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VINP.OQ - Q2 2021 Vinci Partners Investments Ltd Earnings Call

EVENT DATE/TIME: AUGUST 18, 2021 / 9:00PM GMT

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PRESENTATION

Operator

Good afternoon, and welcome to the Vinci Partners Second Quarter 2021 Earnings Conference Call. (Operator Instructions) As a reminder, this call will be recorded.

I would now like to turn the conference over to Anna Castro, Investor Relations Manager. Please go ahead, Anna.

Anna Luiza de Castro Santos - *Vinci Partners Investments Ltd. - IR Manager*

Thank you, and good afternoon, everyone. Joining today are Alessandro Horta, Chief Executive Officer; Bruno Zaremba, Head of Private Equity and Investor Relations; and Sergio Passos, Chief Financial Officer. Earlier today, we issued a press release, slide presentation and our financial statements for the quarter, which are available on our website at ir.vincipartners.com.

I'd like to remind you that today's call may include forward-looking statements, which are uncertain and outside of the firm's control and may differ from actual results materially. We do not undertake any duty to update these statements. For a discussion of some of the risks that could affect results, please see the Risk Factors section of our 20-F.

We will also refer to certain non-GAAP measures, and you'll find reconciliations in the release. Also note that nothing on this call constitutes an offer to sell or solicitation of an offer to purchase an interest in any Vinci Partners fund.

With that, I'll turn the call over to Alessandro.

Alessandro Monteiro Morgado Horta - *Vinci Partners Investments Ltd. - CEO & Director*

Thank you, Anna. Good afternoon, and thank you all for joining our call.

Vinci Partners reported outstanding results for the second quarter. Distributable earnings doubled year-over-year to BRL 54.8 million or BRL 0.97 per common share in the second quarter. Fee-related earnings grew by 67% year-over-year, reaching BRL 55.2 million in the quarter.

In addition, we announced today our first semiannual dividend distribution of BRL 0.30 on the dollar per common share. When we add up dividends with the capital used for share repurchase, we have effectively returned BRL 102 million to our shareholders in the first semester of the year, equivalent to 100% of distributable earnings generated in the first half of the year, honoring our commitment of combining strong growth with capital distributions to our shareholders.

We have continued to find a supported fundraising environment for our platform in 2021. AUM reached BRL 57 billion at the end of the second quarter, a notable increase of BRL 7 billion since year-end 2020. This impressive result was primarily driven by exceptional fundraising in our private markets and IP&S segments during the first half of the year.

IP&S, for example, has been exceeding our highest expectations, almost doubling in AUM this past year. In private markets, we were able to roll out all the products we had in our pipeline, including the IPO of the new REIT, VIUR in the second quarter, which is a perpetual capital vehicle, and therefore, extremely variable to us.

We continue to see great demand for our products, even with the short-term rise in interest rates during this year's first semester. Long-term real interest rates currently sit at the low 4% levels at rates we believe are extremely constructive to our fundraising outlook. We believe we will continue to see strong positive inflows across our strategies coming primarily from IP&S separate mandates in private market funds for which we have a robust pipeline ahead of us for the second half of the year. Bruno will touch on the quarter's fundraising with more detail in a few moments.

Another considerable highlight this quarter was our margins, with FRE margin reaching 55% and distributable earnings margin at 44%, which accounts for over 500 and 700 basis points expansion on a year-over-year basis, respectively. This is a result of the investments we have been making in our platform since its inception, which have allowed us to scale our business over the years in a significant way.

We have currently positioned among the top-performing alternative asset managers in the industry regarding margins, and we still see great room to further expand them as we raise AUM and need relatively small adjustments in our platform to support it.

In our view, this quarter is a testimony to the strength of our business model. The numbers speak for themselves. We have been consistently performing across all metrics, expanding our company and focusing on the launch of new products with long-term capital commitments aligned with the market's latest trends. As a result, we are delivering record quarterly fee-related earnings and distributable earnings as AUM keeps growing at a very rapid pace quicker than the already fast-growing Brazilian alternative asset industry.

Momentum is very strong across the entire platform, and the opportunity is still extremely vast. Institutional investors are still excessively under allocated to alternatives and the shift from asset classes has only just begun.

For example, as of the end of the second quarter, total Brazilian AUM reached BRL 6.3 trillion, of which only 14% was allocated to alternatives. We believe this is one of the best positioned alternative asset managers in Brazil to capture the shift in asset allocation, and we are primed to capitalize on these trends. We expect to see continued expansion in our platform, which should boost our FRE and distributable earnings power.

We also continue to see a strong opportunity to further grow our international fundraising platform. More recently, we had strong allocation from global LPs in our impact private equity, VIR IV, and we see strong interest for increased allocation across the platform. In addition to a great business model and favorable market trends, we believe outstanding results are a consequence of a highly skilled management team and our constant commitment to enhancing governance practice within the firm.

Last week, our Board appointed Ms. Sonia Favaretto as our new independent Board member. Her appointment marks a new milestone in our company's path of differentiating as an ESG market leader. Sonia will be the Chairperson of our new ESG Committee, and we work to boost our focus on ESG as an investment matter and throughout company practices as we continuously pursue upgrades in our impact monitoring KPIs. Sonia has been working with us for a long time and is an extremely experienced director with a demonstrated history of working in the financial service industry. She is highly skilled in corporate social responsibility, sustainable development and environmental areas. She was recognized in 2016 by the UN Global Compact as 1 out of 10 people in the world to be a pioneer in sustainable development goals, or SDGs. It is a great honor for us at Vinci to have Ms. Favaretto in our Board, which is now composed of 4 independent members out of a total of 8 seats, with 2 of the independent members being women.

Still in the subject of ESG milestones, Vinci Partners has neutralized its GHG, or greenhouse gases, emissions relative to Scopes 1 and 2 for the year of 2020, showing our commitment to eliminating the company's contribution to carbon dioxide emission. This was a result of a number of internal measures to reduce our emissions complemented by the acquisition of verified carbon credits certified by Verra.

Another initiative we are very proud of is our effort to reach a gender balance status inside the company. Our HR team has been working heavily on elevating the number of women working in the firm and especially in leadership positions. We created a program to encourage women to enter the financial services market and have been since elevating female participation in starting positions such as in our operations team. By the end of July, our operations team, which is the entry point for most front office positions, was 48% composed of female employees, our highest level so far. This is a step closer in our objective for women to occupy more leadership positions across the firm.

This quarter, we also had 2 important recognitions for our investment products. Our private equity impact fund, VIR IV, won the private equity ESG Fund of the Year Award from Environmental Finance and our credit fund focused on private debt related to green energy, VES, was the first Brazilian fund to receive the European standard label.

Here, at Vinci Partners, our goal remains to provide the best returns and investment opportunity for our limited partners, with increasing focus on ESG as an investment matter across the firm, which translates into results for our fellow shareholders.

We are extremely excited for the next half of the year and for what opportunities the future holds for us. We are confident that we can continue to generate extremely attractive results for all our stakeholders.

And with that, I will turn it over to Bruno.

Bruno Augusto Sacchi Zaremba - *Vinci Partners Investments Ltd. - Head of Private Equity & IR*

Thank you, Alessandro, and good afternoon, everyone.

On Slide 8, we will walk through some of the financial highlights for the quarter. Fee-related revenues in the second quarter were up 50% year-over-year. During the first half of the year, management and advisory fee totaled BRL 198 million, up 36% (sic) [35%] year-over-year. Our fundraising efforts in 2021 are translating into outstanding growth in management fees, acting as the main driver for FRE and distributable earnings expansion this quarter.

Fee-related earnings were BRL 55.2 million for the quarter or BRL 0.97 per share, up 67% year-over-year, and BRL 105.4 million for the first half of 2021, up 36% year-over-year. Vinci generated distributable earnings of BRL 54.8 million in the quarter or BRL 0.97 per share, up 100% year-over-year, and BRL 102 million for the first half of the year, up 68% year-over-year. Total AUM reached BRL 57 billion as of the end of the second quarter, an increase of 31% on a year-over-year basis.

Our fee-earning AUM ended the quarter at BRL 55 billion, and our performance fee-eligible AUM at BRL 37 billion, representing nearly 70% of fee earning AUM. We had BRL 1.5 billion in net inflows this quarter coming from our liquid strategies and IP&S, representing almost BRL 4 billion in net inflows during the first half of the year. Net capital subscription from our private market strategies represented BRL 265 million in the quarter and over BRL 2 billion when we add up first and second quarters of 2021.

As Alessandro mentioned in the beginning of our call, today, we announced our first semiannual dividend of BRL 0.30 on the dollar per common share, which combined with the share repurchases in the quarter, represents a 100% payout considering our distributable earnings for the first half of the year.

Moving on to Slide 9, we recap our fundraising across strategies during this first half of 2021. During the first semester, we were able to roll out 6 different fundraising processes for our private market funds. All full fee funds with long-term capital commitments, representing over BRL 2 billion in AUM, which already surpassed our fundraising in private markets for the full year of 2020. This includes the final closing for VIR IV, which became the largest impact-oriented private equity fund in Latin America. We already made 3 investments in this fund, and our deployment schedule is advancing nicely.

We also had first closes for our new strategies across real estate and infra strategies, VFDL and VIAS. These are private equity style funds, which will continue to raise capital throughout the year.

One strategy that we're very enthusiastic about and have been very successful is our public market vehicles listed in the Brazilian Stock Exchange. During the first half of the year, we raised over BRL 1 billion through follow-on offerings for VILG and VIGT. And recently, we had the IPO of a new REIT, VIUR, which is a fund focused on the acquisition of yield-generating urban commercial properties in Brazil. All 3 funds are 100% deployed and on the process of putting together a pipeline so they can go back to market through additional follow-on offerings. We have another 3 listed REITs that can also go back to market still this year.

In our pipeline for the second half of the year, we have some new strategies that we're structuring to launch and can result in first closings yet this year. In our liquid strategies, as we expected and mentioned in our previous quarterly call, we were positively impacted in the second quarter from market appreciation with the overall recovery in the local markets during this quarter after some volatility in the first quarter of the year.

Our hedge fund strategy has also seen some good inflows during the second quarter, and we expect that as markets stabilize and COVID vaccinations continue to advance in Brazil, we should encounter even more attractive markets for both our hedge funds and public equity strategies.

Especially in our public equity division, we see great opportunity for AUM growth by leveraging on our already relevant international client footprint. International investors continue to be extremely under allocated, and we believe it is an enormous opportunity for further growth at Vinci.

At last, our IP&S segment has surpassed all expectations this year, almost doubling in AUM on a year-over-year basis. During the first half of the year, IP&S grew by BRL 5.5 billion, with strong net inflows coming primarily from our separate managed accounts as we continue to see great demand from local institutional investors for tailored financial solutions. Pipeline for IP&S is extremely strong for the next semester, and we should continue to see great results from this segment.

Moving on to Slide 10. We can see that the platform continues to display excellent trends in AUM growth against the prior year across all segments. AUM has been growing 31% annually, and we continue to expand our platform by raising new funds and creating new strategies and investment opportunities.

One key point to highlight is our long-term AUM, which represents approximately 50% of total AUM. Our perpetual capital AUM almost doubled in just 1 year, primarily due to our success in listed fund strategies and currently represents 25% of long-term AUM.

Furthermore, our AUM remains broadly diversified by duration, asset class and distribution channels, as shown on Slide 11. Half of our revenues this year were sourced from private market strategies, with management fees typically based on long-term capital commitments, thereby mitigating redemption and mark-to-market risk.

In terms of distribution, local and offshore institutional clients account for about 60% of our AUM, with the remaining 40% well balanced across high net worth individuals in a high-growing retail dedicated distribution channels, allocators and distributors and public market vehicles.

Turning to Slide 12. We disclosed our performance fee eligible AUM and how it is distributed across the platform. It currently totals BRL 37 billion or 70% of our fee earning AUM.

As we mentioned in our last quarterly call, we started disclosing how our AUM charges performance fees across the platform and to which benchmark each family of funds are indexed. 2/3 of our AUM is currently generating performance fees. This includes mostly funds from our liquid strategies and IP&S business and private market funds that are in divestment period.

Within our private market strategies, about BRL 7 billion in AUM comes from preferred return-type funds with carried interest that are still in investment periods. This puts Vinci in a strong position for future realization of performance fees, and we see this as a major upside for our shareholders.

And with that, I'll turn the call over to Sergio.

Sergio Passos Ribeiro - *Vinci Partners Investments Ltd. - COO & CFO*

Thank you, Bruno. In Slide 13, we walk through fee-related revenues for the quarter and year-to-date. Management fees remained the main contributor to revenues, accounting for nearly 80% of total revenues in the first half of 2021. Management fees grew from BRL 61 million in the second quarter of 2020 to BRL 95 million this year second quarter, up 56% year-over-year. Advisory fees were very much in line, resulting in a 50% growth year-over-year of fee-related revenues. In the year-to-date, we reached BRL 198 million in fee-related revenues, up 35% when compared to the first semester of 2020.

As you can see in Slide 14, our operating expenses represented BRL 54 million in the second quarter, up 31% year-over-year. As we discussed in our first quarter conference call, the first quarter of 2020 was positively impacted by lower-than-usual third-party expenses, which resulted in a distortion when you compare it to this year's first quarter, reason why we had such a step-up in expenses on a year-over-year basis.

This quarter, we have a much more comparable quarter to last year, and this is important because you can clearly see the platform's operating leverage potential. Expenses are increasing in a slower pace when you compare them to revenue growth, which resulted in a higher profitability profile, very evident in the second quarter, with FRE and DE margins reaching higher levels.

We also disclosed separate our new recurring costs related to the company's IPO, which accounted for BRL 3.2 million this quarter. These new costs can be segregated in 3 categories. The first and most relevant representing 50% of is the change in the company's compensation structure as we adjusted it to a regular G&A compensation style impacting personnel costs.

Additionally, we hired a new members for our Board of Directors, and we also had to make some new additions in our support teams like the shareholder relations team and additional people for financial reporting. At last, we had some third-party service providers fee such as hedge, auditor fees, NASDAQ listing fees and others. If we take out these new IPO costs, operating expenses would be up 23% year-over-year, a much smaller growth when we compare to the growth in total revenues of 38%.

Turning to Slide 15. We presented our fee-related earnings. FRE was BRL 55.2 million or BRL 0.97 per share, representing an outstanding increase of 67% year-over-year. In the year-to-date, FRE was BRL 105.4 million, an increase of 36% year-over-year. Our FRE continues to be the core indicator of our business as management fees continue to grow alongside our strong fundraising.

In the FRE bridge chart, we present a breakdown of fee-related revenues and expenses, disregarding additional costs for the quarter, while comparable FRE margin would have been 60%, 5 percentage points higher than our FRE margin for the quarter of 55% and 10 percentage points higher than FRE margin for the second quarter of 2020. Both our new public company costs and onetime strategic brand effort will present headwinds for stronger margins gains this year, although we have been able to significantly grow FRE margins in 2021 versus last year despite these effects, considering the positive trends in AUM growth so far.

Next, in Slide 16, PRE was BRL 10.8 million in the quarter, down 60% (sic) [16%] year-over-year. This decrease is due to higher performance compensation expense we had in the quarter since our total return strategy in hedge funds significantly outperformed its benchmark. Performance fees were practically in line when comparing the second quarter of 2020 to this year's second quarter. In the year-to-date, PRE totaled BRL 17.5 million, up 70% year-over-year. We also had unrealized performance fees in the quarter of BRL 11.8 million coming primarily from our international exclusive mandates in IP&S. This will be realized in the third quarter of 2021.

Next, in Slide 17, we present our GP investment and financial income for the quarter. Realized GP investment income resulted in BRL 345,000 in the quarter, coming primarily from dividend distribution from our proprietary private market GP commitments. In the appendix to this presentation, we disclosed all funds with GP commitments from the company.

As of June 3, the company had over BRL 266 million in capital committed signed proprietary private to market funds (sic) [capital commitments signed to proprietary private markets funds]. Total capital called at the end of the quarter reached BRL 111 million, of which BRL 14 million have already been returned to the firm. Total GP investments marked at the fair value at the end of the quarter represented BRL 121.2 million. Our financial income totaled BRL 14.3 million in the quarter coming from the cash allocation of the IPO proceeds.

As we mentioned in our last call, we have built a target allocation of proprietary liquid funds until the capital is called towards our private market funds. For this cash allocation, our target is to achieve a CDI plus 2% annual return. For this quarter, our liquid funds allocation resulted in a 1.2% quarterly return, which exceeded the CDI return by 0.4%. Since 2019, returns of this portfolio has fluctuated from CDI plus 3.1% on the positive side to CDI minus 0.8% on the negative side.

So far in the third quarter, for example, we have been facing our more volatile market environment than was the case of the first and second quarters of the year. Therefore, although our long-term target for the liquid portfolios continue to stand at CDI plus 2% per year, we should not expect this return to behave evenly through the quarters.

It's important to highlight that the recent increase in benchmark interest rate by the central bank in Brazil should have a positive impact on returns of our liquid portfolio over the medium term as a target-based returns goal is higher.

Turning to Slide 18. Distributable earnings were BRL 54.8 million in the quarter or BRL 0.97 per share, up 100% year-over-year. This exceptional result was driven by our growth in management fees and financial income in the quarter.

In the first half of the year, distributable earnings totaled BRL 102 million or BRL 1.08 (sic) [BRL 1.80] per share, up 68% year-over-year. We are also expanding our DE margins significantly, reaching 44% at the end of the quarter, up 8 percentage points year-over-year.

Finally, in Slide 19, we show our cash and investment balance. We finished the second quarter of 2021 with a total of BRL 1.47 billion in cash and net investments or BRL 25.96 per share. Today, our cash and investment balance are comprised primarily by fixed income and liquid funds, although we expect this to be gradually shifted into private markets GP funds investment as capital commitments are called in the coming years.

With that, I will turn the call back to Bruno.

Bruno Augusto Sacchi Zaremba - *Vinci Partners Investments Ltd. - Head of Private Equity & IR*

Thank you, Sergio.

Turning to our segment highlights. As you can see in Slide 21, 50% of our FRE in the year-to-date is coming from our private market strategies followed by liquid strategies, IP&S and financial advisory. The same level of diversification is reflected in our segment distributable earnings, except for IP&S that increased to 23% of segment distributable earnings with its contribution in performance fees this year.

Moving on to each of the segments, starting with private market strategies on Slide 22. FRE was up 63% year-over-year driven by the strong growth in fee-earning AUM and also improvement in our average management fee rates to 99 basis points in the quarter. The increase in average fees came from important fundraisings of full fee funds across our strategies such as VIR IV that reaches hard cap of BRL 1 billion in the beginning of the year. Deal activity was very strong in the quarter as all of our listed vehicles in real estate and infra are 100% deployed and can go back to the market for additional offerings.

As announced in the press release last week, VIR IV closed its third investment, reaching a 20% deployment status. The fund made an investment in Transpotech, a Brazilian medium-sized company that operates in the B2B service sector promoting the use of environmentally sustainable technologies with plans of becoming a market reference in fleet electrification and energy-efficient technologies. In addition, the new deal pipeline for VCP III remains quite strong, and we expect to announce additional transactions for that strategy shortly. Total AUM grew 20% year-over-year, and fee-earning AUM grew by 24% in the same period, highlighting the 6 fundraising processes carried out in the first half of the year, as we previously mentioned.

Turning to Slide 23. Liquid strategies FRE was up 85% year-over-year. From this quarter on, we will begin to see the positive effects of the end of the revenue sharing agreement with GAS Investimentos as we now have a comparable base for a year-over-year analysis.

AUM and fee-earning AUM remained stable on a year-over-year basis at BRL 14 billion, with strong fundraising in hedge funds and market appreciation offsetting outflows in low fee paying AUM across our public equity strategy, coming primarily from gas outflow in December of 2020.

As a result, our average management fee rate was positively impacted going from 48 basis points last year's second quarter to 73 basis points this quarter, driving our outstanding FRE growth year-over-year. We generated BRL 6.5 million in performance fees this quarter, up 77% year-over-year. PRE was down 5% year-over-year due to higher performance compensation related to our total return strategy, as Sergio mentioned earlier on the call.

Moving on to our IP&S business on Slide 24. Following exceptional growth in fee-earning AUM of 86% year-over-year, FRE multiplied by almost 3x year-over-year. PRE posted an ever bigger jump, up 455% year-over-year driven by very strong performance in our international separate mandates. Average management fee followed the growth in fee-earning AUM coming from 38 basis points in the second quarter of 2020 to 45 basis points this quarter.

Finally, Slide 25, we can see advisory revenues for our financial advisory business. Total revenues for the quarter were BRL 3.7 million, down 42% year-over-year. Financial advisory revenues will always depend on the timing that deals close. So we should expect some volatility from quarter-to-quarter. At this point, we have high visibility on approximately BRL 20 million in advisory revenues that should be recognized during the third quarter, a result of the strong deal activity we are executing this year.

As we go through our segments, it becomes evident that FRE and distributable earnings momentum is happening across all our business segments, and we believe this trend should continue for the foreseeable future. We are very enthusiastic about what we can further deliver in coming quarters.

During the quarter, we drove strong simultaneous growth in several key metrics in the business such as AUM, revenues, FRE margins and average fee rates. All our business lines showed strong growth. We are still at the beginning of what we believe is a structural transitioning towards alternative asset classes in Brazil, and we are in a position to be the leading player in this transition. We couldn't be more enthusiastic about what the future holds for us.

With that, I would like to open the call for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Ricardo Buchpiguel of BTG Pactual.

Ricardo Buchpiguel - *Banco BTG Pactual S.A., Research Division - Research Analyst*

Congrats on the strong results. A couple of questions. First, I wanted to understand a little bit how you're seeing the AUM mix evolving in this potentially higher interest rate environment that we are seeing, and also, how we should see the management fees behave under such environment like how should we be seeing a pressure or a rejection on this pressure of management fee under such scenario.

And for my second question, I wanted to understand a little bit of how you're seeing the IPO helping the operation of the business like being perhaps high inflows from institutional clients knowing Vinci or maybe boosting personal attraction, how you're seeing the impact of the IPO materializing in terms of the operation of the company?

Alessandro Monteiro Morgado Horta - *Vinci Partners Investments Ltd. - CEO & Director*

So thank you. This is Alessandro. Thank you for your question. I'll try to cover all your questions, starting with the AUM trends going forward. Of course, the rise in short-term interest rates potentially could change the interest of investors for specific asset classes, but what we are seeing as a whole is that we continue to have a positive trend, especially in IP&S and also the private markets.

We are seeing a more soft environment for the liquid strategy, both the hedge funds and the public equities, but we are still seeing a very good interest for both separate mandates on IP&S like we saw in the previous quarter and also on the private market, where in the second half, we have a more robust pipeline in terms of fundraising, both on the third and fourth quarter. So we believe that we'll continue to see positive inflows coming these 2 strategies, IP&S and private markets, as a whole in the next few quarters. So we don't think that the rise in interest rates. What's relevant for us, in fact, is real interest rates. So we are still in a level that we continue to see positive trends in the separate mandates in IP&S and also on the private market side.

In terms of management fees, we do not expect any pressure coming in terms of management fees. We are -- in fact, and as you can see in our numbers, we see our return of assets improving in all business lines. And we continue to see a very stable and positive environment in terms of management fees, not see any compression coming in any of our strategies.

And talking about the IPO positive, what I said before and I think continue to be very -- a very good surprise for us is that we have been seeing Vinci as a very competitive player, especially for mandates. We think the institutional investors, the local community of institutional investors, but especially the plans that are sponsored by multinational companies. On that front, I think the IPO -- and especially the IPO on the NASDAQ helped us a lot to gain the confidence and the visibility to gain this separate mandate from this institutional investor that is sponsored by multinational companies based in Brazil.

Also, we had a very good effect on the international institutional investors where we already have a very good presence, but we enhanced the visibility of the brand globally due to the IPO. Thank you.

Operator

Our next question comes from Tiago Binsfeld of Goldman Sachs.

Tiago Binsfeld - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

I'd like to hear from you on dividends. You mentioned that dividend [payback] reached about 100% payout. What should we expect going forward from the company, given the level, do you think it's sustainable in the future?

Alessandro Monteiro Morgado Horta - *Vinci Partners Investments Ltd. - CEO & Director*

Yes. That's -- thank you for the question. And it's Alessandro again. Yes. We -- as we said before in the previous quarter, our idea would be to distribute 75% of the distributable earnings in dividend in semi-annual installments. And the other 25%, the idea would be to go through a stock repurchase plan. We repurchased a little bit under this, the 25%. So we complement the 100% distributable earnings with the dividend. Our idea is to keep at least in terms of the dividend 75%, and we are still with the stock repurchase plan open. So we expect to have the same profile going forward, at least for the second half of the year providing the distribution either through dividends or stock repurchase of 100% of distributable earnings but with a target more 25% repurchase and 75% in dividends, but that could vary, depending on our ability execute the stock repurchase during the open windows that we have in the market.

Tiago Binsfeld - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

If I may pose also a second question, more of a long-term question here. You mentioned during the presentation that you see the market 40% (sic) [14%] allocated to alternatives today. Where do you think this will settle in the long run? What is the price potential to allocation in alternatives, even in a scenario of high rising interest rates in the country?

Bruno Augusto Sacchi Zaremba - *Vinci Partners Investments Ltd. - Head of Private Equity & IR*

Tiago, this is Bruno speaking. So today, as we mentioned in the call, we see alternatives allocation in Brazil being about 14% of total AUM. And when we run these numbers abroad for more developed countries, these numbers, they are sometimes above 40%, depending on the country, right? So what we see is a strong expansion potential for the business.

When you look at more developed countries, actually, what we're seeing in Brazil is that the growth in retail has been earlier than what is being witnessed in a more developed countries. So now you have in the United States and Europe retail being a very important trend in growth for alternative managers in those markets. We saw those trends earlier in Brazil. So -- but today, I mean, we would be talking about a potential tripling -- around tripling of the market shares of alternatives over the total AUM.

And remembering that AUM is growing -- if you look at the past few years, total AUM in Brazil is growing in the low double digits. So we are talking about a low double-digit organic growth, and then on top of that, increased penetration, and that's basically translating into the CAGR and AUM that we have been seeing, which has been above 30% for the last few years, right? So the opportunity in our view continues to be quite significant.

Operator

(Operator Instructions) I'm showing no further questions at this time. I'd like to turn the call back over to Alessandro Horta for any closing remarks.

Alessandro Monteiro Morgado Horta - *Vinci Partners Investments Ltd. - CEO & Director*

So I would like to say to you that we are very happy with the development of the business and the second quarter results. We'd like to thank you all for all your interest in our company. And I'd like to say that I would hope that you keep safe and that you come back to talk with you in the next few quarters. Thank you very much.

Operator

Thank you. Ladies and gentlemen, this does conclude today's conference. Thank you all for participating. You may all disconnect. Have a great day.
