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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to Patria's second quarter 2026 earnings call.

(Operator Instructions)

I would now like to turn the conference over to Andrea Medina, Investor Relations Director. Please go ahead.

Andre Medina - *Patria Investments Ltd - Investor Relations*

Good morning, everyone. Welcome to Patria's second quarter 2026 earnings call. Speaking today are our Chief Executive Officer, Alex Saigh, and our Chief Financial Officer, Raphael Denadai. This morning, we issued a press release and earnings presentation available on our investor relations website and on Form 6-K, furnished to the SEC. A replay will be available on our IR website. As a reminder, today's call contains forward-looking statements, including statements relating to our guidance and targets, which are subject to risks and uncertainties, do not guarantee future performance, and undue reliance should not be placed on them. Please refer to the forward-looking statements disclaimer and risk factors in our most recent Form 20-F. Patria reports on the IFRS and will reference certain non-IFRS measures. Definitions and reconciliations to the most direct comparable IFRS measures are in the earnings presentation. With that, I'll hand it over to Alex.

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

Thank you,Andre. Good morning, everyone. Our second quarter results reflect continued strong fundraising momentum, supported by consistent investment performance across our diversified platform.

Fundraising in the quarter totaled $2.3 billion, bringing the year-to-date total to $4.5 billion and keeping us on track to exceed our full-year fundraising target of $7 billion. Given the strong momentum in investor demand, we continue to believe fundraising can surpass our 2025 all-time record of $7.7 billion. We are on pace to exceed our three-year fundraising targets of $21 billion from 2025 through 2027. Fee-earning AUM reached $48.9 billion, up approximately 7% from first quarter 2026 and 32% from one year ago, reflecting year-over-year organic growth, the closing of three acquisitions, and positive investment performance, primarily in credit, real estate, public equities, and GPMS.

The growth in Fee-earning AUM drove Fee Related Earnings of $57.1 million for the quarter, up 13% sequentially and 24% year-over-year. We remain on track to achieve our full-year FRE guidance of $225 million to $245 million. Finally, Distributable Earnings per share of $0.32

rose 19% sequentially and 31% year-over-year. Raphael will take you through our financials in more detail. Investment performance. Our investment performance remains consistent and continues to support fundraising across the platform. Over 85% of our current Fee-earning AUM, excluding SMAs and third-party managed funds, which are not reported, are invested in funds performing at or above their benchmarks since inception.

In credit, our flagship LatAm high-yield strategy with over $5.5 billion in fee-earning AUM, has generated 11% annualized net returns in US dollars since its inception 26 years ago, outperforming its benchmark by more than 360 basis points. As you can see in our earnings presentation, this strategy is outperforming its benchmark for all periods presented, including year-to-date , one, three, and five years. In infrastructure, the pooled return of our latest three vintages, which are our active funds, exceeds the benchmark by more than 750 basis points. In Global Private Market Solutions, our two active and more mature co-mingled secondary funds SOF III and SOF IV are outperforming their benchmarks by 650 and 560 basis points, respectively. For further information on our investment performance, please refer to pages 17 to 21 of our second quarter 2026 earnings presentation.

In private equity, two of our older active vintages, our buyout Funds 4 and 5, which together represent under $2 billion of AUM or under $1.3 billion of fee earning AUM have, as previously disclosed, not performed well, and we have marked these funds down in the quarter. Among other things, these funds have been seeking divestments through an atypically long period of high interest rates in Brazil, and several of their investments were severely affected by longstanding macroeconomic adversities in the aftermath of COVID, as well as by sector-specific shocks. These challenges and our focus on accelerating divestments from these funds to expedite the return of capital to investors are now reflected in their marks.

Importantly, the management fees for our private equity drawdown funds in which committed capital is deployed gradually into investments, are not impacted by portfolio markdowns or markups, as fees are charged on invested costs. In addition, Fund IV has not generated management fees for the last two years, and both Funds 4 and 5 have no accrued performance fees since the fourth quarter of 2025. These markdowns do not impact our net accrued performance fees. These two older private equity vintages do not describe our private equity franchise today. We have made significant changes to our private equity team and strategy over the past few years, and Funds 6 and 7 were invested in a different macro environment.

Of note, portfolio companies in Funds 6 and 7 have little to no leverage and have been performing well, growing EBITDA by approximately 10.5% on average over the past two years. It is important to note that while approximately 30% of our fee earning AUM, which are mainly in drawdown funds and earn fees predominantly on invested capital at cost, approximately 70% of our fee earning AUM are in funds, mostly in credit, real estate and public equities, that charge fees on the market value of traded securities, and where, therefore, investment performance directly translates into revenue growth. Fundraising now. Let me provide some additional color on fundraising. A key highlight of the quarter was a new $1 billion commitment from an existing sovereign wealth fund client to a multi-asset separately managed account.

This mandate significantly expands our relationship with the clients and reflects the growing demand for Patriots solutions-oriented approach.

Allowing capital to be deployed flexibly across asset classes and strategies we believe this type of mandate is particularly attractive given its stable, long-duration capital profile and its ability to deepen strategic partnerships with investors.

Now on credit. Focusing more specifically on our asset classes, credit remained a strong contributor to fundraising with over $650 million raised in the quarter, bringing the year-to-date total to approximately $1.6 billion. Demand momentum continues, driven by the aforementioned strong performance across our public credit strategies. The growing interest in dollar-denominated private credit funds and the multiple structural growth drivers, namely banking disintermediation and the broader financial deepening, which are supporting the growth of Solis, our recently acquired CLO business in Brazil.

Solis has raised over $500 million since we closed the transaction at the start of the year. Now on Global Private Market Solutions. For Global Private Market Solutions, the fundraising highlight of the quarter was the final close of SOF V, our fifth vintage flagship secondaries commingled fund. Total commitments to this fund reached $676 million, exceeding our original fundraising target of $500 million by approximately 35%. Re-up investors represented approximately 36% of commitments, with the balance comprising a combination of existing and new investor relationships. The fund attracted capital from five regions, with North America representing over 50% of capital commitments, followed by Europe at approximately 40%, together with additional commitments from investors across Latin America, the Middle East, and APAC.

Of course, a key focus for GPMS during the quarter was the closing on April 1 and onboarding of our WP Global Partners acquisition, which expands our lower middle market private equity solutions platform in the U.S. We are pleased with the progress we have made to date with the WP team successfully integrated. Into our New York office and already contributing to investment activity across the GPMS platform.

Now on infrastructure. In infrastructure, we are excited about our Infra Core strategy and are targeting a first closing later this year alongside its inaugural deal. This strategy focuses on a pipeline of mature infrastructure assets in Latin America with contracted U.S. dollar revenues, mainly in Chile, Colombia, and Brazil, and seeks an attractive return premium versus similar global funds.

Infrastructure also represents one of the primary areas of interest within our SMAs and we expect a significant portion of the capital associated with our recently secured $1 billion multi-asset mandate to be allocated to this asset class. Of note, during the first half of the year, through the deployment of capital sourced from a variety of fee-paying SMAs and co-investments, infrastructure added $5 million of annual recurring net revenues to Patria.

We continue to see significant opportunities to deploy our growing base of dry powder over the coming years into sizable projects, such as our data center initiative; we have visible line of sight to deploy its approximate $1 billion of pending fee-earning AUM. Now on AUM quality. Our fundraising success continues to reflect the evolution of Patria's platform.

Since our IPO, we have expanded from two flagship strategies with the capacity to raise more than $1 billion per vintage to at least 10 flagship strategies. This diversification has strengthened both the quality and resilience of earnings base with approximately 90% of fee-earning AUM invested in vehicles with limited or no redemption rights and approximately $11 billion of permanent capital, representing roughly 22% of total fee-earning AUM.

Pending fee-earning AUM increased approximately 20% in the quarter to $4 billion, supported in part by our new multi-asset SMA mandate, providing meaningful visibility into future fee growth. Now on macro context. With respect to the broader operating environment, our view remains unchanged. The geopolitical backdrop continues to be supportive of Latin America, and particularly of South America, where we are seeing a meaningful shift toward more market-friendly governments.

Institutional investors across Asia and Europe continue to engage with us across a wider range of strategies than historically. While existing clients are further deepening their relationships with the firm, as evidenced by the recently closed $1 billion multi-asset mandate. In summary, our execution remains very consistent. Fundraising momentum continues, and with $4.5 billion raised year-to-date, we see a clear pathway to potentially yet another record year of fundraising.

With our capital formation and asset growth increasingly driven by long-duration vehicles, we conclude the quarter with even greater confidence in our ability to achieve both our 2026 financial objectives and the longer-term goals outlined in our 2027 vision. For example, our year-to-date FRE totaled $108 million. If we simply annualize this figure and include the same incentive fees we reported in 2025, our FRE would be more than $225 million. Already at our target range, even before accounting for incremental growth in fee-earning AUM and fees we are seeing quarter-over-quarter.

With that, I will hand the call to Raphael.

Raphael Denadai - *Patria Investments Ltd - Chief Financial Officer*

Thank you, Alex.Good morning, everyone. I will now take you through the second quarter results. Fee revenue and expenses. Total fee revenues for the quarter were approximately $105.8 million, up 30% year-over-year and 14% sequentially. Fee revenues in the quarter include $1.5 million of catch-up fees related to the final closing of SOF V.

Growth in fee revenues was driven by fee-earning AUM growth of 32% year-over-year and 7% sequentially, supported by net organic inflows, positive investment performance, and the three acquisitions completed this year. Incentive fees of $2.5 million in the second quarter were attributable to real estate and Solis, which earns incentive fees semiannually. Solis also contributed $0.4 million of structuring fees, which are included in other fee revenues.

These fees are a regular feature of our private credit business, and although the specific timing and size of the structuring fees are difficult to forecast, we expect that over time, they will be an attractive source of incremental fee revenues. Our last 12 months average management fee rate in the quarter was approximately 86 basis points, reflecting the impact of WP transaction as well as the continued growth in credit, real estate, GPMS, and various co-investments and SMAs over the recent quarters.

FRE and margin. Our fee-related earnings in the second quarter of 2026 were approximately $57.1 million, up 24% year-over-year and 13% sequentially, driven by the strong growth in our net fee revenues, partially offset by 16% sequential growth in expenses. Our FRE margin came in at 54% compared to 54.6% in the prior quarter.

Among other things, our FRE margin reflects the short-term impact of acquisitions, which occurred at a faster pace and larger AUM volume than expected as of our original guidance. Also, the impact of FX, normal expense growth, including annual promotions and ongoing investment in our platform. Indeed, given the evident success we have been having in our fundraising initiatives, we have been steadily focused on continuing to invest in our platform as we expand our global marketing, distribution, and product capabilities. In light of these factors, we now expect our FRE margin for the full year 2026 to fall modestly below our 58%-60% target.

Although we remain confident in our 58%-60% target for 2027 and onwards. While the FRE margin is a key byproduct of our financial results, it's important to highlight that our focus is primarily on FRE, not simply the FRE margin.

In that regard, as Alex noted, we remain confident that we are on track to meet our 2026 FRE objective of $225 million-$245 million, or $1.42-$1.54 per share, representing approximately 11%-21% growth from last year's $202.5 million. We are also maintaining our 2027 FRE target of $260 million-$290 million, or $1.60-$1.80 per share. Distributable earnings. Total distributable earnings for the quarter were $50.7 million, or $0.32 per share, up 31% year-over-year and 19% sequentially on a per share basis. This growth was driven primarily by the increase in FRE as we generate no performance related earnings in the quarter.

In addition, our net financial expense of $1.5 million benefited from $2.9 million of contribution from Patria, our trading platform, as well as higher investment income, which was partially offset by higher interest expenses related to the $350 million bond offering we successfully completed early in the quarter. While the contribution from Patria is difficult to forecast and can vary sharply quarter to quarter, over the past six quarters, the contribution from Patria has averaged about $1.4 million per quarter. Over time, we expect the contribution from Patria to grow as the business continues to expand its capabilities. Stock-based compensation. Stock-based compensation in the quarter was $13.5 million, totaling $23.6 million year-to-date, or 12% of total fee revenues, consistent with our recent guidance.

Tax. Now, with regard to taxes the second quarter 2026 effective rate was approximately 9%, reflecting our evolving business mix and also consistent with our guidance. Balance sheet and capital management. Regarding the balance sheet, as previously mentioned, we completed our $350 million bond offering early in the quarter, the proceeds from which we paid our outstanding credit facility, with the remaining cash available to fund various M&A related payments, share repurchases, and growth initiatives. Also, as previously reported, we completed a second TRS facility in which we repurchased a total of 1.5 million shares for a total cost of $18.3 million. This facility matures in the second quarter of 2027.

We also are in the process of refinancing and slightly increase the size of our first TRS facility by an additional 1.3 million shares to 2.8 million shares, which we expect will total approximately $31 million and mature in the third quarter of 2027.

We updated the slide we introduced last quarter in the reconciliations and disclosures section of our earnings presentation, which highlights our incurred liability through 2028, so you can continue to have a clear picture of our future obligations. Supported by the debt offering proceeds, expected cash generation in our available on-draw credit facility, we believe we have ample liquidity to meet all obligations, fund dividends, reinvest in the business, and repurchase shares, while maintaining a conservative balance sheet.

In this context, share count for the quarter was 159.5 million shares, and it remains our long-term goal to maintain the share count in the 158 million-160 million range. To summarize, we believe our financial position remains strong. We continue to generate growing, durable cash flows from a highly diversified and long-duration asset base. Strong fundraising momentum and growing fee-related earnings reinforce our confidence in achieving our growth objectives, while our balance sheet remains well-positioned to support future growth.

We look forward to your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Tito Labarta, Goldman Sachs.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

Hi, good morning. Thanks for the call and taking my question, and congratulations on the results. My question on the fees, very strong performance on fees in general. First on, the management fees as a percent of the AUM has come down a little bit. Given the changing mix a little bit, do you expect any further pressure on that? How do you think about the mix and how that'll impact sort of the management fees as a percent of the fee earning AUM? You had a good quarter on the other fees, I guess M&A, other advisory fees. Anything there to highlight? How should we think about that going forward from here? Thank you.

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

Hi, Tito. This is Alex here. Thanks for your question. Thanks, of course, for participating in our call. No pressure on fees on a product-by-product basis, I don't see any pressure on that side. Of course, when our management fees over revenues are change is more related to mix to pressure on a specific product, the fees on a specific product or strategy. As we did buy and incorporate Solis in the beginning of 2026, we were expecting to do it by the end of 2026; our projections and guidance, together with WP, the GPMS extension in the U.S., plus the RBR, which is a real estate investment trust here in Brazil. These three acquisitions, they come in with a lower fee base. They have a lower FRE in that sense, they also have a lower ROA.

In the case, that actually because of mix, that pushes our ROA slightly down. The 90/92, that's what we're getting to, should not change. It's minor changes. Okay? I don't see, again, no pressure on fees on a product-specific or strategy-specific. Fees, as a % of our net revenues, are changing because of mix. We did incorporate Solis and the other acquisitions that I mentioned in the beginning of the year.

They have a lower ROA; that's why fees changed a little bit. We don't see, going forward, any significant change. On the M&A advisory fees, part of the Solis business, which is a CLO business here in Brazil, is a structuring advisory service that they do to their clients. When Solis is structuring a CLO for one of their clients, they charge a structuring fee, or sometimes also a consulting fee.

This line, other revenues that has advisory fees embedded, it's not M&A fees. It will come from these structuring/consulting fees that Solis charges that is now part of our business. It's part of their business model. They do originate these CLOs with several originators. They have around 100 originators. Of course, the 80/20 rule.

They have around the 20 originators that are significant for Solis. These 100 originators, they bring the opportunities to Solis in order to, of course, buy receivables, asset-backed receivables, or structure a new CLO. When Solis has structured this new CLO, it charges these structuring fees that I mentioned to you. Going forward, I think normally we have other fees of around $1.5 million-$2.5 million. I think we're going to add to that, moving forward, another $2 million coming from these Solis structuring fees per quarter going forward.

But it's parts of solid business model. Okay, so it's going to be a recurrent fee for us. I hope I answered your question.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

Yeah, no, very helpful, Alex. Thanks for that. I guess we should think of this new level, around $7 million, as a more recurring, particularly with the Solis business now, going forward. Also just with the incorporation of Solis and all the other businesses, the FRE margin was lower. It'll be a little bit lower for the year, but should normalize maybe in the future years back to the 58%-60%. How are the margins on, I guess, these incentive fees, and was it also just mix impacting the margin or anything else? What's it going to take to get the margin back up to that 58%-60% in future years?

Andre Medina - *Patria Investments Ltd - Investor Relations*

Yeah, yes, straight answer here. We see it coming back to the 58%-60%. I don't see any major issues there. It's just a timing issue. We did incorporate these two acquisitions in the beginning of 2026 versus in our budget guidance at the end of 2026. Positive points that these acquisitions came in before, so revenues and of course, fee-related earnings, et cetera. These acquisitions, they were operating at a lower margin than us. We operate at a 58%-60% FRE margin. They were operating at close to 30% FRE margin. Very similar to the other acquisitions that we have already done, the GPMS business, the real estate investment trust in Brazil, et cetera. What we do after we integrate these businesses, we start managing all their costs. We gain, of course, synergies, scale also, of course, and we're driving the margins back to 58%-60%.

So it's just a timing issue. No, I don't see any blip on the way.You're going to probably see margins going up quarter-over-quarter as we reach the end of 2026. The overall yearly margin will be slightly down to 58%-60% because we incorporated this lower-margin business in the beginning of 2026. You're going to see quarter-over-quarter the margins heading up to the 58%-60%. We go into 2027 already in a good pace, in a good margin pace increase. That's why our comfort level at 2027 will be in the 58%-60% FRE margin arena. The incentive fees also that you mentioned is just mix. There's nothing that I would comment besides a mix that sometimes you have an incentive fees that a fund performs a little better in the second quarter versus another one in the third quarter.

There's very slight changes, $2 million here or there from one quarter to the other, versus $111 million total revenue. I'm talking about 1.5%-2% changing from one quarter to the other because a strategy performed better in the second quarter, the other strategy performed a little better in the third quarter versus the benchmark. Then we do accrue the fees that I mentioned. Nothing structural, it's just slight changes here or there because of what I just mentioned. No structural changes, very confident with the 58%-60% FRE margin for us. Timing issue for the acquisitions as we see the business very solid, to be honest, Tito.

As we diversify the business to other asset classes and other countries, extremely solid as we see our fundraising in a solid grounds, $4.5 billion versus $7 billion, which is the guidance for the whole year.

As we diversify the business to other asset classes and other countries, extremely solid as we see our fundraising in a solid grounds, $4.5 billion versus 7, which is the guidance for the whole year. If we do another quarter of 2.5, we're basically there already as well, the $7 billion. The fundraising come from diverse strategies, diverse asset classes, credit, infrastructure, real estate. I think the business that we build, the diversification of product and countries. I was in Chile this week, came back last night. Amazing upbeat there. The whole momentum in Chile is really positive. We had our seminar with clients on Wednesday. 1,000 people showed up and seating 1,000 people, another 1,000 people online. Some amazing finance seminars that our Chilean partners actually put up every year.

Paulo Guedes, the ex-Minister of Finance of Brazil, the Vice Minister of Finance of Argentina, José Luis Daza. Great momentum for the country. I think we're going to see the same great momentum in Colombia. Early signs that comes from the government change there to Abelardo and talking to the future government officials of the Abelardo government. Strong momentum there as well. Positivism coming from Colombia. I think that the Colombian economy has greater challenges to tackle versus the Chilean ones, mainly the deficit, but also great momentum coming there. We see the same in Peru. We have for these three countries, they're very important for us today and continue to perform very well. The funds, the strategies, the asset classes, the countries. Very solid business that we're managing here, and I think nothing really structural to report. Thank you, Tito.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

Okay, great. Thanks so much, Alex.

Operator

Ricardo Buchpiguel, BTG.

Ricardo Buchpiguel - *BTG Pactual - Equity Research Director*

Good morning everyone and thanks for the opportunity of making questions. Could you please comment to which regions and clients are these increased fundraising coming from? Are they mainly new clients or are they existing ones? For my second question, could you comment on what we should expect in terms of Patria's M&A agenda for the next 12 months following the acceleration on deal closing during the first half of the year? We saw also an increase in the transaction cost. Should we expect this cost to decline and if so, to what levels? Thank you very much.

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

Thanks, Ricardo, thank you for participating in the call. Thanks for the question again. On the fundraising side, I think we see the three asset classes, credit, infrastructure, GPMS, performing the best of the five that we have, or the six that we have, sorry. Credit, looking at the numbers there, again, solid performance that drives solid fundraising. We know very positive what we can achieve there. We are on the road to raise our private credit LATAM dollar-denominated fund two, and I think it's going to surprise us on the upside. On the infra side, again, very solid fundraising. On the road, fundraising our dollar-denominated LATAM pan-regional core fund Infra Core. Again, very strong momentum there. GPMS as well. We closed SOF V at around $700 million. The cover was $500 million. So 40% up versus the cover.

And now the latest fund that was raised through the Aberdeen franchise was around $500 million there. Under our leadership fund, the secondary opportunities fund V within the GPMS asset class, raising 40% over or more than the cover. The other three asset classes, real estate, public and private equity is also performing, as you can see there, reasonably well in fundraising. In the case of public equities, the returns of our funds, mainly the Chilean ones, are really solid.

I mentioned about Chile a couple of minutes ago, how bullish I am with Chile for the next two to four years, and even after that. We see that in real estate, I think the second quarter, I think we're going to see strong fundraising momentum, mainly coming from exchanging shares to quotas of our Brazilian real estate investment trusts, a lot of interest from investors to do that.

And finally, private equity, I think we know we raised money for a big deal, which is a healthcare deal that we did acquire in Colombia and Chile, through an investment through our Private Equity Fund VII and a co-investment vehicle with several investors there. A lot of re-ups in the case of the GPMS secondary opportunities fund, Fund V, around 35%-40% of re-ups. That's more or less has been in general: a third to a half of our fundraising comes from re-ups. As we are increasing fundraising significantly, right? We raised $7.7 billion last year. The guidance is $7 billion this year. We already raised $4.5 billion. If you go five years back, in 2021, when we IPO'd, we were raising $2 billion-$3 billion. so we increased significantly our fundraising.Of course we need re-ups, but also we need new clients. New clients coming from different regions. I think with mainly Asia, is the top-performing region and LATAM, second top-performing region for us. Asia more on the SMA side, big tickets, SMAs. LATAM clients more on the day-to-day investing in our credit strategies, public equity strategies. We're back fundraising in North America. I have mentioned for so many quarters, years, that we have been underperforming North America, underperforming fundraising in private equity. I mentioned this quarter after quarter after quarter

And now we see some light in the end of the tunnel there in North America. We raised a significant amount of money for secondary opportunity fund number five. Of course, what is kind of obvious, of course, is that you need to have the right product to sell to the clients. Clients don't buy what you want to sell. Clients buy what they want to buy, right? Not what you want to sell. I think we're starting to have now a menu of products that is guided to the North American clients. North American clients waiting to get exposed to mid-market private equity in Europe and globally, and we have the best-performing team and assets and strategies there to offer. They're looking again into infrastructure LATAM dollar-denominated. Our infrastructure pan-regional LATAM dollar-denominated core is doing very well in that sense.

They're also looking for private credit dollar-denominated LATAM. Great inlays in North America with that private credit pan-regional LATAM dollar-denominated Fund II with North American clients. We see North America back. I think hopefully that's going to be the beginning of us trending up to start raising more money in North America.

Again, I couldn't ask for the commercial team to do a better job raising $4.5 billion out of a $7 billion annual guidance. If we do, as I mentioned, to get to another $2.5 billion fundraising quarter, we basically beat the guidance in the third quarter. We still have a whole full quarter to go, which will be the upside of the fundraising. That's why we mentioned that we are confident that we're going to beat the record fundraising year, which was 2025, when we raised $7.7 billion. On the M&A side, I think we're going to be very selective, Ricardo. We have already, I think, acquired the asset classes that we wanted to go into expand

We were basically a private equity infrastructure company at our IPO. We expanded with the Moneda Association into credit big time, public equities, and then through acquisitions, mostly of real estate investment trusts in Brazil and Colombia. We expanded in the real estate side and then the GPMS business in Europe. All the asset classes that we want to have, we are already there. Now we are looking into specific strategies, sub-strategies within the asset class, but it's a lot more selective and represents so much less of our future growth.

We see future growth coming mostly from organic, as we have explained here, and less so from acquisitions. I think you will see acquisitions going forward represent a much lesser part of our growth strategy, as we have already established ourselves as I mentioned, the countries that we want to get exposed to, the asset class that we want to get exposed to.

I think the last baton here in Latin America for us is Mexico. We did buy a small real estate investment trust in Mexico earlier this year, a FIBRA, as they call them there as you know. I think also in Mexico will be more acqui-hires, which is acquisition of teams and cautiously expanding into the Mexican arena versus a large Mexican market versus a large acquisition. We don't even see a large acquisition available actually to be done in Mexico.So very selective M&A going forward. Most of our growth coming from organic, already well established in the asset classes that we wanted to go into at the IPO.

Very solid fundraising from the credit infrastructure, GPMS mainly, coming from different regions, Asia and LatAm being the two most important in absolute value, but very positive that North America is back as it was five years for us ago. It was one of the most important fundraising regions for us. With the right products, we're back fundraising in North America in a significant way. Thank you very much, Ricardo. I hope I answered your question.

Ricardo Buchpiguel - *BTG Pactual - Equity Research Director*

That's super clear and very helpful. Just one follow-up. I understand that most of the M&A agenda is behind; you should see some deceleration. In terms of the timing for the line of transaction costs going down, if you could qualify what you could expect here, please. Thank you.

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

Yes. I think I'll turn over to Raphael Denadai, our CFO, to comment, but the answer is yes. As we go on and just pursue selective M&As in a smaller scale, the transaction cost should actually come down. Raphael.

Raphael Denadai - *Patria Investments Ltd - Chief Financial Officer*

Yeah, hello, how are you?

Transaction and restructuring costs were around $11 million in the second quarter of 2026. Of course, assuming no incremental M&A, we expect a small decline in 2026, with the third quarter and the fourth quarter running around $7 million-$8 million per quarter, followed by a significant decline in 2027 and beyond.

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

Yeah, so it's again, it's a result, Ricardo Buchpiguel, of us actually having done the big M&A that we wanted to do, now being more selective on M&A, this expense line just comes down 2026, being a very tame line and subdued line in 2027.

Ricardo Buchpiguel - *BTG Pactual - Equity Research Director*

That's good. Thank you very much, you both.

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

Thank you.

Operator

Guilherme Grespan, with JPMorgan.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

Hey, good morning, Alex and team. Congrats on fundraising, pretty solid. Most of my questions were answered. Just a quick one, maybe even to Raphael here on the balance sheet. Called my attention to shareholders' equity. It declined $40 million this quarter. It was $600 million last quarter; this quarter $560. Doing a very rough math here, what I was struggling is net income was $10 million.. You paid out as dividends $25 roughly, right? It was supposed to go down in this math only $15, but it went down $40. There is something else that is $25 million there against equity.

I just want to understand what exactly is this point. I would imagine FX is something that sometimes goes against equity, but this quarter, I don't recall having a lot of FX movement.

Just want to understand if there's anything else on the OCI here on the equity book. Thank you.

Raphael Denadai - *Patria Investments Ltd - Chief Financial Officer*

Yeah. Thank you for your question. Yes. There is another reason, okay? It is in other reserves. Other reserves is impacted by the account recognition of gross obligations related to put options over minority interest in certain subsidiaries. Following the closing of Solis in January, the company recognized for the first time the gross obligation associated with the potential future acquisition of the remaining 49% minority interest. This is the explanation for the additional impact.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

Okay, that's clear, super clear. Thank you.

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

No, thank you, Guilherme. Thanks for participating in the call.

Operator

Nicolas Vaysselier, BNP.

Nicolas Vaysselier - *Exane Bnp Paribas - Analyst*

Hi, good afternoon, gentlemen. Just three questions on my side. The first one, I just wanted to check this multi-asset line you disclosed in the fundraising bridge, which I understand is SMAs. I want to know if you can give more color on the fee margin, the management fee margin on this line. My second question is on the other fee income in the fee related revenues line. I do understand the point on the Solis structuring fees. If I'm correct, they represented only around $500 million this quarter. That doesn't really get us to the quarter-on-quarter increase to $7 million that we think. I wanted to know a bit more what goes into this line.

Finally, if I look at the accrued carry pool across your fund, it's been going down this quarter mostly due to private equity fund VI. I understand from your statement it's mostly related to negative market movement over the quarter. I wanted to understand if this changes your view on the FRE guidance for year 2026 and 2027. Thank you..

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

Okay. Thanks for the questions and participating here in our call. SMA margins are 1 in 10, 1% management fees, 10% performance on average. We have some of the SMAs with 1 in 15, 1% management fees and 15% performance fees.

That has been the case for the last 20 years, 25 years. Normally, the funds that we raise, the drawdown funds, natures funds are 1.5%-2% management fees and performance fees 15%-20%. Infrastructure funds being closer to the 1.5%, 15%, private equity funds closer to 2% with 20% performance fees. The SMAs or co-investments where we charge, in general, has been 1% management fees and 10% performance fees. It has been the case for the last 20 years, 25 years. It hasn't really changed much

Just to be clear, sometimes we do give co-investment rights, no fee, no carry in our infrastructure drawdown funds and private equity drawdown funds. It has to do with the big size tickets of the big clients that come into the fund. On the Solis structuring fees, when Solis raises $500 million, it's not really correlated with the structuring fees because sometimes we get the structuring fees and we're going to raise money for that specific fund that we structure over the next quarters, not the past quarters.

One thing, I think it's difficult to relate one with the other, correlate one with the other. For example, if Solis does raise $500 million, the structuring fees of these funds were probably three, four quarters ago. We structure, and then we go out to fundraise.

We charge the structuring fees, then we go out to fundraise, and the fundraising is two to four quarters later than the structuring itself, the quarter that we did structure a specific CLO. Solis Investimentos charges structuring fees in most of their CLOs that they structure. Sometimes they charge also consulting fees, as I mentioned, which is more or less the same idea of consulting a client on how to structure a CLO or a structuring fee. It is more or less the same. As mentioned during my answer to Tito's question, we should see another $2 million per quarter on average of structuring fees going forward. Private Equity Fund VI markdown was one specific company that we really marked down. Again, I think the whole private equity universe have these issues today of how do you value a company that is a private company?

Should you compare directly with public peers, but our company is not public, it's private, blah. What we decided to, again, we always try to be as conservative as possible in our valuations, show exactly, again, what is the value of the company. Over the last 10 exits, seven of them were at mark. One was 5% off mark, and then two of them were more than 5% of the mark. So 70%, 80% of the cases we sell companies at mark or 5% above or below the mark, 80% of the cases. At least that was the case of the last 10 exits, which was the case; if I go back 10, 15, 20 years ago, that is more or less the case. For Private Equity Fund VI, there was a markdown of one specific company that we saw that was not performing as planned.

Going forward, the private equity companies that are also in Fund V, Fund VI, and Fund VII, we have three healthcare companies in Fund V. We see two of them now performing very well and aligned with our expectations. The companies in Fund VI and Fund VII as well now performing aligned with our expectations. They do not carry any leverage. We de-leverage these companies. They are cash generators, so they have, I think, the right capital structure for this moment of Brazil, which is now a moment of very, very high interest rates in Brazil. We are now, again, preparing ourselves for the next four years mandates of the next President, which will have to, at least in Brazil, have to tackle the inflation, the high interest rate.

We coming in, getting out of 2026, coming into 2027 with all these private equity companies completely de-leveraged with a very, very solid capital structure to be able to now face a high interest rate environment that we are already facing. We are not changing the FRE guidance because of any of the private equity markdowns. Private Equity Fund IV and Fund V have not been contributing to net unrealized performance fees since the end of 2025. Private Equity Fund IV has not been contributing to net unrealized performance fees since 2023, 2024.

We did not incorporate in our guidance or budgets that we were going to now raise significant amount of monies from the private equity side. Our high-growth private equity funds are doing very well.

The growth fund is doing extremely well. We should be in the market raising for that fund sometime late this year or early next year. Our venture funds are doing very well. Now we are top quartile DPIs. Actually, our growth fund is a top-quartile fund. We have in the investment performance page there. It is a top quartile fund. Our venture capital funds are second quartile of top quartile. As far as DPI is concerned, our venture funds are top quartile with one or over DPI. For venture funds in LATAM is extremely solid performance. I don't see anything different there than that we foresee very good future years for venture and growth, which we call the high-growth areas.

We were not and we are not projecting fundraising on the private equity side in a significant manner over the next years, more the SMAs, because we still have to invest private equity fund seven.

So before actually raising or thinking about raising Private Active Fund 8 and Private Active Fund 7 has a significant amount of dry powder, I think there's another two to three deals that we should do there of $100 million tickets per deal for Private Active Fund 7 plus I think raising co-investments in SMAs to co-invest with Private Active Fund 7. So, there's still a lot of work to do to finish investing in Private Active Fund 7, even thinking before Private Active Fund 8. And again, no changes in our FRE guidance for 2026 or 2027 because of the private activity markdowns.

Thank you. I hope I answered your questions, Nicolas.

Nicolas Vaysselier - *Exane Bnp Paribas - Analyst*

Thank you very much.

Operator

William Baranjard, Itaú BBA.

William Baranjard - *Itaú BBA - Analyst*

Thank you for the presentation. have a couple here on my side. First, about the multi-assets SMA you disclosed this quarter. Just wondering how should we estimate when it becomes the fee AUM, right? For now, it's considered pending. What is the expected management fee charged there, if it's below or above the blended of 0.86% we see here? Regarding multi-assets this new segment, how do you see the pipeline here? Do you have any new fundraisings coming to this new line soon? What kind of fundraising? What kind of SMAs there? A second one maybe is a long shot, but regarding the redemptions on credit, I saw that this quarter amounted to almost half of the redemptions we saw through the last 12 months.

I was wondering if this is maybe related to Brazil, because we saw some sizable outflows during the second quarter and now in July we've seen some net inflows increasing again on fixed income funds here in Brazil. If this is correlated, we should expect maybe improvements on net intakes in this credit fund.

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

Thank you, William. Thanks for your questions, and again, thanks for participating here in the call. The multi-asset SMA, I think it's really positive news. I think it shows our relationship with clients of us actually having the prerogative to invest in several different asset classes. Client looking into LATAM alternative assets saying, "Look, Patria is my service provider, my trusted partner and I would like to allocate to asset class A, B, and C, and let's work together into a multi-asset mandate." Extremely positive in that sense because it really shows that we have been able to develop a trust, a partner of choice relationship with this specific client in several different asset classes, in our four asset classes to be honest.

These are chunky in nature, of course, because the clients that are able to do that and make sense economically for us are a billion-dollar plus. We do, of course, work with significant large sizable SMAs in our GPMS business mostly for English pensions schemes, U.K. pensions schemes. This specific client is Asian, is not European, but extremely interesting. Which asset class are we going to deploy? It's hard to say, but I would say that it would be mostly infrastructure and credit because of the opportunities and the risk profile of this client and the dollar-denominated view on the revenue side of the specific asset class that they require. Probably deploy this over the next four to six quarters, becoming then, of course, fee earnings AUM.

Also, I think on your question on the redemption of the credit fund, $100 million of the redemption on the credit fund actually was a client that redeemed from one fund and invested in another fund of ours. Technically, it is a redemption, but he wanted to change from one of our credit strategies to another one of our credit strategies. $100 million were redeemed from one fund, and that same $100 million was invested in another fund within our credit menu of products. It's absolutely normal. It's positive. They wanted to change the fund that they were invested in. Nothing actually structural, nothing to do with higher delinquencies or issues here, issue there. Absolutely zero structural issues whatsoever. Sometimes clients do that, which is absolutely fine.

Within their global credit allocation, they change the fund that they're exposed to in LatAm and with us, whatever. Completely normal. In our credit funds, I think our portfolios are very healthy. Our private credit fund, of course, the public's as well, but whatever. Very healthy portfolios. Our private credit fund, $ 1-denominated Pan-regional LatAm, is performing extremely well. It's really beating our expectations. You can see there from our investment performance pages, we're expecting a 10%-12% net IRR. The fund is posting 16% net IRRs in US dollars. And that actually, that performance gave us a very good track record for us to go back to the road and raise private credit Pan regional dollar denominated fund number 2. I think that fund is going to be very sizable, a multiple of the first fund, which was close to $200 million.

So very positive on the credit side, we don't see anything structural on the quality of our securities in the funds. On the contrary, funds performed very well. And I think this asset cost will continue to be a major fundraising asset cost for us in the near future. I hope I answered your questions.

William Baranjard - *Itaú BBA - Analyst*

Yeah, perfectly. Thank you, Alex.

Operator

Thank you. I'm showing no more questions in the queue at this time. I will now turn the call back over to Alex for closing remarks.

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

Well, thank you very much for participating. I know it's a very busy agenda for everyone. A lot of our peers reporting earnings. I can see that the whole industry is more upbeat than it was a couple of quarters ago from the earnings of peers that already came out. On our side, very solid performance fundraising, FRE per share, DE per share. Most of the metrics very positive that we're going to continue to hit and deliver our guidance for 2026 that you guys know by now. Beating on the fundraising side, delivering the FRE that we mentioned, $225 million-$245 million for 2026, positioning us in a very good position to also deliver our 2027 guidance. Very confident here, confident, solid business performing very well. Thanks for your patience. Thanks for participating.

I hope to see you in person soon and have a great Friday and a great weekend. Goodbye.

Operator

This concludes today's conference call. Thank you for participating, and you may now disconnect.

Ladies and gentlemen, thank you for standing by. Welcome to Patria's second quarter 2026 earnings call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, you would need to press *11 on your telephone. You will then hear an automated message advising your hand is raised. And to withdraw your question, please press *11 again. Please be advised that today's conference is. I would now like to turn the conference over to Andrea Medina, Investor Relations Director. Please go ahead.

Andre Medina - *Patria Investments Ltd - Investor Relations*

Good morning, everyone. Welcome to PetRIA'ssecond-quarter 2026 earnings call. Speaking today, our Chief Executive Officer, Alex Seig, and our Chief Financial Officer, Rafael De Nadai.

This morning, we issued a press release and earnings presentation available on our Investor Relations website and on Form 6-K furniture to the SEC.

A replay will be available on our IR website.

As a reminder, today's call contains forward-looking statements, including statements relating to our guidance and targets, which are subject to risks and uncertainties, do not guarantee future performance, and undue reliance should not be placed on them.

Please refer to the forward-looking statements, disclaimer, and risk factors in our most recent Form 20-F.

Patty reports on the IFRS and will reference certain non-IFRS measures. Definitions and reconciliations to the most direct comparable IFRS measures are in the earnings presentation. With that, I will hand it over to Alex.

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

Thank you, Andrea. Good morning, everyone.

Our second quarter results reflect continued strong fundraising momentum, supported by consistent investment performance across our diversified platform.

Fundraising in the quarter totaled $2.3 billion, bringing the year-to-date total to $4.5.

Billion dollars and keeping us on track to exceed our full year fundraising target of $7 billion.

Given the strong momentum in investor demand, we continue to believe fundraising can surpass our 2025 all-time record of $7.7 billion, and we are on pace to exceed our three-year fundraising targets of $21 billion from 2025 through 2027.

Free earning AUM reached $48.9 billion, up approximately 7% from first quarter '26 and 32% from one year ago, reflecting year-over-year organic growth, the closing of three acquisitions and positive investment performance, primarily in credit.

Real estate, public equities and GPMS.

The growth in fee earning AUM drove fee-related earnings of $57.1 million for the quarter, up 13% sequentially and 24% year-over-year, and we remain on track to achieve our full-year.

FRE guidance of $225 million to $245 million.

Finally, distributable earnings per share of $0.32 rose 19% sequentially and 31% year over year.

Rafael will take you through our financials in more detail.

Investment performance, our investment performance remains consistent and continues to support fundraising across the platform.

Over 85% of our current fee earning AUM, excluding SMAs and third-party managed funds which are not reported, are invested in funds performing at.

Or above their benchmarks since inception.

In credit, our flagship LATAM high-yield strategy with over $5.5 billion in fee-earning AUM has generated 11% annualized net returns in U.S. Dollars since its inception 26 years ago.

Outperforming its benchmark by more than 360 basis points.

As you can see in our earnings presentation, this strategy is outperforming its benchmark for all periods presented, including year-to-date, one, three and five years.

In infrastructure, the pooled return of our latest three vintages, which are our active funds, exceeds the benchmark by more than 750 basis points.

In global private market solutions, our two active and more mature co-mingled secondary funds.

SOF 3 and SOF 4 are outperforming their benchmarks by 650 and 560 basis points, respectively.

For further information on our investment performance, please refer to Pages 17 to 21 of our second quarter '26 earnings presentation.

Now, in private equity, two of our older active vintages, our Buyout Funds 4 and 5, which together represent under $2 billion of AUM or under $1.3 billion of fee earning AUM have, as previously disclosed, not performed well.

And we have marked these funds down in the quarter.

Among other things, these funds have been seeking divestments through an a typically long period of high interest rates in Brazil.

And several of their investments were severely affected by long-standing macroeconomic adversities in the aftermath of COVID as well as by sector-specific shocks.

These challenges and our focus on accelerating divestments from these funds to expedite the return of capital to investors are now reflected in their marks.

Importantly, the management fees for our private equity drawdown funds in which committed capital is deployed gradually into investments, are not impacted by portfolio markdowns or markups as fees are charged on invested costs.

In addition. Fund 4 has not generated management fees for the last two years and both funds 4 and 5 have no accrued performance fees since the fourth quarter of '25.

So these markdowns do not impact our net accrued performance fees.

These two older private equity vintages do not describe our private equity franchise today.

We have made significant changes to our private equity team and strategy over the past few years and funds 6 and 7 were invested in a different macro environment.

Of note. Portfolio companies in funds 6 and 7 have little to no leverage and have been performing well, growing EBITDA by approximately 10.5% on average over the past two years.

It is important to note that while approximately 30% of our fee-earning AUM, which are mainly in drawdown funds and earn fees. Predominantly on invested capital at costs, approximately 70% of our fee-earning AUM are in funds, mostly in credit, real estate and public equities that charge fees on the market value of traded securities and where therefore investment performance directly translates into revenue growth.

Let me provide some additional color on fundraising.

A key highlight of the quarter was a new $1 billion commitment from an existing sovereign wealth fund client to a multi-asset separately managed account.

This mandate significantly expands our relationship with the clients and reflects the growing demand for Patriot's solutions-oriented approach.

Allowing capital to be deployed flexibly across asset classes and strategies.

We believe this type of mandate is particularly attractive given its stable, long-duration capital profile and its ability to deepen strategic partnerships with investors.

Now on credit.

Focusing more specifically on our asset classes.

Credit remained a strong contributor to fundraising with over $650 million raised in the quarter, bringing the year-to-date total to approximately $1.6 billion.

Demand momentum continues, driven by the aforementioned strong performance across our public credit strategies.

The growing interest in dollar-denominated private credit funds and the multiple structural growth drivers, namely banking disintermediation and the broader financial deepening, which are supporting the growth of Solis, our recently acquired CLO business in Brazil.

Solis has raised over $500 million since we closed the transaction at the start of the year.

Now on Global Private Market Solutions.

For Global Private Market Solutions, the fundraising highlight of the quarter was the final close of SOF5, our fifth vintage flagship secondary commingled fund.

Total commitments to this fund reached $676 million.

Exceeding our original fundraising targets of $500 million by approximately 35%. Re-up investors represented approximately 36% of commitments, with the balance comprising a combination of existing and new investor relationships.

The fund attracted capital from 5 regions, with North America representing over 50% of capital commitments, followed by Europe at approximately 40%, together with additional commitments from investors across Latin America, the Middle East, and APAC.

Of course, a key focus for GPMS during the quarter was the closing on April 1st and onboarding of our WP Global Partners acquisition, which expands our lower middle market private equity solutions platform in the U.S.

We are pleased with the progress we have made to date with the WP team successfully integrated.

Into our New York office and already contributing to investment activity across the GPMS platform.

Now on infrastructure.

In infrastructure, we are excited about our InfraCore strategy and are targeting a first closing later this year alongside its inaugural deal.

This strategy focuses on a pipeline of mature infrastructure assets in Latin America with contracted US dollar revenues, mainly in Chile, Colombia and Brazil, and seeks an attractive return premium versus similar global funds.

Infrastructure also represents one of the primary areas of interest within our SMAs.

And we expect a significant portion of the capital associated with our recently secured $1 billion multi-asset mandate to be allocated to this asset class.

Off notes, during the first half of the year, through the deployment of capital sourced from a variety of fee-paying SMAs and co-investments, infrastructure added $5 million of annual recurring. Net revenues to Patrick.

We continue to see significant opportunities to deploy our growing base of dry powder over the coming years into sizable projects such as our data center initiative and we have visible line of sight to deploy its approximate $1 billion of pending fee earning AOM.

Now on AOM quality.

Our fundraising success continues to reflect the evolution of Patrick's platform.

Since our IPO, we have expanded from two flagship strategies with the capacity to raise more than $1 billion per vintage to at least 10 flagship strategies.

This diversification has strengthened both the quality and resilience of earnings base.

With approximately 90% of fee earning AUM invested in vehicles with limited or no redemption rights and approximately $11 billion of permanent capital, representing roughly 22% of total fee earning AUM.

Pending fee earning AUM increased approximately 20% in the quarter to $4 billion, supported in part by our new multi-asset SMA mandate, providing meaningful visibility into future fee growth.

Now on macro context.

With respect to the broader operating environment, our view remains unchanged.

The geopolitical backdrop continues to be supportive of Latin America and particularly of South America, where we are seeing a meaningful shift toward more market-friendly governments.

Institutional investors across Asia and Europe continue to engage with us across a wider range of strategies than historically, while.

Existing clients are further deepening their relationships with the firm, as evidenced by the recently closed $1 billion multi-asset mandate.

In summary, our execution remains very consistent.

Fundraising momentum continues.

And with $4.5 billion raised year-to-date, we see a clear pathway to potentially yet another record year of fundraising.

With our capital formation and asset growth increasingly driven by long duration vehicles, we conclude the quarter with even greater confidence in our ability to achieve both. Our 2026 financial objectives and the longer-term goals outlined in our 2027 vision.

For example, our year-to-date FRE totaled $108 million.

If we simply annualize this figure and include the same incentive fees we reported in 2025, our FRE. Would be more than $225 million, already at our target range, even before accounting for incremental growth in fee earning AUM and fees we are seeing quarter-over-quarter.

With that, I will hand the call to Rafael.

Raphael Denadai - *Patria Investments Ltd - Chief Financial Officer*

Thank you, Alex. Good morning, everyone.

I will now take you through the second quarter results.

Fee revenue and expenses.

Total fee revenues for the quarter were approximately $105.8 million, up 30% year-over-year and 14% sequentially.

Fee revenues in the quarter include $1.5 million of catch-up fees. Related to the final closing of SOF 5.

Growth in fee revenues was driven by fee earning AUM growth of 32% year-over-year and 7% sequentially, supported by net organic inflows, positive investment performance, and the three acquisitions completed this year.

Incentive fees of $2.5 million in the second quarter were attributable to real estate and Solis, which earns incentive fees semi-annually.

Solis also contributed $0.4 million of structuring fees, which are included in other fee revenues.

These fees. Are a regular future of our private credit business, and although the specific timing and size of structuring fees are difficult to forecast, we expect that over time they will be an attractive source of incremental fee revenues.

Our last 12-month average management fee rate in the quarter was approximately 86 basis points.

Reflecting the impact of WP transaction as well as the continued growth in credit, real estate, GPMS and various co-investments and SMAs over the recent quarters.

FRE and margin.

Our fee-related earnings in the second quarter of 2026 were approximately.

$57.1 million, up 24% year-over-year and 13% sequentially, driven by the strong growth in our net year revenues, partially offset by 16% sequential growth in expenses.

Our FRE margin came in at 54% compared to 54.6% in the prior quarter.

Among other things, our FRE margin reflects the short-term impact of acquisitions, which occurred at a faster pace and larger AUM volume than expected as of our original guidance and also the impact of FX, normal expense growth, including annual promotions and ongoing investment in our platform.

Indeed. Given the evident success we have been having in our fundraising initiatives, we have been steadily focused on continuing to invest in our platform as we expand our global marketing, distribution and product capabilities.

In light of these factors, we now expect our FRE margin for the full year 2026 to fall modestly below our 58% to 60% target, although we remain confident in our 58% to 60% target for 2027 and onwards.

Now, while the FRE margin is a key byproduct of our financial results, it's important to highlight that our focus is primarily on FRE, not simply the FRE margin.

And in that regard, as Alex noted, we remain confident that we are on track to meet our 2026 FRE objective of $225 million to $245 million or.

$42 to $1.54 per share, representing approximately 11% to 21% growth from last year's $202.5 million.

We are also maintaining our 2027 FRE target of $260 to $290 million, or $1.60 to $1.8 per share.

Distributable earnings.

Total distributable earnings for the quarter were $50.7 million, or $0.32. Per share, up 31% year-over-year and 19% sequentially on a per-share basis.

This growth was driven primarily by the increase in FRE as we generate no performance-related earnings in the quarter.

In addition, our net financial expense of $1.5 million benefited from 2.9 million of contribution from Priya.

Our trading platform, as well as higher investment income, which was partially offset by higher interest expenses related to the $350 million bond offering we successfully completed early in the quarter.

While the contribution from Tria is difficult to forecast and can vary sharply quarter to quarter, over the past six quarters, the contribution from Tria has averaged about $1.4 million per quarter.

Over time, we expect the contribution from Tria to grow as the business continues to expand its capabilities.

Stock-based compensation.

Stock-based compensation in the quarter was $13.5 million, totaling $23.6 million year-to-date or 12% of total fee revenues consistent with our recent guidance.

Tax.

Now with regard to taxes. The second quarter 2026 effective rate was approximately 90%, reflecting our evolving business mix and also consistent with our guidance.

Balance Sheet and Capital Management Regarding the balance sheet, as previously mentioned.

We completed our $350 million bond offering early the quarter, the proceeds from which we pay our outstanding credit facility, with the remaining cash available to fund various M&A-related payments, share repurchases, and growth initiatives.

As previously reported, we completed a second TRS facility in which we repurchased a total of 1.5 million shares for a total cost of $18.3 million.

This facility matures in the second quarter of 2027.

We also are in the process of refinancing and slightly increase the size of our first TRS facility by an additional 1.3 million shares to 2.8 million shares, which we expect will total approximately $31 million and mature in the third quarter of 2027.

We updated the slide we introduced last quarter in the Reconciliations and Disclosures section of our earnings presentation, which highlights our current liabilities through 2028 so you can continue to have a clear picture of our future obligations.

Supported by the debt offering proceeds expected cash generation in our available on-drawn credit facility, we believe we have ample liquidity to meet all obligations, fund dividends, reinvest in the business and repurchase shares while maintaining a conservative balance sheet.

In this context, share count for the quarter was 159.5 million shares and it remains our long-term goal to maintain the share count in the 158 to 160 million range.

To summarize, we believe our financial position remains strong.

We continue to generate growing, durable cash flows from highly diversified and long-duration asset base.

Strong fundraising momentum and growing fee-related earnings reinforce our confidence in achieving our growth objectives, while our balance sheet remains well-positioned to support future growth.

We look forward to your questions.

Operator

As a reminder to ask a question, please press *11 on your telephone and wait for your name to be announced.

And to withdraw your question, please press *11 again. And our first question is going to come from Tito Labarda with Goldman Sachs. Your line is open.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

Hi, good morning. Thanks for the call and taking my question and congratulations on the results.

My question on the fees, you have very strong performance on fees in general.

First on the management fees as a percent of the AUM has come down a little bit.

Just given the changing mix a little bit, do you expect any further pressure?

On that, how do you think about the mix and how that'll impact sort of the management fees as a percent of the fee earning AUM?

And then, obviously, we had a good quarter on the other fees, I guess, and then any other advisory fees. Anything there to highlight? How should we think about that going forward from here?

Thank you.

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

Hi, Chito. This is Alex here. Thanks for your question. Thanks, of course, for participating in our call.

No pressure on fees on a product-by-product basis, so I don't see any pressure on that side. Of course, when our management fees over revenues are changed is more related to mix than to pressure on a specific product, the fees on a specific product or strategy.

As we did buy and incorporate solids in the beginning.

Of 2026, we were expecting to do it by the end of 26 in our projections and guidance, together with WP, the GPMS extension in the US, plus the RBR, which is a real estate investment trust here in Brazil. These fee acquisitions, they come in with a lower fee base. They have a lower FRE in the sense. In that sense, but they also have a lower lower or in the case that actually then because of mix that pushes our lower slightly down, but the 90-92, that's what we're getting to, should not change. It's minor changes, okay?

So I don't see, again, no pressure on fees on a product specific or strategy specific.

Fees as a percentage of net revenues are changing because of mix.

We did introduce we did incorporate solids and the other acquisitions that I mentioned in the beginning of the year. They have a lower ROA and that's why fees have changed a little bit.

But we don't see going forward any significant change.

On the advisory fees, part of the Solace business, which is a CLO business here in Brazil, is a structuring advisory service that they do to their clients. So when Solace is structuring a CLO for one of their clients.

They charge a structuring fee or sometimes also a consulting fee. So this line, no other revenues that has advisory fees embedded, it's not M&A fees, it will come from these structuring/consulting fees that's all these charges that is now part of our business.

It's part of their business model.

They do originate these CLOs with several originators. They have around 100 originators, of course, the 80-20 rule.

They have around 20 originators that are significant for SOLIS. These 100 originators they bring...

The opportunities to Solid in order to, of course, buy receivables, after-back receivables, or structure a new CLO. And when Solid is structured, this new CLO, it charges the structural fees that I mentioned to you.

So going forward, I think we have, normally we have other fees of around $1.5 million to $2.5 million.

I think we're going to add. To that moving forward, another $2 million coming from the Solid structuring fees per quarter going forward.

But it's parts of Solid's business model. Okay, so it's going to be a recurrence fee for us.

I hope I answered your question.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

Yeah, no, very helpful, Alex.

Thanks for that.

I guess, so we should think of this new level, it's around 7 million as a more recurring, particularly with the Solid business now.

Going forward. And then also just with the incorporation of solar and all the other businesses, right, the FRE margin was lower. It'll be a little bit lower for the year, but should normalize maybe in the future years back to the 58% to 60%.

How are the margins and I guess the incentive fees and was it also just mixed impacting the margin or anything else? Like what's it going to take to get the margin back up to like 58 to 60% in future years?

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

Yeah, yes, straight answer here. We see it coming back to the 58 to 60%. I don't see any major issues there. It's just...

A timing issue. Now, we did incorporate these two acquisitions in the beginning of '26 versus in our budget guidance with the end of '26, also points that these acquisitions came in before, so revenues and of course fee-related earnings, et cetera. But these acquisitions, no, they were operating at a lower margin than us. We operate at 58, 60% of our e-margin.

They were operating at close to 30% FRE margin, very similar to the other acquisitions that we have already done, the GPMS business, the real estate investment trust in Brazil, et cetera.

So what we do after we integrate these businesses, we start managing all their costs, we gain, of course, synergies.

Scale also of course and driving the margins back to 5,860. So it's just a timing issue.

No, I don't see any blip on the way.

You're going to probably see margins going up quarter over quarter as we reach the end of '26, but the overall yearly margin will be slightly down to 5,860 because we incorporated this lower margin business in the beginning of '26. But you're going to see quarter over quarter the margins heading up to the 5,860, so we go into 2027 already in a good pace, in a good margin.

Pace increase and that's why our comfort land hold at 0.7% will be in the 58% to 60% FRE margin arena.

The incentive fees also that you mentioned is just mix with this.

Nothing that I would comment besides a mix that sometimes you have on incentive fees that a fund performance performs a little better in the second quarter versus another one in the third quarter. So there's very slight changes, true to $1 million here or there for one quarter to the other versus $111 million total revenue. So I'm talking about 1.5%, 2% changing from one quarter to the other because let's. Strategy performed better in the second quarter, the other strategy performed a little better in the third quarter versus the benchmark, and then we do accrue the fees that I mentioned, so nothing structural, it's just slight changes here or there because of what I just mentioned, so very no structural changes.

Very confident with the 58%, 60% margin, FRE margin for us, timing issue for the acquisitions. Actually, we see the business very solid, to be H1st, Tito, as we diversify the business to other asset classes and other countries, extremely solid as we see our fundraising in a solid grounds, $4.5 billion versus 7 billion, which is the guidance for the whole year.

So if we do another quarter of two and a half, we're basically there already, the $7 billion. And the fundraising comes from diverse strategies, diverse asset classes, credit, infrastructure, real estate. So no, I think the business that we build, the diversification of product and countries.

I was in Chile this week, came back last night, amazing upbeat there, the whole.

Momentum in Chile is really positive. We have our seminar with clients on Wednesday, 1,000 people showed up and sitting, seeing 1,000 people, another 1,000 people online, some amazing finance seminar that our Chilean partners actually put up every year.

The Minister of Finance of Chile was presented, Paulo Guedes, the ex-Minister of Finance of Brazil, the Vice Minister of Finance of Argentina.

Jose Luis Daza, so great momentum for the country. I think we're going to see the same great momentum in Colombia, early signs that comes from the government change there to Abejardo and talking to the future government officials. Of the Abbejad government, strong momentum there as well, positivism coming from Colombia. I think the Colombian economy has greater challenges to tackle versus the Chilean ones, mainly the deficit, but also great momentum coming there. And we see the same in Peru.

And we have for these three countries, they're very important for us today and continue to perform very well, the funds, the strategies, the asset classes. Country. So, no, very solid business that we're managing here, and I think nothing really structural to reports.

Thank you.

Tito Labarta - *Goldman Sachs Group Inc - Analyst*

Okay, great. Thanks so much, Alex.

Operator

Thank you. And the next question will come from Ricardo Buchpagil with BTG. Your line is open.

Ricardo Buchpiguel - *BTG Pactual - Equity Research Director*

Good morning, everyone, and thanks for the opportunity of making questions. Could you please comment to which regions and clients are the increased fundraising coming from, and are there mainly new clients or are they existing ones?

And for my second question, could you comment on what we should expect in terms of purchase in the agenda for the next 12 months following the acceleration on the closing during the first half of the year? We saw also an increase in the transaction cost, so should we? Expect these costs to decline and if so, to our levels.

Thank you very much.

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

Thanks, Ricardo, and thank you for participating in the call. Thanks for the question again.

On the fundraising side, I think we see the three asset classes, credit, infrastructure, GPMS performing the best of the five that we have, or the six that we have, sorry.

So credit.

Looking at the numbers there, again, solid performance that drives solid fundraising.

We know very positive what we can achieve there.

We are on the road to raise our private credit dollar-denominated fund two, and I think it's going to surprise us on the upside.

On the infra side, again, very solid fundraising.

On the road, fundraising dollar denominator last time, Penn Regional core funding for a core.

Again, very strong momentum there. GPMS as well, we closed SOF 5 at around $700 million. The cover was $500 million, so 40% up versus the cover.

And now the latest fund that was raised through the Aberdeen franchise was around $500 million there. So under our leadership fund, the secondary opportunities fund five within the GPMS asset class, raising 40% over or more than the cover.

So again, and the other three asset classes, real estate.

Public and private equity is also performing, as you can see there, reasonably well in fundraising. In the case of public equity, the returns of our funds, mainly the Chilean ones, are really solid. And I mentioned about Chile a couple of minutes ago how bullish I am with Chile for the next two to four years and even after that.

We see that in real estate, I think the second quarter, I think we're going to see strong fundraising momentum, mainly coming from exchanging shares to quotas of our Brazilian real estate investment trusts, a lot of interest from investors to do that and finally, private equity, I think we know we have.

We raised money for a big deal, which is a healthcare deal that we did acquire in Colombia and Chile through an investment through our private equity Fund 7 and a co-investment vehicle with several investors there.

A lot of re-ups in the case of the GPMS secondary.

Opportunities from 5% around 35%, 40% of re-ups, and that's more or less has been in general a third to a half of our fundraising comes from re-ups. But as we are increasing fundraising significantly, right, we raised $7.7 billion last year, the guidance is $7 billion this year, we already raised $4.5 billion. If you go five years back in 2021 when we IPO.

We were raising $2 billion to $3 billion. So we increased significantly in our fundraising. So of course, we need reals, but also we need new clients. New clients coming from different regions, I think we with mainly Asia, we is the top performing region and Latam, second top performing region for us. Asia more on the SMA side, big tickets, SMAs, Latam.

Clients more on the day-to-day investing in our non-credit strategies, public exit strategies.

And we're back fundraising in North America. I have mentioned for so many quarters, years that we have been underperforming North America, underperforming fundraising in private exit. I mentioned this quarter after quarter after quarter.

And now we see some light in the end of the tunnel there in North America.

We raised a significant amount of money for secondaries opportunity fund number five.

Of course, what is kind of vaudius, of course, you need to have the right product to sell to the clients. Clients don't buy what you want to sell. Clients buy what they want to buy, right?

Not what you want to sell. So I think we have now, we're starting to have now.

A menu of products that is guided to the North American clients willing to get exposed to mid-market private equity in Europe and globally, and we have the best performing team and assets and strategies there to offer. They are looking again into infrastructure last time, dollar-denominated, so our infrastructure, pan-regional, dollar-denominated core is doing very well in that sense. They're also looking for private credit dollar-denominator Latam, great inlays in North America with that private credit Bend Regional Latam dollar-denominator fund number two with North American clients. So we see North America back.

And I think that's hopefully that's going to be the beginning of us trending up to start raising more money in North America. So again, I couldn't ask for the commercial team to do a better job raising $4.5 billion out of the $7 billion annual guidance. So if we do, as I mentioned, to achieve to another $2.5 billion fundraising quarter, we basically beat.

The guidance in the third quarter. We still have a whole full quarter to go, which would be the upside of the fundraising. So that's why we mentioned that we are confident that we're going to beat the record fundraising year, which was 2025, when we raised $7.7 billion.

On the M&A side, I think we're going to be very selective, Ricardo.

We have already, I think, acquired the asset classes that we wanted to go into, expand. We were basically a private equity infrastructure company at our IPO. We expanded with the Monet Association into credit big time, public equities, and then through acquisitions mostly of real estate investment trusts in Brazil and Colombia, we expanded in the real estate side and then the GPMS business in Europe. So all the asset classes that we want to have, we're already there.

Now we are looking into specific strategies, sub-strategies within the asset class, but it's a lot more selective and represents so much less of our future growth.

We see future growth coming mostly from organic, as we have explained here, and less so from acquisitions.

So I think you will see acquisitions going forward represents a much lesser part of our. Growth strategy, as we have already established ourselves, as I mentioned, the countries that we want to get exposed to, the asset class that we want to get exposed to. I think the last baton here in Latin America for us is Mexico. We did buy a small real estate investment trust in Mexico earlier this year, FIBRA, as they call them there, as you know.

But I think also in Mexico will be more acqui-hires, which is acquisition of teams. And cautiously expanding into the Mexican arena versus a large Mexican market versus a large acquisition. We don't even see a large acquisition available actually to be done in Mexico. So very selective M&A going forward, most of our growth coming from organic, already well established in the asset classes that we wanted to go into at the IPO.

Very solid fundraising from the credit infrastructure, GPMS, mainly coming from different regions, Asia and LatAm being the two most important and absolute value, but very positive that North America is back as it was five years for us ago for it was one of the most important fundraising regions for us.

And with the right products, we're back fundraising in North America in a significant way.

Thank you very much, Ricardo. I hope I answered your question.

Ricardo Buchpiguel - *BTG Pactual - Equity Research Director*

That's super clear and very helpful. Just one follow-up. Like, I understand that most of the agenda is behind there, then you should see some deceleration.

So, in terms of the timing for the line of transaction costs going down, if you could clarify what you could expect here, please.

Thank you.

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

Yes, I think yes. I think I'll turn over to Dana Dai, Rafael Dana Dai, our CFO, to comment. But the answer is yes.

As we go on and just pursue selective M&As in a smaller scale, the transaction costs should actually come down. But Rafael.

Raphael Denadai - *Patria Investments Ltd - Chief Financial Officer*

Yeah, hello, how are you?

Okay, transaction restructuring costs.

Were around $11 million in the second quarter of 2026.

And of course, assuming no incremental M&A, we expect a small decline in 2026 with the third quarter and the fourth quarter running around $7 million to $8 million per quarter, followed by a significant decline. In 2027 and beyond.

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

Yeah, so it's again, it's a result recover of us actually having done the big M&A that we wanted to do, now being more selective than M&A, this expense line just comes down 2026 being a very tainted line and subdued line in 2027.

Ricardo Buchpiguel - *BTG Pactual - Equity Research Director*

That's great.

Thank you very much.

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

Thank you.

Operator

Thank you. And the next question will come from Gilher Makerspan with J.P. Morgan. Your line's open.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

Hey, good morning, Alex and team.

Congrats on fundraising, pretty solid. Most of my questions were answered. Just a quick one, maybe even to Rafael here on the balance sheet.

Call my attention to shareholders' equity.

It declined 40 million this quarter. It was 600 million last quarter, this quarter 560.

And doing a very rough math here, what I was struggling is net income was 10 million. You paid out as dividends 25 roughly, right? So it was supposed to go down in this math only 15, but it went down 40. So there is something else that is 25 million there against equity. I just want to understand what exactly is.

At this point, I would imagine FX is something that sometimes goes against equity, but this quarter I don't recall having a lot of FX movement, so just want to understand if there's anything else on the OCI here on the equity book.

Thank you.

Raphael Denadai - *Patria Investments Ltd - Chief Financial Officer*

Yeah, thank you for your question. Yes, there is another reason, okay, and it's in other reserves. So other reserves is impacted by the account recognition of gross obligations related to put options over minority interests in certain subsidiaries. So following the closing of Solis in January. The company recognized for the first time the gross obligation associated with the potential future acquisition of the remaining 49% minority interest. So, this is the explanation for the additional impact.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

Okay, that's clear, super clear.

Thank you.

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

No, thank you, Gideon. Thanks for participating in the call.

Operator

Thank you. And the next question will come from Nicholas Basilier with BNP. Your line is open.

Nicolas Vaysselier - *Exane Bnp Paribas - Analyst*

Hi, good afternoon, Jasmine. Just three questions on my side. The first one I just wanted to check is the multi-asset line, disclosing the fundraising bridge, which I understand is SMA. I want to know if you can give more color on the fee margin, the management fee margin on this line. Then my second question is on the over income in the.

In the fee-related revenues line. I do understand the point on the solid circuity, yet if I'm correct, they are represented only around half a billion dollars, a million dollars this quarter. So that doesn't really get us to the quarter increase to 7 million that we've seen. So I wanted to know a bit more what goes into this line.

And then finally, if I look at the accrued carry pool across your fund, it's been going down this quarter mostly due to private equity fund six. And I understand from your statement, it's mostly related to negative market movement over the quarter. So I wanted to understand if this changes your view on the PRA guidance for.

The year 2026 and 20.7.

Thank you.

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

Okay.

Thank you very much, Nicholas. Thanks for the questions and participating here in our call.

SMA margins are 1 in 10, 1% management fees, 10% performance on average.

We have some of the SMAs with 1 in 15, 1% management fees and 15% performance fees.

That has been the case for the last 20 years, 25 years normally, the funds that we raise, the drawdown funds, Nature's funds are 1.5% to 2% management fees and performance fees 15% to 20%, infrastructure funds being closer to the $1.515%, private active funds close to the 2% with 20% performance fees and the SMAs or co-investments where we charge.

In general has been 1% management fees and 10% performance fees.

So this is and it has been the case for the last 20 years, 25 years, it hasn't really changed much.

Just to be clear, sometimes we do give co-investment rights, no fee, no carry in our infrastructure drawdown funds and private equity drawdown funds that has to do with the.

That's the big size tickets of the big clients that come into the fund.

On the Solids structuring fees, when Solids raises $500 million, it's not really correlated with the structuring fees because sometimes we get the structuring fees and we're going to raise money for that specific product we structure over the next quarters, not the past quarters. So one thing I think it's.

Difficult to relate one with the other, correlate one with the other. So for example, if we do, if Solid does raise $500 million, the structuring fees of these funds were probably three, four quarters ago because then we structure and then we go out to fundraise to charge the structuring fees and then we go out to fundraise and the fundraising is two to four quarters later than the structuring. Itself, the quarter that we did structure a specific CLO.

Solis charges structuring fees in most of the CLOs that they structure. Sometimes they charge also consulting fees, as I mentioned, which is more or less the same idea of consulting a client about to structure a CLO or a structuring fee.

It's more or less the same. As mentioned during my answer to Tito's question, we should see another $2 million per quarter on average of structuring fees going forward.

Private Active 6 Markdown was one specific company that we really marked down. And again, I think the whole private act universe have.

These issues today about how do you value a company as a private company, should you compare directly with public peers, but our company is not public, it's private, blah.

But we decided to, again, we always try to be as conservative as possible in our evaluations, show exactly, again, what is the value of the company over the last 10 exits.

And seven of them were at mark, one was 5% of mark, and then two of them were not close, were more than 5% of the mark. So 70, 80% of the cases we sell companies at mark or 5% above or below the mark, 80% of the cases. At least that was the case of the last 10 exits, which was the case, if I go back 10, 15, 20 years ago, that's more or less the case.

So for private equity fund six, it was a markdown of one specific company that we felt that was not, we saw that it was not performing as planned.

Going forward, private equity companies that are also in fund five, fund six, and fund seven, we have two healthcare companies, three healthcare companies in fund five. We see two of them performing at very well and aligned with our expectations and the companies in front six and front seven as well performing aligned with our expectations.

They don't carry any leverage. We deleverage these companies.

They have their cash generators, so they have, I think, the right capital structure for this moment of Brazil, which is a moment of very high interest rates in Brazil, very high interest rates in Brazil.

And we, again, preparing ourselves for the next four years mandates of the next President, which we'll have to, at least in Brazil, have to tackle.

The inflation, the high interest rate. So we coming in, getting out of 2026, coming into 2027 with all these private equity companies completely deleveraged with a very solid capital structure to be able to face a high interest rate environment that we already face. So we are not changing the FRE guidance because of. Any of the private equity markdowns.

Private Equity Fund 4 and Fund 5 have not been contributing to net unrealized performance fees since the year of '25.

Private Equity Fund 4 has not been contributing to net unrealized performance fees since '23-'24.

We did not incorporate in our guidance or budgets that we were going to raise. Significant amount of money from the private equity side.

Our high-growth private equity funds are doing very well. The growth fund is doing extremely well, and we should be in the market raising for that fund sometime late this year or early next year. Our venture funds are doing very well. We are top quartile DPIs. Actually, our growth fund is a top quartile fund. We have an investment performance stage there.

It's a top quartile fund. Our venture capital funds are second quartile or top quartile.

As far as DPI is concerned, our venture funds are top quartile with one or times or over DPI for venture funds in Latam is extremely solid performance.

So I don't see. Anything different there than that we foresee very good future years for venture and growth, which we call the high-growth areas.

We were not and we are not and we are not projecting fundraising on the private equity side in a significant manner over the next years, more the SMAs because we still have to invest private equity fund seven.

So before actually raising or thinking about raising private Active Fund 8 and private Active Fund 7 has a significant amount of dry powder, I think there's another two to three deals that we should do there of $100 million tickets per deal for private Active Fund 7 plus I think raising.

Co-investments and SMAs to co-invest with Private Equity Fund 7. So there's still a lot of work to do to finish investing in Private Equity Fund 7 even thinking before Private Equity Fund 8. And again, no changes in our FRE guidance for '26, for '27 because of the Private Equity Funds.

Thank you. I hope I answered your questions, Nicolas.

Nicolas Vaysselier - *Exane Bnp Paribas - Analyst*

Thank you very much.

Operator

Thank you. And the next question is going to come from William Baranjard with Atua BVA. Your line is open.

William Baranjard - *Itaú BBA - Analyst*

Thank you for the presentation. I have a couple here on my site.

First, about the multi-assets SMA you disclosed this quarter.

Just wondering how should we estimate the...

When it becomes the fee AUM, right? For now, it's considered pending. And regard to it, what is the expected management fee charged there? If it's below or above the blended of 0.86% we see here.

Also regarding multi-assets, this new segment is...

How do you see the pipeline here? Do you have any new fundraisings come to this new line soon? What kind of fundraising? What kind of SMA is there?

And a second one, maybe it's a long shot, but regarding the redemptions on credit, I saw that this quarter amounted to almost half of the redemptions we saw.

Through the last 12 months, so I was wondering if this is maybe related to Brazil, because we saw some sizable outfalls during the second quarter, and.

Now, in July, we've seen some netting flows increasing again on fixed income funds here in Brazil. So, if this is correlated, we should expect maybe improvements on netting takes in this credit front.

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

Thank you, William. Thanks for your questions, and again, thanks for participating here in the call.

No, the multi-asset SMA, as I think it's really positive news. I think it shows our relationship with clients of us actually having the prerogative to invest in several different asset classes. So clients looking into Latam alternative assets saying, look, Patra is my service provider, my trusted partner, and I would like to allocate to.

Asset class A, B&C and let's work together into a multi-asset mandate.

So extremely positive in that sense because it really shows that we have been able to develop a trust, a partner of choice relationship with this specific client in several different asset classes, in our four asset classes to be H1st.

These are chunky in nature, of course, because the clients that are able to do that and make sense economically for us are $1 billion, $1 billion plus.

We do, of course, work with significant large sizeable SMAs in our GPMS business, mostly for English pension schemes, UK pension schemes.

This specific client is Asian, is not European, but extremely, extremely.

Which asset class are we going to deploy?

It's hard to say, but I would say that it would be mostly infrastructure and credit because of the opportunities and the risk profile of this client and the dollar-denominated view on the revenue side of the specific asset class that they require.

Probably deploy this over the next four to six quarters, becoming then, of course, fee earnings AUL.

Also, I think on your question on the redemption of the credit fund, around $100 million of the redemption on the credit fund actually was a client that redeemed from one fund and invested in another fund of ours.

So technically, it is a redemption. But then it actually he wanted to change this from one strategy, one of our credit strategies to another one of our credit strategies, so $100 million were redeemed from one fund and that same $100 million was invested in another fund within our credit menu of products.

It's absolutely normal. It's positive. They wanted to change the fund that they were invested in. So nothing actually structural, nothing to do with higher delinquencies or higher issues here, issue there. Absolutely zero structural issues whatsoever.

Sometimes clients do that, which is absolutely fine.

Within their global credit allocation, they change the fund that they're exposed to in Latam and with us, whatever.

So completely normal.

In our credit funds, I think our portfolios are very healthy, our private credit funds, of course, the public's as well, but whatever, very healthy portfolios, our credit, private credit fund, $1 denominator, Penn Regional, Latam, is performing extremely well.

It's really beating our expectations. You can see there from our investment performance pages.

Expecting a 10% to 12% net IIR, the fund is posting 16% net IIR in US dollars. And that actually, that performance gave us a very good track record for us to go back to the road and raise private credits and regional dollar denominator fund number two.

And I think that fund is going to be very sizable, a multiple of the first fund, which was close to $200 million.

So very positive on the credit side, don't see anything structural on the quality of our securities in the funds.

On the contrary, funds performed very well. And I think this asset cost will continue to be a major fundraising asset cost for us in the near future. I hope I answered your questions. Yeah, perfectly.

William Baranjard - *Itaú BBA - Analyst*

Thank you, Alex.

Operator

Thank you. And I'm showing no more questions in the queue at this time. I will now turn the call back over to Alex for closing remarks.

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

Well, thank you very much for participating. I know it's a very busy agenda for everyone and a lot of our peers reporting earnings.

And I can see that the whole industry is more upbeat than it was a couple of quarters ago.

From the earnings of peers that already came out. On our side, very solid performance, fundraising, FRE per share, DED per share, most of the metrics, very positive that we're going to continue to hit and deliver our guidance.

For 2026 that you guys know now and beating on the fundraising side, delivering the FRE that we mentioned, $225 million to $25 million for 2026, positioning us in a very good position to also deliver our 2027 guidance.

Very confident here, confident, solid business, performing very well. Thanks for your patience. Thanks for participating. I hope to see you in person soon and have a great Friday and a great weekend. Goodbye.

Operator

This concludes today's conference call.

Thank you for participating and you may now disconnect.