



Waveland V Fund Updates

December 4th 2025

We have received notice that the motion to sell has surepassed the 50% threshold needed to initiate a sale of the assets of the portfolio. The sale should be completed near the end of this month with the first initial portion of the funds sent to clients right around the end of January 2026. Your clients may receive communications with regards to the sale in addition to updates on how the remaining assets are continuing to perform.

November 12th 2025

Waveland V – Update & Recommended Path Forward

As we evaluate the current positioning of Waveland V, we see three distinct paths the fund could take from here. While each option carries its own potential benefits and risks, none presents a perfect scenario—particularly given the timing of production declines, hedge requirements, and the current commodity environment. After reviewing these dynamics, we believe the most advantageous strategy for investors is to sell the assets now. The following outlines the three options and the rationale behind our recommendation.

1. Hold and Prices Rise

If we elect not to sell and prices increase meaningfully, the fund would still be required to implement near-term hedges to manage risk during the upcoming production decline phase. These hedges would capture little of the upside and would likely offset most of the price benefit for roughly the next two years. During this period, as production naturally declines, the volume available to capitalize on higher prices diminishes further. At best, the value realized under this scenario could end up similar to today's exit value—but with considerably more risk taken and with lower distributions, which would likely need to be reduced to the 6–8% range.

2. Hold and Prices Fall

If prices decline, the fund would again need to implement hedges to protect against further downside during the production decline, limiting flexibility. The one potential benefit is the ability to acquire additional positions at a lower cost basis without hedging requirements, which could be profitable if prices later recover. However, even in that scenario, the magnitude of the upside is limited: these additions would not be large enough to materially change overall returns. This path also requires reducing distributions to the 6–8% range while carrying significant commodity-driven volatility. In short, even the “positive” version of this option does not meaningfully improve investor outcomes.

3. Sell Now (Recommended)

By selling the assets now, investors lock in the distributions already received and the proceeds from a sale in the current market. This results in a roughly break-even total outcome to date. Importantly, selling today preserves remaining upside potential through the structure of the sale, with the target of achieving approximately 20% additional return over the next few years—although this may ultimately be lower. This approach provides certainty in a period where the alternative scenarios rely on hedging, shrinking production, and commodity movements that could easily erode value. Selling now removes significant risk while still offering a measured upside component.



Conclusion

When viewed objectively, the two “hold” scenarios present limited and uncertain upside, significant hedge-related constraints, and forced distribution reductions. In contrast, selling now secures current value, avoids the structural challenges of the next two years, and maintains the possibility of additional return without exposing investors to the same level of commodity and production risk. For these reasons, selling today offers the strongest combination of downside protection and forward opportunity for Waveland V investors.