organically and inorganically while also increasing our resilience is paying off in the form of better organic growth and growing FRE.

It's been only 4 years since our IPO but as we highlighted at our investor day, which is available on our website over that brief period, we have greatly expanded our regional and global investor base and distribution capabilities, and we have significantly diversified our investment strategies and product offerings. In addition to consistently achieving or beating virtually all of the objectives we set for ourselves since the time of our IPO.

We believe we are off to a strong start to deliver on the new fundraising, fee-related earnings, and other targets we unveiled at our recent investor day.

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

Thank you.

Ana Russo - *PATRIA INVESTMENTS LTD. - Chief Financial Officer*

Thank you, Alex, and good morning everyone. As Alex mentioned, 2025 is off to a very exciting start and the expanded reach of our investment platforms and products and distribution capability helped us raise $3.2 billion in the first quarter, a quarterly record. Strong results in the quarter increases our confidence that we are on track to achieve our 2025 objective. That will be our first quarter results.

As Alex highlighted earlier, we are very pleased with our fundraising in the quarter and believe we are well on track to achieve our $6 billion target for the year against the backdrop of increased global uncertainty and volatility.

Our AUM wrote 46% year over year and 6% sequentially to approximately $35 billion while acquisitions drove most of the year over year increase, the strong sequential growth reflects a combination of solid net organic inflows, as well as positive contributions from investment, performance, and movements due to the depreciating US dollar.

As a result of the US dollar depreciation in the quarter, fee earning AUM recouped approximately half of the negative effects impact in the fourth quarter 2024. More importantly, however, and as we highlighted in prior calls, taxation has limited impacts on our FRE since our expense state provides a substantial hedge against currency movements that may impact our fee earning AUM and consequently our fee revenues.

As we view that our investor date back on December 9th, based on our current asset class mix, a 10% variance in sub currencies against the dollar impacts effort by only about 2%. It's particularly noteworthy that in the quarter Patria generated approximately $700 million of netting flows into AUM for an 8.6% annualized organic growth rate.

Since the end of the third quarter of '24, Patria has generated about $1 billion of organic netting flows, highlighting the organic growth potential of our expanded platform. Of note, we reintroduce our pending fee earning AUM KPI, which highlights that we have almost $3.5 billion of already committed capital that should turn into fee earning AUM as the capital is deployed.

For comparative purpose, this KPI was approximately 2 billion at year end 2024.

The expanding fee earning AUM combined with our fundraising goals, the 20% of fee earning AUM there are in permanent capital vehicles, and the 35% of fee earning AUM in drawdown funds with a life of 6.5 years all point to our ability to generate net organic growth over time.

Total fee revenue in the first quarter reached $77.3 million up 28% over the prior year, about a $170 million increase, driven in large part by the full impact of our acquisitions completed in 2024, incremental inflow mainly into credit, partially offset by private equity for which sees charging feees.

It is worth mentioning that due to timing of net asset flows into fee earning AUM, management fee revenue in the first quarter did not reflect the full impact of the quarter's asset growth.

First quarter '25 revenue decreased 17% versus private quarter, primarily due to the year-end seasonal incentive fee of about $12 million in addition to retracted management fees of approximately $2.7 million that were recognized in the fourth quarter compared to just $0.3 million that were recognized in the first quarter. Excluding the impact of retro fees, management fee revenue was essentially flat.

Sequentially. We currently expect retrofits to be at least 1 million in the second quarter of 2025.

Our management fee rate averaged about 96 basis points for the last 12 months. As we review at our investor date, we are steadily diversifying our business and introducing new investment strategies and product structures, which are key drivers of ours.

Consequently, our management fee rate will continue to evolve, and we expect our fee rate over the coming years to trend towards approximately 90 basis points, but can vary substantially from quarter to quarter depending on weeks. Moving on, operating expenses, which include personal and GNA expenses totalling approximately $35 million in this quarter, were up 36% versus Q1 2024, or $9.3 million.

About 75% of this increase reflects the impact of acquisitions with the balance driven by continuing investment of our bill. The sequential decline reflects a combination of the seasonal effects of both our bonus of personal cost as well as seasonality in GNA expenses.

Looking ahead, we believe the first quarter, personnel and GNA expenses combined are a good baseline run rate. Putting it all together, I deliver few related earnings of $42.6 million a quarter, up 21% versus prior year, with an FRE margin of 55%.

We continue to expect the full year margin to fall within the range of our 58% to 60% guidance as we growth in revenues and capture incremental expenses synergy from our acquisition. Overall, given the strong start to the year, we remain confident in our fundraising target of $6 billion and our ability to achieve our FI target of $200 million to $225 million.

Next, our net financial and other income and expense in Q1'25 total a negative $2.8 million reflecting mainly interest expense on our credit facilities, partially offset by income generated in our new energy trading platform TRA, which contributed about $1.1 million in the quarter. As of the first quarter, net debt total approximately $143 million compared to $190 million at year end.

Our net debt to FRE ratio was well below 1 time at the end of the quarter, in line with our long-term guidance. Our effective tax rate in the quarter was 9.2%, an increase of 5.5% points versus the five quarter, mainly reflecting the impact of performance fee of our Q4'24 tax rate and our mix of jurisdictions.

We continue to expect our tax rate to trend towards 10% at the end of our 3-year target period in 2027, given our revolving business need and new platforms located in higher tax jurisdictions.

In Q1 2025, we generated $37 million of distributor earnings, up almost 17% year over year, reflecting higher FRE, partially offset by higher net financial interest expense, while the sequential decline reflects the impact of both performance fees and incentive fees of fourth quarter '24 results.

First quarter, per share of $0.23 was up 12% versus the prior year on higher FRE partially upset by a higher share account and a slightly higher tax rate and financial income.

Regarding the share count, we finished the quarter at 158 million shares and continue to expect the share count to average between 158 million and 160 million from 2025 to 2027 inclusive share repurchase, which will be focused on offsetting stock-based compensation.

Finally, as we announced during our tax day, the board approved for 2025 a quarterly dividend per share of $0.15.

With regards to our share repurchase program, we did not repurchase shares in the quarter, but it remains our intention to repurchase shares over the course of the 2025. Overall, we are very pleased with our first quarter results and the momentum we have built as we continue to diversify and improve the resilience of our bill. We believe we are on track to meet our FRA targets for 2025, and we are excited regarding the growth opportunities that lies ahead.

Thank you everyone for diving in, and we are now ready to answer your question.

QUESTIONS AND ANSWERS

Operator

Thank you.

(Operator Instructions)

Our first question is going to come from the line of Craig Siegenthaler with Bank of America. Your line is open. Please go ahead.

Craig Siegenthaler - *Bank of America Securities - Analyst*

Good morning, Alex. Hope everyone's doing well.

My question is on the macro side.

The trade conflicts should be a positive for Letam and Brazil, encouraging more FDI. How are your portfolios positioned from higher tariffs from the US and some of its largest trade partners, including China?

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Thank you, Craig. Nice speaking with you. This is Alex here and, thanks for your presence here, in this call. Well, we, if we break it down, I think most of our, investments are, know, Latin oriented, so in, within Latin America, our exposure to Mexico is minimum, less than 3%, 1 to 3%.

So most of our exposure when I say Latin America is basically South America, and there I think our investments are, pretty much local, in sectors that we think are very resilient and locally, driven like healthcare, food and beverage, and on the infrastructure side, it's now very local by nature, toll roads, etc.

And our exposure to companies through our credit portfolio, very local as well as I mentioned, the less than 3% in Mexico, and when I go to real estate it's even more local and it has all to do with the local drivers of the countries like Brazil, like, Chile, Colombia, etc.

So, in general, I think that our exposure, to this whole tariff war is relatively low. As the region, is in the group, of, the 10% tariffs, which is now, the lower end of the spectrum of the tariffs that, was imposed by the US.

On the other side of the, of this equation here, I definitely think that the region will be benefited, from if this trade war continues as it is, as it changes every half an hour, but if it continues, where the region, will be, tariffed at the 10% level and the other regions of the world with higher tariffs. I think that region will be benefit because it's a huge consumption market. Large part of the GDPs of these countries is com composed by local consumption, the see of the of the GDP formula and these, trading partners, our trading partners will look into the region as a place to actually sell their products. China being, I think the largest trading partner in the region, excluding Mexico.

So, and lastly, I think even if the whole tariff, debacle go back to square goes back to square one, in my humble opinion here, I think this was a credibility shakeup. With the current US leadership.

That I think that investors around the world will look for other places to invest besides the US. Now, when we were talking to investors in during 2023 and 2024, and even the later part of '24, there was a big push towards US investments, US equities and whatever and when I talked to investors now, I think there's a big push outside of the US. And as I mentioned, it's just, my personal opinion. Even if the tariff deco goes back to square one, I think there was a credibility shock here and investors will look for other places to invest in Latin America, and I think is a very interesting region, low geopolitical risks, etc.

So three parts of my answer here. Number one, a straight, answer to your question, I don't think our portfolio will be and in, will be affected negatively affected by the tariffs, of course, if there's a global recession or whatever, things of, everything moves in the wrong direction, but as we see it now, I think it's a low risk portfolio, as far as the effects of the tariffs are concerned. Second, I think investors our region will be benefits because we are in the low tariff bracket and investors see this very large consumption market to sell products to into and lastly, I think, investors will invest more in the region. I gave an FDI figure here for 2024, the region represented 14.3% of all the FDI versus 4% in 1,990. So, basically 3 times more, even more than that in market share. And I think that's going to increase as we look into the near future.

Hope I answered your question correct.

Craig Siegenthaler - *Bank of America Securities - Analyst*

No, that was great, Alex. Just for my fault, and we can stick with the trade war topic but move on to the fundraising front. There has been some news that Chinese institutions will be divesting from US private markets.

Could this open the door for Patria if they divert their private markets allocations from US to Leam and Brazil specifically?

We're just curious how your LP meetings and calls have gone since April 2nd.

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

The answer is yes, and I think this conversation, was already happening last year. I think the Chinese investors specifically were already anticipating a potential, Mr. Trump's winning the election, the US election as President, so they were already taking steps in.

In the direction of lowering their reducing their US exposure and having us sign a billion dollars of SMAs, which is for us a very large amount in the first quarter of 2025, is a reflection of that and these negotiations were going on during 2024 when Mr. Trump was not the US President yet.

So, I think it's going to continue to drive, in this direction. Our conversation after April 2nd we intensify that we learned from our, Asian and not only Asian but also Middle Easterns and some European investors a concern and continue allocating to US alternative asset managers, for geopolitical reasons, going all the way to, no, we might have our accounts frozen and so all the way from those a small amount of precaution to all the way down to the red zone of, what happens if this and this and this and that and we are completely out of this, right? And all of our fund structures are that they do not flow through the US They flow through other jurisdictions. We are not a US company. We are a Cayman-based company which has no US jurisdictions influence there, etc. Etc. Etc. So I think besides being in a part of the world that I think will benefit from this geopolitical, confusion and certainty, specifically for Patria, we are structured and designed as a non-US company. We were always like that, and I think this, will definitely, benefit us, it's. In this, very uncertain world, and we already had these kind of conversations with our investors after April 2nd.

Hope I answer your question.

Craig Siegenthaler - *Bank of America Securities - Analyst*

Thank you, Alex.

Operator

Thank you, and one moment as we move on to our next question.

Our next question is going to come from the line of Tito Lobardo with Goldman Sachs. Your line is open. Please go ahead.

Unidentified Participant 1

Hi, good morning, Alex, Anna, and Rob, thanks for the call for taking my question.

My question, also on the fundraising, but I think you mentioned that you don't really see any impact yet from the noise around tariffs and given the in the first quarter where you saw very good.

Fundraising, but you know just thinking about the outlook from here, you're already more than halfway to your target of $6 billion for the year. So, I mean, given this uncertainty with Paris, potentially more interest in Latam, do you see potential upside to that $6 billion in fundraising for the full year, or is there anything extraordinary in the quarter that maybe is not recurring?

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Well, thanks for the question tonight. It's nice talking to you. Thanks for participating in this call. We're keeping, I think, straight answer to your question, then I'll expand. I think we're keeping the $6 billion dollar target. We had a great first quarter, but I caution like, $3.2 billion times four, that's, I think that's a very aggressive number, but we, so we're keeping the $6 billion dollar target. However, as I see it today, we're more a little bit over halfway through, which is a very good position to be in, so I know, I feel very comfortable and the team feels very comfortable that we can actually hit our $6 billion target, which for us is an amazing number, right? We, when we gave out the number, the $21 billion for the next few years, 6 years, 7 next year, $18 million in 20 in 2027 during our investor day, December 9th, 2024.

And now $21 billion for us in 3 years, $6 billion this year, it's a very substantial number given our size, and we already know, over $3 billion in the first quarter. And more so I think we did raise through that $3.2 billion $700 million in fee paying a CNY in the quarter of net new money. So, you see the strategy being paid off, and I'm not even counting the valuation increases in the $700 million. I'm not counting the valuation increases, and we charge on NATee. So, no, we started with a, in 2024 with a, net new money of around $380 million for the whole year. And then we have $700 million of net new money in the fee-paying AUM accounts in the first quarter. So, again, no, its extremely good fundraising, very strong fundraising. Do I know that April 2nd was after the end of the first quarter. However, I don't think that all of these Asian investors and sovereign funds would have signed all these SMAs with us in the first quarter of 2025 because The whole uncertainty on the tariffs were already there, even though April 2nd was after the end of the quarter, but they would have cautiously, said, look, Alex, let me sign this during the 2nd quarter to see what's going to happen, and they didn't.

And they didn't actually, if I go back to Craig's question in 2024, stop these conversations. On the contrary, they are, actually pushing on these conversations to expose themselves more to Latam, and a tiny move on their side is a huge effect for us, right? What is a billion dollars or $2 billion for these, Asian sovereign funds.

It's nothing for them and for us a billion, $2 billion, $3 billion is half of what we have to fundraise for the year, right? So anything that we, and we are the largest alternative asset manager in the region and in my view, of course I have a BSU the most better positions, to take on this, additional flow of money in infrastructure, in credit, in private acting, whatever, the first, these two SMAs will drive money into our infrastructure and private equity, flagship funds of vintages. However, the conversations with these investors are much broader as we go into the year, we might, you might be hearing news from us from other kinds of SMAs like managing assets that they already have on the ground in Latin America know them investing on the credit side. There're so many ideas that it's going on. I think the conversation changed, dramatically to the better, Tito, and us, and us being there, I think. Investing in the region and I mean in Asia for so many years, we opened our office in Hong Kong, now eight years ago. We opened an office in Dubai actually in the first investment we had was a, in our 97 fund one vintage from KIO, the Kuwait Investment Authority. So, we've been there in the region, so we've been there in the right place at the right time and being the largest in the region here in Latam.

We have now been able to maximize, those investments and taking advantage of it, and you can see the numbers already there in the first quarter. I think I'm going to, we're going to be talking a lot more about this during the rest of 2025 where we're going to be announcing other SMAs and other relationships of this sort.

Now I hope I answered your question.

Unidentified Participant 1

Yeah, no, that's very helpful, Alex. Thank you. Maybe I guess just on the follow up, conversely, if you look at the fee related earnings, just analyse it and even considering some incentive fees in 4Q, you are running a bit below the $200 million, $225 million guidance.

So, the jump in the fee earning AUM that we saw this quarter, should that already begin to benefit in Q2? Would that be more for 3Q and 4Q and along those lines, I mean, you do you expect a jump in that fee related earnings to get closer to the trend to deliver on the guidance for the full year?

Thank you.

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Yes, I think, yeah, we see everything that you just mentioned and if I do a straight math here, I think we are now, right on target to the, to deliver the middle of the guidance and I think we can.

And I think we can do better than that, but just a very simple math. Now, the fee related earnings for us for the first quarter of 2025 was $42.6 million.

As you can see there from our presentation and earnings call, if you just multiply that by 4, we get to $170 million. Okay, so, we're going to do better than that because you know everything that you said, the fee earning that the AUM that was raised will turn into fee earnings, etc. As we know, invest that capital, blah blah blah, but just $42.6 million for the quarter times 4 is $170 million.

If we add to that to the same $12 million of incentive fees that we had.

In 2024, I'm just repeating that now and again, most of that fee came from our credit strategies and the volatility or whatever in the market favors, our credit strategies here trading our bonds, etc. But whatever I'm keeping the same $12 million of last year, so $170 million plus $12 million, that's $182 million.

If we do raise the $6 billion for the year, now, as now, we raised 3.2% in the first quarter, so I think we're very well positioned to raise the 6%. The 6% means on average $3 billion a year, right? $6 for the whole year, A of 3, even though we jumpstarted with 3.2, but let's say average of 3 for the whole year, 96 basis points of management fees. So, 96 basis of the $6 billion is 28 million.

So, if I add now to the $182 million number $28 million, that's $210 million right in the middle of the $200 and $225 million. So, if I just repeat the first quarter on FRE, which I think again we, we're very strong in doing that, if I have the same incentive fees as last year, and if I raise the $6 billion averages of $3 billion, and again I started the year with 3.2, I already get to $210 million.

Right, in a simple math, so, again, that's why we think I'm here saying that we are reiterating the guidance of $200 million, $225 million.

I hope answered.

Unidentified Participant 1

Yeah, perfect, that's very clear. Thank you, Alex.

Operator

Thank you. One moment for our next question.

Our next question comes from the line of Ricardo Buchpiguel with BTG Pactual.

Your line is open. Please go ahead.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

Good morning, everyone and thank you for the opportunity of making questions.

Could you please provide an update on the integration of all DNAs completed last year, talking about also what parts of the process have been easier or more challenging than expected so far.

Thank you very much.

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Of course, Ricardo, nice speaking to you and thanks for participating. I think we, internally here we're calling 2025 our no integration year and as we did then, in our three guidance give inorganic guideline but to the tail ended right now doing acquisitions, in 26, 27 and not doing relevant acquisitions. At least in the guidelines for 2025 in order for us during the later part of '24 and in '25 to integrate the business and have given us that time to do that. That's how have been our focus. I think we know we launched internally what we call a one patriot program, going all the way from.

The front line to the middle office, the support areas, the back office, etc.

Right now we're pretty happy that we are on target on the integration. We haven't, seen any major issues there, any, things that actually concerns us, no yellow flags, to be honest, I think we had the exact we had already designed what we wanted to do on the process side and on the governance side, on the system side, we are implementing, so give you 11 example, all of our HR is already under the same system, all our payroll, compensation schemes, valuation, that's all done.

And that's, we actually did go through, end of the year evaluations of our 800 plus employees, late 2024 under the common system, common methodology, we use the nine blocks, we use a common, a one system to do all these evaluations. No, everything in, under our Oracle ERP, we have everybody already, downloaded in our, share, compensation program that is a company that manages all of our employees in a global scale, we go on and on and on. So basically done, so which is, we are people business, right? So this is the most important part of our business because it is, no.

The majority of our costs and we have to treat people very well as we are people business and then I can go on and on the other, on the other, support areas and back office areas integration, but as a, I used one example which was HR I can, and yes, so we're I think we see into 2025 where. We're already there but getting to the end of the year with everything fully integrated, and ready to go, and I think, with that, we do generate synergy. So, that's why we're also given the guidance that for the year of 2025, we're going to post 58% to 60% FRE margins. And why is that? Because you saw lower margins last year.

Then that because we are then with these integrations generating the synergies and being able to push the margins back to the 58% to 60% level that we had in 2023. So, we're fine. I think it's, we haven't.

Seen any, again, as I mentioned, any yellow flags up to now and hopefully that we're going to stay that way until the end of the year. I hope I answered your question, but if you have anything specific about the integration, I'm happy to be able to answer it.

Ricardo Buchpiguel - *BTG Pactual - Analyst*

I'm very clear.

Thank you very much.

Operator

Thank you one moment as we move on to our next question.

Our next question comes from the line of William Barranjard with Itau BBA. Your line is open, please go ahead.

William Barranjard - *Itau BBA - Analyst*

Okay, thank you.

Thank you, everyone.

Thank you, Alex for the presentation. My question here is regarding the pending AUM. You said, you told us during the call.

So could you give us an overview of this 3.5 billion, maybe a breakdown such as what are the strategies they will be allocated and the expected management fee on them. And also if you could share expectations in terms of timing of these allocations, that would be great.

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Okay, no, thank you very much. Thanks for your question here and thanks for participating in our call. Well, we mentioned there that we have around $3.4 million $3.5 billion of pending, fee paying AUM $3.5 billion of pending fee-paying AUM

I think it's a, it's this it's pretty much broken down, in most of it go into our infrastructure and GPMS verticals. The, however, this number changes a lot over time. So I'm giving a you a picture, not a film of what happened. So, I would, my humble suggestion here, project as we look into the future. The average management fee that we are currently.

Having of 96 basis points, over once we actually deploy that money.

You can see that the breakdown that actually favors infrastructure and GPMS infrastructure has a higher management fee than the 96 basis points, but as a suggestion, I would use the average. It's very hard to break down quarter by quarter, as we see during the year, you might in the in the in the second quarter, you'll have a higher fundraising for another asset class, etc. So on average, I would, I would use a 96 basis point. When are we deploying that money? Normally we deploy that money over the next, 4 to 6 quarters, but I know, again, on the infrastructure and GP and GPMS side, I think within, I think within 2025, I think we're going to be able to deploy that money along the year. I would also use an average for the year, as we do, deploy that money over the 2nd, 3rd and 4th quarter.

And as I mentioned during, my answer to Tito's question, when we project that we're going to raise $6 billion which is our guidance, we project that on average we're going to have $3 billion of Tingayuan, right, just as a natural average here, but as we did, raise the $3.2 billion in the first quarter. We're in a better position to be able to, invest that money earlier than our projections because of the fact that we are now with this money, ready to go. I hope I answered your question. Maybe if you want to know any other further questions, I'm no, glad to answer.

No, that is perfect.

Operator

Thank you.

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Thank you.

Operator

Thank you. One moment for our next question.

Our next question comes from the line of Gilery Gurspan with JP Morgan. Your line is open. Please go ahead.

Unidentified Participant 2

Hey, Alex and team. Good morning.

Thank you for the presentation. Congratulations on the fundraising. My question is basically two.

The first one is on credit, a very strong performance. It was mostly the high yield rate and also Chile on fixed income was also strong. Just a little bit more granularity, what do you think drove this very strong performance on credit, in terms of fundraising?

And if you expect it to be resilient throughout the year, I know we had the pension reform in Chile, but I don't think it's in the numbers yet. So I just want.

These funds and then the second thing is just a recap on the drawdown funds. I think nowadays we're sitting at $2.4 billion committed capital on infra already and private equity 1.5%. Just a reminder, what is the fund target that you want to the size target you want to have on the funds.

And what is going to be the timeline ahead until when you expect to fundraise those funds.

Thank you.

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

No, thank you very much, [Gilme]. Thanks for participating in the call and, going back to the, to your credit, question.

No, we've been performing very well. I think the team has been able to, actually.

Ride these volatility moments extremely well and beating the benchmark as you saw in most of the credit funds and even more so in the flagship funds, the dollar denominated last time high yield, it was a question of, being the right, overall for the fund, the right duration, with everything that happened.

Also, there is a, as we see within the countries in South America, Chile coming first in, lowering, inflation expectations, low inflation, lowering interest rates, with an interesting view. On the, a potential political change, later this year. So I think that also reflects, in better equities and better, credit, prices for Chile and, I think going into, to Colombia that will have, elections, early next year. Now, we are also seeing that the current government is.

Driving very low popularity rates and there might be a change there as well. The markets will begin to anticipate that I think later this year, which will continue to benefit us as we position ourselves in these securities from these countries and then it comes to Brazil later next year. So it's a little bit far from the Brazilian election here. So that's plus I think the strategy of the team plus the moments of, high interest rates in general, did benefit the. The asset class, and, I think it will continue to do that. I think we raised a private, a private credit fund, late last year, early this year, and I think we're already, anticipating, raising a second private credit fund, a Latam regional private, sometime this year because of no high interest from investors. So, we might launch, private credit number 2 already, no.

Nine months after closing credit, private credit number 1, which you can see that you know some, I'm giving you some data points on the high level of interest from investors on, for our credit products in general.

On the private equity 7 and infrastructure 5 that you asked.

Private Equity 7 will probably finish with around $2 billion if adding these SMAs that were directed to private active that I just mentioned, during the call. Some of the SMAs that we raised in the first quarter, most of them were guided to private equity, to invest along private equity 7 and to invest along infrastructure 5, so we, we'll probably land around $2 billion. There are fee paying, and very good fee paying, management fees and performance fees, these SMAs. So, it adds to that to that vintage. So, within the vintage of private equity 7, we have the closed-end fund. We have some closed-end funds that are regional close-end funds just for Brazilian res. We're going to have a closed-end fund just for Colombian pesos and we have now these SMEs. So if you add the pan-regional dollar denominated fund with the Brazilian just raises fund. The Colombian just business, the, this Colombian business denominated fund and the, and, the SMA and all of these, they have to invest together because it's a that's how investors ask us to invest alongside, one fund investing alongside the other, even though, they are, they have different currencies that denominate their management fees and performance fees, they all invest together. So, it's a $2 billion dollar vintage, same for infrastructure fund 5, I think we're going to surpass the $2 billion probably we're going to be at the 2.5%. We already surpassed the $2 billion probably going to be at the $2.5 million, and I was also always saying that it's going to be $2 million to $2.5 million and private equity 7 is going to be around 2, so we'll get there for private equity 7 and infra is going to be closer to 2.5. Same, I know we have infrastructure Development Fund $5 denominated pan regional. We have infrastructure Development Fund 5.AI is denominated. We have infrastructure development from 5 business of Colombian businesses nominated, and we have these SMAs that invest paying fees alongside these, all these funds that I mentioned, so that, we're going to reach, I think, over $2.5 billion. So happy that we're there, I think, it took longer than we expected. I think not only us, but all the other alternative managers around the world are feeling that fundraising is taking longer than they expect, but I'm happy that we are landing at least, with the numbers that we were talking throughout the last two years actually.

Thank you very much for, I hope I answered your question then.

Thank you.

William Barranjard - *Itau BBA - Analyst*

Yes, you did.

Thank you, Alex.

Operator

Thank you, and I would now like to hand the conference back over to Alex Saigh for closing remarks.

Alex Saigh - *PATRIA INVESTMENTS LTD. - Chief Executive Officer*

Well, thank you very much for your time here. I think now again out for a great start, in 2025, no great fundraising, great results. I think the, as I mentioned here when answering Chito's question, our FRA for the quarter is $42.6 million.

If you multiply by 4, and then if you add the same incentive fees of last year and then an average $3 billion dollar capital raise for this year. We get already to the $210 million, so very well positioned here to deliver the $200 million to $225 million dollar guidance that we gave you guys, of course, also very well positioned to deliver on the $6 billion dollar fundraising target, and as we move into the year, I think that, no, the region and patria probably will be very much benefited from the whole. Tariff uncertainties because of the low geopolitical risks of the region and how we are very well positioned to serve our Asian clients, Middle Eastern clients, and European client clients. So, thanks for your patience. I hope to see you in person, soon and again, have a good Friday.

Thank you very much. Bye.

Operator

This concludes today's conference call.

Thank you for participating and you may now disconnect. Everyone, have a great day.
