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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Patria first quarter 2026 earnings. (Operator Instructions) Please be advised that today's conference is being recorded. I would like to hand over the conference to our first speaker today, Andre Medina, Investor Relations Director. Please go ahead.

Andre Medina - Patria Investments Ltd - Investor Relations

Good morning, everyone. Welcome to Patria's first quarter 2026 earnings call. Speaking today are our Chief Executive Officer, Alex Saigh; and our Chief Financial Officer, Raphael Denadai, who joined us for his first earnings call in this role. This morning, we issued a press release and earnings presentation available on our Investor Relations website and on Form 6-K filed with the SEC. A replay will be available on our IR website.

As a reminder, today's call contains forward-looking statements, 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 statement disclaimer and risk factors in our most recent Form 20-F. Patria reports under IFRS and will reference certain non-IFRS measures. Reconciliations are in the earnings presentation. With that, I'll hand it to Alex.

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

Thank you, Andre. Good morning, everyone. We started 2026 with solid operating performance as we continue to make progress expanding the breadth and reach of our platform. Our results this quarter reflect three consistent drivers, continued organic fundraising momentum, growth in fee-earning AUM and differentiated investment performance across our investment strategies.

Before I turn to the quarter, I want to formally welcome Raphael Denadai for his first earnings call as our CFO. Raphael has been a partner of this firm since 2024 and has been closely involved in our financial operations. He knows our business well, and I am confident he will bring a fresh perspective to the role.

Now turning to the quarter. Fundraising totaled \$2.1 billion, keeping us firmly on track to achieve our full year guidance of \$7 billion. We see upside potential as we work to beat our 2025 record fundraising of \$7.7 billion, given the strength of investor demand we are seeing across the platform. Fee-earning AUM reached \$45.8 billion, up approximately 12% from fourth quarter 2025 and 31% year-over-year, reflecting

year-over-year organic growth and the closing of Solis, our Brazilian CLO platform and three Brazilian REITs acquisitions, including RBR, Vectis and Genial, which together added approximately \$4.9 billion of fee-earning AUM.

Pro forma for WP Global Partners, our co-investment platform in the US, which closed on April 1, fee-earning AUM stands at approximately \$47.5 billion. The growth in fee earnings AUM drove fee-related earnings of approximately \$51 million for the quarter, up 19% year-over-year, and we remain on a solid path to achieve our full year FRE guidance of \$225 million to \$245 million.

To put this progress into context, annualizing our first quarter FRE and adding the \$10 million to \$15 million of seasonal incentive fees that typically crystallize in the fourth quarter gets us to roughly \$215 million to \$220 million, even before considering the additional revenue growth and margin expansion versus first quarter 2026 that we expect to see over the balance of the year.

Finally, distributable earnings per share of \$0.27 rose 14% year-over-year. Raphael will take you through the financials in detail. I also want to highlight that subsequent to the quarter, Patria reached an important milestone as we completed our first issuance of \$350 million of fixed rate long-term debt. The notes were placed with a diversified group of institutional investors, primarily in the United States, and the offering was approximately 3 times oversubscribed. This transaction extends our maturity profile, reduces our reliance on short-term credit facilities and provides additional balance sheet flexibility.

The notes include a mix of 5-, 7- and 10-year maturities with fixed coupons ranging from 6% to 6.6% resulting in an average duration of 8.5 years and an average cost of 6.4% per year. Proceeds are being used to retire our existing revolving credit facilities with the balance sheet available to fund future growth initiatives. Pro forma for the offering, our net debt to FRE ratio stands at approximately 0.8 times, consistent with our long-term target of 1 times or less.

Raphael will provide more detail on our capital management outlook in his remarks. Of course, the bedrock of our ability to grow the business is investment performance, and we continue to generate attractive returns across our platform.

As shown in our earnings presentation, the vast majority of our funds have historically outperformed their relevant benchmark with over 80% of our current fee-earning AUM, excluding SMAs and third-party managed funds invested in funds that have exceeded their benchmarks since inception.

This reflects the consistency of our investment process across cycles and strategies and remains the foundation of our LP relationships and our capacity to raise capital. I invite you to take a look at the return pages of our earnings presentation. For example, our largest strategy, Credit LatAm high yield with over \$5 billion in fee-earning AUM shown on the investment performance section of our earnings presentation, has generated 11% annualized net returns in US dollars since inception 26 years ago, outperforming its benchmark by over 360 basis points. And as you can also see in the page, is outperforming its benchmark for all periods analyzed year-to-date, one, three and five years.

Investment performance, of course, directly translates into revenue growth as over 70% of our fee-earning AUM, mainly in credit, real estate, GPMS and public equities grows as our funds deliver positive performance according to their underlying market value. As a reminder, our drawdown vehicles charge fees on a cost basis, so marks in underlying portfolios do not affect management fees.

Moving on, we are very pleased with our fundraising in the quarter, which reflected our continued momentum across multiple verticals. Our credit vertical continues to stand out as we raised over \$925 million across various strategies that keep attracting strong demand from local investors and depending on the strategy, global investors as well.

Of note, Solis contributed with over \$265 million in the quarter, quickly highlighting how this business is additive to our overall platform. The integration of Solis is progressing well and is expanding our capabilities in private structured credit, particularly in the Brazilian CLO market. This positions us to benefit from the continued development of non-bank financing in Brazil, which we view as a structural multiyear growth opportunity.

We're also seeing strong interest in our dollar-denominated private credit LatAm Fund II from international investors and expect this to be a meaningful contributor to fundraising throughout the year. Infrastructure continues to attract sustained demand from global institutional investors and raised over \$545 million in the quarter, particularly notable as we are not currently raising a flagship fund.

We are seeing growing interest in large-scale SMA and co-investment mandates. Many of these mandates are targeted to specific initiatives such as the data center project we announced in partnership with ByteDance that is now advancing through its construction phase, and we are in active conversations on additional transactions of comparable scale.

This represents the kind of fee-generating structured mandate we expect to see with greater regularity as our product offering continues to develop. In addition, we continue to expand the breadth of our infrastructure platform into new strategies such as infrastructure core.

In private equity, we raised \$275 million through a co-investment opportunity and continue to develop a pipeline of additional co-investment and SMA transactions. We are also seeing growing traction in our local buyout Colombian fund and our high-growth reforest fund.

Our ability to raise capital for co-investments reflects continued LP confidence in our origination capabilities, even considering the DPI challenge facing the more mature vintages of our flagship private equity buyout funds, Fund V and especially Fund IV. The DPI profile of our buyout funds reflects a slower realization environment as well as company-specific challenges.

And while lower interest rates would support improved exit activity, the new interest rate environment has not yet materialized. To address the challenges of that part of our business, we have recently appointed the leader of our value creation team to focus primarily on divestments, while the existing leader of our private equity vertical will focus on investing our buyout Fund number 7 and various SMAs and co-investment opportunities.

Meanwhile, buyout Fund number 6 and buyout Fund number 7 portfolio companies are performing well, having generated an average EBITDA growth of approximately 17% last year. Performance has also been strong for our growth equity and venture capital strategies, with flagship funds generating a net IRR in US dollars of 13% and 17%, respectively.

Now with respect to GPMS, first quarter fundraising totaled around \$265 million, and we anticipate that 2026 should be a good year for several reasons. First, we note that this quarter's fundraising includes a \$139 million first close for our inaugural commingled co-investment vehicle, the Patria Co-investment Partnership Fund. This highlights our ability to develop new products on top of acquired platforms.

Second, we expect to complete the fundraise for our Secondaries Opportunity Fund V or SOF V in the coming months. We can share that SOF V has already received commitments in excess of its initial target of \$500 million and that we believe the fund could reach close to \$600 million by its final close, which would make it approximately 50% larger than its predecessor. This highlights our ability to enhance the commercial performance of existing products within acquired platforms.

And finally, we are particularly pleased to see that our European program is seeing increased interest from a broad range of institutional investors, including local institutional clients in Latin America as well as North American and Asian investors who are already part of Patria's global client base.

This is an important development I want to highlight. The incremental demand from existing investors who have partnered with us in Latin America and are now expanding their engagement with us into new strategies and most notably into new regions.

Furthermore, the WP Global Partners acquisition, which closed on April 1, further strengthens our position in the US lower middle market, adding a local institutional presence and origination network in a segment where track record and relationships are the primary competitive differentiators.

Real estate fundraising outlook remains strong. Take two of our largest Brazilian REITs in logistics and urban retail, for example. They have over \$160 million of capital already contracted, which should flow into fee-earning AUM in the coming quarters, highlighting what we believe to be one of our structural competitive advantages.

The scale of our listed vehicles allows us to execute on our asset exchange model through which property owners transfer illiquid assets in exchange for shares of our large liquid listed funds as a way to monetize their portfolios. This asset exchange program is generating an attractive fundraising pipeline that we believe is not only less dependent on the interest rate environment than traditional fundraising, but also potentially less costly to originate as well.

The RBR acquisition further enhanced our scale and structural advantage as we expect real estate, which is currently over 90% in permanent capital vehicles to be a strong contributor to fundraising over the balance of the year. Reflecting on the growth and fundraising that we are experiencing across our platform, it is clear to us that we have significantly diversified our firm's investment and distribution capabilities, both organically and inorganically.

We believe we now have at least 10 investment strategies with flagship funds with the potential to raise more than \$1 billion each per fund, up from just two flagship funds at the time of our IPO. All of our fundraising initiatives reinforce and support the high quality of our asset base as over 85% of our fee-earning AUM is in vehicles with no or limited redemptions, and our permanent capital base now stands at approximately \$10.7 billion or roughly 23% of total fee-earning AUM.

In addition, pending fee-earning AUM, capital committed that would earn fees as deployed increased about 17% to approximately \$3.3 billion in the quarter, providing additional visibility into future management fee revenues. At our December 2024 Investor Day, we set a three-year cumulative performance-related earnings, or PRE, target of \$120 million to \$140 million for the period from fourth quarter 2024 through year-end 2027, having generated approximately \$62 million through the first quarter of 2026.

Infrastructure Fund III continues to support this progress with about \$19 million of net accrued carry well positioned for monetization this year. As we approach the midterm of our guidance period and gain greater visibility into Private Equity Fund VI, which has \$237 million of net accrued carry, we now expect PRE realization to take longer, making contributions more likely beyond 2027 rather than within our original time frame. Importantly, this is a timing issue, not a value one and private equity buyout Fund VI is well positioned to be a significant PRE contributor in 2028 and beyond.

Meanwhile, we are encouraged by the expansion of our PRE sources across growth, venture, real estate and credit, which together has about \$13 million of growing net accrued carry, some of which could generate PRE in 2027. Taking it all together, we believe cumulative PRE for the fourth quarter 2024 through the fourth quarter 2027 period can reach \$80 million to \$100 million with upside potential if markets improve and divestment activity accelerates.

Now let me share a brief perspective on the operating macro environment. Having invested across Latin America through multiple cycles for nearly 40 years, we bring long-term standing perspective, deep local knowledge and resilience that few can match. We continue to believe the region's exposure to commodities, its evolving renewable energy mix and its significant infrastructure needs make it an area of sustained structural interest for global capital well beyond short-term market dynamics.

Given the recent geopolitical developments you are well aware of, we are seeing growing engagement from global investors with institutional allocators across Asia and Europe increasingly turning their attention to Latin America and engaging with us across a broader and more diversified set of strategies that has historically been the case.

This reflects not just interest in the region, but confidence in our integrated platform, scale and execution capabilities. We are continuing to invest in our ability to meet this demand, and we believe we are uniquely positioned to capture these opportunities. In summary, we are executing consistently across the business. Fundraising is on track. Our asset base is predominantly long duration and nonredeemable. Our investment performance is solid, and we remain confident in our ability to achieve our full year objectives.

With that, I will hand the call to Raphael. Thank you.

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

Thank you, Alex. Good morning, everyone. I'm pleased to be here for my first earnings call as CFO. I have been deeply involved with Patria since 2023, and I aim to bring to this role continued transparency, a focus on the quality of our earnings and over time, improvements in the clarity of our financial disclosures.

Now let me take you through the first quarter results. Total fee revenues for the first quarter was approximately \$92.6 million, up 20% year-over-year from \$77.3 million in first quarter 2025 and up 3% sequentially from fourth quarter 2025, excluding the incentive fees that typically crystallize in the fourth quarter.

The year-over-year growth reflects the full quarter contribution of Solis and the Brazilian REITs acquired through 2025, two months of RBR, organic fee AUM growth and the net FX and performance effect. Our last 12-month management fee rate was approximately 87 basis points in the quarter, reflecting the full quarter impact of Solis in first quarter as well as stronger growth in credit, real estate, GPMS and various co-investments in SMAs over the recent quarters.

Independently of fluctuations in average fee rates and as evidenced by our margin outlook to be discussed in a few moments, the economics of these products remain very attractive given their often high incremental margin and the sticky and long duration structure of the mandate, which can include permanent capital vehicles.

Regarding expenses, total compensation and operating expenses for the quarter were approximately \$42 million, up 14% sequentially from fourth quarter 2025. The increase reflects integration of recent acquisitions, planned investments and distribution and investment capabilities and the seasonal reset of compensation programs at the start of the year.

Fee-related earnings for the quarter were approximately \$50.5 million, up 19% year-over-year, showing an FRE margin of 54.6%. The margin reflects the contribution of the acquisitions closed in the quarter, platform investments and seasonal compensation timing, all consistent with our prior guidance on quarterly phasing. We expect the margin to improve progressively through the year as management fee growth, integration work evolves and expense growth moderates.

We remain comfortable with our long-term FRE margin guidance of 58% to 60%. Overall, we are reaffirming full year 2026 FRE guidance of \$225 million to \$245 million or \$1.42 to \$1.54 per share. Approximately 15% to 16% growth from last year's \$202.5 million. We are also maintaining our 2027 FRE target of \$260 million to \$290 million. Total distributable earnings for the quarter were \$42.4 million or \$0.27 per share, up 14% year-over-year on a per share basis.

Growth was driven primarily by FRE. Alex has updated you on our PRE expectations. So let me turn to stock-based compensation. Stock-based compensation in the quarter was \$10.1 million. Based on current programs, we expect full year 2026 and 2027 stock-based compensation to represent between 11% to 12% and 10% to 11% of total fee revenues, respectively.

The expected nominal increase reflects an intentional expansion of equity ownership deeper into the organization and a higher proportion of total compensation delivered in equity for key employees. When benchmarked against listed alternative manager peers, we believe our stock-based compensation profile is consistent with the group.

Finally, we believe that over the long term, our stock-based compensation will moderate as a percent of the net revenues as our business scales. Now a brief note on taxes. The first quarter effective rate was approximately 0.3%, reflecting our evolving business mix and consistent with our guidance. This is driven by country mix as we engage in acquisitions with higher tax burden, which increased the total tax expense.

Regarding the balance sheet, I want to make the opportunity to help you understand Patria's updated liquidity profile following the completion of our debt private placement, which, as Alex noted, extends our maturity profile, eliminates reliance on revolving credit facilities and provides fixed rate capital for future business development.

To facilitate this discussion, we have added a specific slide to reconciliations and disclosures section of our earnings presentation available on our website. Between proceeds from the debt offering and expected cash generation, we expect to have ample capacity to meet all of our obligations, pay out dividends, reinvest in the business and buy back shares while maintaining a conservatively structured balance sheet.

In this context, share count for the quarter was 159.1 million shares, inclusive of 893,000 shares repurchased directly in the market for \$12.7 million and the initial implementation of a new total return swap or TRS of an additional 840,000 shares. It remains our goal to maintain the share count in the 158 million to 160 million range.

So to summarize, our financial picture is straightforward. We have a business generating growing, sticky cash flows from a highly diversified and predominantly long duration and no redeemable asset base. Our fundraising momentum continues and fee-related earnings are growing, giving us confidence that we are on track to meet our objectives. In addition, the balance sheet remains strong and positioned to support future growth initiatives. We look forward to your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Craig Siegenthaler, Bank of America.

Craig Siegenthaler - BofA Merrill Lynch Asset Holdings Inc - Analyst

So you have a big election coming up in Brazil. I was wondering if you could talk about what the outcomes could mean for the asset management industry in Brazil and Patria, even though I know Brazil has been a shrinking part of your overall business given your diversification?

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

Yes, of course. Well, as you know, it's pretty tied between the two runner-ups, right, the current President Lula and the son of Mr. Bolsonaro, the ex-President under the name of Flavio, right? And so it's very hard to say which way it's going to go. But the scenario of having a fourth mandate of Mr. Lula is more of the same.

And I think what we can see will be, in our take here, an environment with higher inflation and therefore, higher interest rates, driven by a fiscal indiscipline that is currently kind of the trademark of the Mr. Lula's government. So I think the main difference for the asset management industry, Craig, is a higher inflation, higher interest rate environment under Mr. Lula's government's fourth mandate and a lower inflation, lower interest rates under Mr. Bolsonaro's, Jair Bolsonaro's government.

Even though I think in the first moment it's going to be hard for Mr. Bolsonaro to reduce the deficits from Monday to Tuesday, but the projections will show that he will work on that deficit. The yield curve will start showing a decline in interest rates during his fourth four-year mandate, therefore, I think the environment will be less benign versus Mr. Lula's is gonna be more, I think, with a higher interest rate environment.

So where do we -- does Patria then actually act on that, and where do we stand? Our, you know, credit business will continue to perform extremely well as it is right now. As you saw, fundraising over the last years and the last quarter, record fundraising for our credit products. We're expanding our credit portfolio, mainly in Brazil with the acquisition of Solis. I think that the non-bank financing in Brazil is a huge opportunity.

As I say in my earnings call here, I think it's a multi-year, very important opportunity for us. We want to place Patria the same way that we placed Patria in the REITs business in Brazil, the Real Estate Investment Trust. There we are the number one, the leader of a BRL250 billion reais plus industry that is growing at a double digits. Same in credit. The non-bank financing in Brazil is expanding tremendously.

And 2025 was the first year that capital markets non-bank financing surpassed financing for corporations in Brazil. Banks, because of the regulation and Basel and et cetera, and restrictions are lending less. Capital markets was for the first year actually surpassed banks again in lending in Brazil. For individuals, the same thing is gonna happen.

The right structure to do this is through Solis, through our FII's, which is the real estate investment trusts that focuses on real estate credit. The opportunity there, you know, the numbers there, Craig, are just immense. Positioning ourselves there to continue to expanding our credit business and our real estate business that as it relates to credit, we have a very large real estate credit business as well within our real estate investment trusts.

And I think on the other side of the equation with Lula, for equities might continue to suffer given what the high interest rates environment, right. Now with Mr. Bolsonaro, I think again, we're gonna see, you know, credit continue to be a major source of income for us because I think it will take some time for Mr. Bolsonaro to be able to reduce inflation, and therefore interest rates in Brazil. The yield curve already projecting a decrease. Other, you know, products that are more real estate dependent, like, you know, the brick-and-mortar real estate side of the business, not the credit side of the business, and equities will favor under Mr. Bolsonaro.

What we're trying to do is actually, you know, given our, you know, 40-year experience in doing business in Brazil, is actually having a broad spectrum of products. And, you know, betting a lot on the credit side, private credit, non-bank financing that actually can be, you know, the engine of our growth, followed by, you know, real estate. Of course, we don't have GPMS here, which is growing a lot outside LatAm for us, followed by infrastructure, which is, you know, inflation-hedged, with a higher inflation environment that also should benefit under Mr. Lula's government.

Mr. Lula, during his three terms, did promote once, one of the, you know, largest concession programs in the world, toll roads, water sanitation, et cetera, et cetera, et cetera. We are benefiting a lot from that through our infrastructure division and vertical here.

As it is inflation protected because, you know, most of the revenues are contracted and the revenues are, you know, adjusted by inflation. That's another product that we see favoring under Mr. Lula's government because of his willingness to do concessions and his, in our view, higher interest rate environment. I hope I answered your question there, Craig.

Craig Siegenthaler - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

No, Alexandre, great. Very comprehensive. Just for my follow-up, Brazilian public equities have been very strong over the last 12-plus months. So I'm curious on how this impacted your realization outlook, which should make IPO exits easier. And I'm especially looking at some of your older vintage private equity funds like Fund IV and V.

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

Yeah. We are, yes, all true that you said. I think the, you know, the more liquid, listed securities, of course, looking into, you know, a change in geopolitics, you know, favoring Latin America, a lot of flows coming to the region. Independent of Mr. Lula's fiscal imbalance, we saw a

huge flow coming into the region benefiting, of course, our stock exchange and other listed securities, appreciating the value of those assets.

Of course, you know, you see some of the, you know, the returns of some of our funds are just amazing. Last year, our public equities funds had returned from 40%-60% in US dollars and in reais, and then even more so in US dollars. And our credit funds that also have no listed securities.

The market value of these securities went up with everything that you just said. We are also seeing some that -- flow into the private markets. It takes a little longer. I think last year we saw listed securities being benefited from this flow first, of course, comes into that benefit kind of flows into the private side of the world. It takes some time for that to ripple down, that ripple down effect.

However, we are now exiting most of our companies in our Private Equity Fund IV, Private Equity Fund V, Infrastructure Fund II, Infrastructure Fund III, and using this momentum to exit. Even with the exits that we are actually under execution, we will not generate performance fees for Private Equity Fund IV in our view. Private Equity Fund V might generate performance fee, but Private Equity Fund IV will not.

Infrastructure Fund II will not generate performance fees, but Infrastructure Fund III, yes, and it's a great fund which has, you know, been paying performance fees over the last years, and we see that we will continue to pay performance fees in 2026. Yes, we are using this momentum to sell a lot of the companies in the funds and clean our portfolio, send money back to investors. Private Equity Fund IV, Craig, not enough for it to generate performance fees.

Operator

Lindsey Shema, Goldman Sachs.

Lindsey Shema - Goldman Sachs Group Inc - Analyst

Welcome Raphael. Look forward to working with you. Maybe just kind of following up on the private equity outlook and performance fees. I know last call you had mentioned that the not official accrued, but Private Equity Fund V performance fees were running around \$40 million. Is that still the case? What kind of has changed since then to take it out of carry?

I know it's very volatile, but maybe just kind of updates on the outlook specifically there. Then more broadly, what do you really need to see? I know rates is a factor, and you mentioned you're starting to get some momentum from the inflows into Brazil, but I mean, you now have a person entirely, it seems like, in charge of focusing on divestment. Is the upside really just on rates? Is it maybe this momentum's a little bit better? Just kind of understanding the factors that led to revising down guidance and what could kind of, you know, be upside there.

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

Thank you. Thank you, Lindsey. I think as mentioned to Craig and to you all, I think the outlook for performance fees coming from Private Equity Fund IV is not positive. We do not expect performance fees coming from Private Equity Fund IV, even though we are selling companies from Private Equity Fund IV. It will, you know, generate DPI for investors, but not enough. Not enough, no. Not even close to enough. Okay.

For Private Equity Fund V, I think we conservatively value the companies at very conservative valuations in our view, in, you know, all of the companies of Private Equity Fund V. The upside there, Lindsey, is like if we can sell companies with a, you know, valuation higher than our current marks, then it will generate performance fees.

Under this scenario, I prefer to be conservative and as of today, not have any expectations of performance fees coming from Private Equity Fund V as well. Private Equity Fund IV, pretty sure about that. Private Equity Fund V, I'm being conservative about it, but I think that's the scenario. We're using a more conservative scenario in order not to generate expectations.

There's an upside potential for Private Equity Fund V, but there's no upside for Private Equity Fund IV. Private Equity Fund VI, you can see that, you know, no great performance fee there, over \$230 million. Private Equity Fund VII is too early to say, but the companies in the portfolio is performing very well. In addition, our growth equity funds, as you see, are performing very well.

We have a large asset in our growth equity fund, which is an online pet business that is, you know, a sizable investment that can generate sizable performance fees. We don't see it within the range of 2027. An upside could be 2027. That's why we reduced the expectations for the 2027 period.

I think there's sizable performance fees coming from that business, which is called Petlove. It's a market leader in Brazil. Patria Growth Equity Fund II, you know, the portfolio's shaping extremely well. Venture also, you know, portfolio's shaping extremely well. DPI is very high for our, you know, Venture Funds. You know, our Venture Fund II over 1 time DPI. Our Venture Fund III already 0.3 times DPI.

We're after one that company, it will go to close to 1 time DPI, 0.9 times DPI for the Venture III. Venture IV is pretty new. Very, you know, good news coming from that side of the business. Plus performance fees that can come from other asset classes like real estate, like credit, et cetera.

But lastly, what I would like to emphasize, Lindsey, is like, you know, let's say that, you know, we do generate \$80 million-\$100 million of performance fees versus the \$120 million, \$140 million. The difference, you know, between one scenario and the other is around, you know, \$40 million to \$60 million. If we divide that by 3, you know, because it's a three-year period guidance. 40 divided by 3, around, whatever, \$13 million, and 60 divided by 3, around \$20 million. It will be an additional \$13 million to \$20 million that we'll add to our DE.

Given our, you know, projections that we're going to generate \$225 million to \$245 million of FRE this year, \$260 million to \$290 million of FRE next year, an additional \$13 million to \$20 million, of course, I prefer more \$13 million to \$20 million than less \$13 million to \$20 million. Percentage-wise, it's pretty small. It doesn't actually move tremendously the needle.

Our performance fees, because, as you know, are becoming less relevant to our business and our results, we moved Patria into more NAV and market-oriented funds. Listed funds where we charge fees on the market value of these funds, like REITs, like the public equities, like credit, et cetera. 70%, so the 7-0% of our fee-earning AUM come from funds that actually do charge fees on the market value of the assets, like credit, like public equities, like real estate, like GPMS.

30% are the drawdown nature funds that has the performance fees. That's already now in 2026, 2027. Looking into 2030, by the end of the year, first week of December, we're gonna give out our 2030 vision. Even more so, this path continues for us to expand the business on the asset classes that I just mentioned, permanent capital vehicle, listed funds, whatever, that charge fees on the market value of the assets.

The performance fees are gonna become even less relevant as we move into the future. That's not by chance. It's by strategy. Of course, we wanted to guide the company because it becomes more predictable, more visible, as performance fees have this kind of volatility.

Sometimes, you know, we are, you know, doing an M&A, and I joke that M&A stands not only for mergers and acquisitions, but it also stands for misery and anguish. You're there signing a deal, someone, you know, doesn't wanna sign the deal, whatever, it goes to the next quarter. We're moving the business to be allocated to asset classes and fund strategies that give us a lot more predictability. That's what the bond investors actually saw. I think the rating agency, the investors that came into our bond, of course, they have a look into the credit quality. They want to, you know, of course, get their debt paid.

They don't want much upside on that sense. They want predictability. Even though, you know, the performance fees can add that extra \$15 million-\$20 million in my example here, you know, they saw this very predictable business of Patria. That's why we managed to raise a, you know, seven-year, ten-year notes with these kind of terms that we just went over here. I hope I answered your question, Lindsey.

Lindsey Shema - *Goldman Sachs Group Inc - Analyst*

Yes, that was great. I definitely heard on the strategy moving more towards market valued assets. And then I do have one more question, maybe a little bit more specific on this year. On the expense growth in the quarter, if you could just break down maybe by magnitude, how much was acquisition related, how much was investment, how much was comp resetting?

How much was FX? Just trying to get a sense of what each impact was and how much margin can expand throughout the year? Could you reach your longer-term FRE margin target this year? Or is that more of a topic for 2027?

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

Yes. I'll go for the short answer, and then I'll pass on to Raphael. Yes, we can reach the 58%, 60% FRE margin for this year. And I'll pass on to Raphael to give you this breakdown.

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

Yes, I would say -- hello, Lindsay. First, thank you for your question. We have three temporary factors that explain the first quarter margin. The first one is integration costs from the Solis and RBR closings. The second one is the seasonal compensation reset at the start of the year. The third one is the platform investment that were front-loaded. Okay. The path, as Alexandre said, to 58%-60% margin is supported by simple math.

So moving the margin from 54.6% to 58% on our \$45.8 billion Fee-Earning AUM base generates approximately \$50 million of additional FRE before any new fundraising contribution. On top of that, our \$3.3 billion of Pending Fee-Earning AUM converts to fee-paying status through the year. We expect \$10 million to \$15 million of seasonal incentive fees in the fourth quarter.

Annualizing first quarter FRE plus those incentive fees gets us to roughly \$250 million, and the margin expansion plus organic growth reaches the rest. We are reaffirming the 58%-60% range. Just to give you some more perspective on the costs, we have, that's your question. We have an FX impact that is pretty much important in the first quarter of the year.

We have to keep in mind that we also have a positive impact on revenues, okay? When we look, the expenses, separately, we can see this impact, but when we look it all together, it goes to the bridge that I just mentioned to you.

Lindsey Shema - *Goldman Sachs Group Inc - Analyst*

Perfect. And just confirming the \$3.3 billion of pending fee AUM, is that all to be deployed this year or only part?

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

No, I would -- no. Of course, the plan is to deploy within the year because it's -- and if you do a ROA of 90 basis, which is our ROA, you can see where \$25 million coming from here. But yes, within the next quarters. And I think our expectation and also investors' expectation and they want to see the money on the ground being deployed.

Operator

Guilherme Grespan, JPMorgan.

Guilherme Grespan - *JPMorgan Chase & Co - Analyst*

So my first question was actually answered was on the pending AUM. But the second one is just on the average management fee rate, Alex. I know that when you look at the consolidated view, there was a step down, I think, mostly related to mix. But whenever we try to do the per-segment here basis that you disclosed the management fee per segment, we saw a small step down on private equity and infra that there was no M&A.

So I just want to confirm, sometimes those movements are average balance calculation that impacts the average management fee. But I just want to confirm there was no step down or any change to the fee schedule of PE and Infra.

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

No, Guilherme, thank you for your question, a great question, because it's, I think it's important for us to emphasize. The short answer, then I'll go through the explanation. No fee pressure, okay? Within private equity and infrastructure. What happens, when we raise a flagship fund, which is not the case of this year and this quarter, the flagship funds do actually post a higher fee rate.

You know? Private Equity 1.17 and 20, 1 -- 1.75 for our management fees and 20% performance fees. Infrastructure, 1.5, 1.6 management fees and 15% performance fees, okay? The flagship funds, which we are not raising this year.

When we actually raise the SMAs which we mentioned. The SMA that was actually even used as an example in our earnings call, the data center SMA, with ByteDance or the toll road SMA that we did with PIF, the Saudi sovereign fund, and also with GIC, the Singaporean sovereign fund. Those SMAs are more on the 1 and 10 basis, 1% management fees and 10% performance fees. It is a way, so that's all.

As we raise these SMAs during 2026, and we are not raising a flagship fund, you see some of this margin movements or lower movements that you just mentioned for private equity and infrastructure. Private equity, we did raise an SMA. We did sign, not yet closed, a large healthcare deal in Colombia and in Chile. You probably, you probably know, recall that UnitedHealthcare owns three large assets in the region in South America, one in Brazil, Amil, that it sold last year.

And then, UnitedHealthcare, which is facing now their issues of their own, decided to sell the Colombian asset and the Chilean asset. We did actually raise an SMA of over \$500 million there with now 200 is already there in our first quarter. We will have another 200 to come in the second quarter for private equity to buy these two assets in Colombia and in Chile.

Again, now raising an SMA for private equity is 1 in 10, is not 1.75 and 20. Actually it's 1 in 15 in this case of private equity. During the year, you're gonna see this, the years that we are not raising flagship funds, but no fee pressure.

Needless to say, you know, some of the investors that do put money in the fund, in the main fund and are paying 1.75 and 20 in the case of private equity at 1.5%, 1.6% management fees and 15 in the case of infrastructure, they do require that we do give them opportunities to co-invest, where in the co-investment vehicles, they pay a fee of 1 in 10. It's a way of giving them a discount, Guilherme, right? It's not in the main fund because it would spoil the whole economics that other investors are now getting into the fund. They want most favored nations clause, whatever.

We don't reduce the funds that the fees for the main flagship funds. We do give them the opportunities to co-invest. In the co-investment vehicles, we have this lower fee combination. Which is now the way that the industry operates. It's not a 2025 or 2026 phenomenon. For the last 20 years, we've been doing this, and it's the same, the same mechanics.

A very large investor gets into the fund, pays full fees, but then asks to co-invest and pay a lower fee in the co-investment vehicle. That is a 20-year phenomenon. It's not a 2025, 2026 phenomenon. We're not getting any fee pressure going back to the beginning of my answer here. Hope I answered your question.

Operator

Nicholas Vaysselier, BNP Paribas.

Nicolas Vaysselier - *Exane Bnp Paribas - Analyst*

Hope you can hear me. I have two questions on my side. The first one would be a bit of a follow-up on the previous one. But I was wondering on the co-invest in infrastructure and private equity, do you manage to charge anything at all in terms of fees, or is it purely at zero? And I do understand that it's necessary for doing the business in that industry, but just wondering if there's any revenue impact?

And second question, your last acquisition this year in mid-market secondaries, developed mid-market secondaries. I was wondering if any other deal you might be doing in the near future would still be looking at developed market capacities. I know you've been talking about the US quite a bit on recent calls. So I was wondering if this is going to be something you're going to focus on more in the near future?

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

Nicholas, thank you very much for your question, and thanks for participating on. We do charge fees on the co-investment vehicles. How does that work? I don't wanna, you know, bog you guys into much detail, but very big institutional investors, normally, they require that the first dollar that they invest that matches the dollar that they put in the fund is no fee, no carry.

Let me give you an example. If a very large investor decides to invest \$300 million in one of our flagship funds, they require that the first \$300 million of co-investments do not pay any fee and carry, the management fees and carry. In the end, it's a 50% discount. Of course, it's their option to do the co-investment.

After that, Nicolas, we charge the 1 in 10 that I mentioned when I was answering Guilherme's question. 1 to 1, yes, for the large guys, no fee, no carry. After 1 to 1, we do charge, normally we charge 1 in 10. If it's an investor that is not an investor in the fund, he already goes into the 1 in 10. Okay? In the case of infrastructure.

In the case of private equity is 1 in 15. They pay a higher performance fee for the SMEs, for, you know, private equity. In private equity, it works the same. The first dollar for dollar, no fee, no carry. After that, they pay fee and carry. I'm generalizing, of course, there's no, if we go into the, you know, detail of some of the relationships, there might be a little twist here or there. In general terms, I think this is, I think gives you a good view of how it works.

Again, it's not a Patria thing, it's not just for Patria, it's an industry thing. It's an industry kind of phenomenon, an industry characteristics of our industry, the one to one, and over one to one people do pay fees for co-investments. Okay? On the USA and the WP acquisition. The WP acquisition was -- let me start with a short answer. No, we do not intend to expand in the US in a big way.

Let me give you then some more detail. The WP acquisition was targeted to enhance our capabilities through the GPMS team. The GPMS does, as you know, private equity primaries, secondaries, and co-invest, and is mainly in Europe. Two-thirds of our portfolio is a, you know, European focused portfolio.

Our investors that ask us to have more of a global approach to, you know, private equity primaries, secondaries, and co-invest mid-market focus. That means, you know, having a larger US presence and competence. The WP acquisition comes to fulfill and enhance and strengthen the part of the strategy of our GPMS business.

So besides that, which is, you know, enhancing something that we have already purchased in Europe, which is a GPMS business from abrdn, we don't see any other short-term opportunities to get into the US Our focus is to, you know, LatAm and, you know, we're not really in big

time in Mexico. We're growing in Colombia, as you know. UK is a main focus. UK is the second-largest alternative asset market in the world. I think the second technically is China, so US, China, and the UK

For us, UK is, as it's harder for us to approach the Chinese market. The UK for us is the second-largest alternative market in the world. Very fragmented, contrary to the American market, which is, you know, went through a consolidation.

We actually can see ourselves through organic growth and acquisitions becoming one of the top three to five alternative managers in the UK and therefore in Europe, in credit, in GPMS, in real estate, in these asset classes. Our focus is to continue expanding where we already are in the UK or Europe, continental Europe, LatAm, but not in the US besides the GPMS that I just mentioned. I hope I answered your question, Nicholas.

Operator

I am showing no further questions at this time. This concludes our Q&A, and I would like to turn it back to Alex Saigh for closing remarks.

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

Well, thank you very much for your participation. Again, I think a great quarter for us. A strong performance, starting with performance of our funds, then, you know, rippling down to fundraising, great fundraising of \$2.1 billion for the quarter. We know there's an upside there on our \$7 billion guidance, and even, I think, beating the \$7.7 billion record fundraising that we had in 2025.

You know, very strong FRE growth for us, confirming the \$225 million to \$245 million FRE for 2026. And a 58% to 60% FRE margin. We also, you know, would like to thank you for your participation. Hope to see you in person soon, and have a very, very good day. Thank you.

Operator

Thank you all for your participation in today's conference. This does conclude the program. You may now disconnect.

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