WEALTH PRESERVATION
EQUITY RESEARCH REPORT

VG

Venture Global, Inc.

NYSE: VG | Oil & Gas Midstream | LNG Production & Export

RECOMMENDATION	**AVOID**
Current Price	$9.78
Wealth Preservation Score	**22 / 100**
Framework Verdict	**DOES NOT QUALIFY**

Report Date: February 13, 2026
Analyst: Moschovakis Capital Research

For informational purposes only. Not investment advice.

EXECUTIVE SUMMARY

RECOMMENDATION: AVOID

Metric	Value	Metric	Value
Recommendation	AVOID	Wealth Preservation Score	22 / 100
Current Price	$9.78	Downside Protection Score	10 / 100
Fair Value (Base Case)	$12.50	Quality Score	32 / 100
Margin of Safety	21.8%	Risk Level	VERY HIGH
52-Week Range	$5.72 - $19.95	Prob. of >50% Loss	>25%

Return Profile	Value
Dividend Yield	0.3% (nominal)
Expected Dividend Growth	N/A (just initiated)
Expected Price Appreciation (Base)	5.0% CAGR
Total Expected Return (Base)	5.3% CAGR
Bear Case Total Return	-15.2% CAGR
Bull Case Total Return	18.5% CAGR
Probability-Weighted Return	3.4% CAGR

Risk Assessment	Value
Solvency Assessment	UNACCEPTABLE
Debt-to-Equity	3.13x (Threshold: <1.0x)
Interest Coverage	~2.0x (Threshold: >5.0x)
Current Ratio	0.83 (Threshold: >1.5x)
Free Cash Flow (TTM)	-$11.5B (Massively Negative)
Recession Profile	UNTESTED (IPO Jan 2025)
Arbitration Exposure	$5.5B+ in claims

One-Line Thesis:

Venture Global is a high-growth LNG producer with compelling long-term industry tailwinds, but its fortress balance sheet is non-existent—with D/E of 3.13x, interest coverage of only 2x, negative free cash flow of $11.5B, and $5.5B+ in active arbitration claims, this company fails virtually every critical wealth preservation gate and represents unacceptable risk of permanent capital loss.

INVESTMENT THESIS

Venture Global, Inc. (NYSE: VG) is one of the fastest-growing liquefied natural gas (LNG) producers in the United States, operating two production facilities in Louisiana (Calcasieu Pass and Plaquemines) with over 100 MTPA of capacity in production, construction, or development. The company pioneered modular, factory-built LNG processing equipment that enables faster construction timelines and lower per-unit costs compared to traditional approaches. Since producing its first LNG in 2022, Venture Global has rapidly scaled operations and now generates over $10 billion in annual revenue.

However, this growth has come at an extraordinary cost to the balance sheet. The company carries approximately $33.9 billion in total debt against roughly $10.4 billion in equity, producing a debt-to-equity ratio of 3.13x—more than six times our maximum threshold of 0.5x for wealth preservation candidates. Interest coverage stands at approximately 2.0x, which falls well below our automatic removal threshold of 4.0x (and far below our preferred 8.0x level). The current ratio of 0.83 is below 1.0, indicating the company cannot fully cover short-term obligations with short-term assets. Free cash flow is deeply negative at -$11.5 billion on a trailing twelve-month basis, driven by massive capital expenditures for the CP2 project ($15.1 billion in project financing alone).

Adding to the risk profile, Venture Global faces approximately $5.5 billion in arbitration claims from major energy buyers (Shell, BP, Edison, Galp, Orlen, and others) who allege the company failed to deliver LNG under long-term contracts while selling cargoes on the lucrative spot market during 2022-2025. While Venture Global won its arbitration against Shell (August 2025) and Repsol (January 2026), BP won its case in October 2025 seeking over $1 billion in damages. Shell has challenged its loss in New York Supreme Court, and multiple other cases remain pending. This legal overhang introduces substantial uncertainty around both the magnitude of potential liabilities and the company's reputation with counterparties.

Under the Moschovakis Capital Wealth Preservation Framework, Venture Global fails multiple absolute requirements: the solvency assessment is UNACCEPTABLE, the bear case total return is materially negative, there is no meaningful dividend history, and the probability of permanent capital loss exceeds our 10% threshold. While the long-term LNG demand thesis is compelling and the company's low-cost production model has merit, the current risk profile is fundamentally incompatible with a wealth preservation mandate. This is a speculative growth equity, not a capital preservation vehicle.

STAGE 1: SECTOR & THEME IDENTIFICATION

1.1 Initial Screening Questions

Question	Answer	Assessment
Is the sector understandable?	Yes — LNG production, liquefaction, export	PASS ✓
Is the sector in secular decline?	No — Global LNG demand growing steadily	PASS ✓
Defensive or Cyclical?	Highly Cyclical (commodity energy)	CAUTION ■
Sector-level tailwinds?	EU energy security, Asian demand, US export policy	FAVORABLE
Sector valuation vs. history?	LNG sector near historical averages	NEUTRAL

The LNG sector is understandable and benefits from strong structural tailwinds: European energy security needs post-Russia, growing Asian LNG demand (particularly from China, India, and Southeast Asia), and supportive U.S. energy export policy. However, as a commodity-linked energy business, it is **highly cyclical** — which under our framework requires exceptional balance sheet strength AND valuation discount to proceed. Additionally, there are emerging concerns about a potential LNG supply glut as multiple new projects come online globally in 2026-2028.

1.2 Sector Verdict

CONTINUE WITH HEIGHTENED SCRUTINY — Highly cyclical sector requires fortress balance sheet to qualify under wealth preservation mandate. Proceed to fundamental gatekeeping with elevated thresholds.

STAGE 2: FUNDAMENTAL GATEKEEPING

2.1 Solvency Check: Can This Company Survive a Severe Recession?

Metric	VG Value	Threshold	Assessment
Debt-to-Equity	3.13x	<1.0x (ideal <0.5x)	FAIL ✗
Interest Coverage (EBIT/Interest)	~2.0x	>5.0x min; >8.0x preferred	FAIL ✗ (Auto Remove)
Current Ratio	0.83	>1.5x	FAIL ✗ (Remove if <1.0x)
Free Cash Flow (TTM)	-$11.5B	Positive 4 of 5 years	FAIL ✗
Debt Maturity Schedule	Multiple project financings	No cliff >30%	ELEVATED RISK
Cash as % of Total Debt	5.8% ($1.95B / $33.9B)	>20% preferred	FAIL ✗

Stress Test: If revenue dropped 30% for 2 years (recession scenario), Venture Global would face severe distress. With interest coverage of only 2x and $33.9 billion in debt, a meaningful revenue decline would likely push the company toward covenant violations and potential distressed restructuring. The company has no dividend to cut as a buffer. The massive ongoing CapEx program ($15B+ for CP2) would need to be funded externally, and credit markets could freeze for a company in this financial position during a recession.

Solvency Assessment: UNACCEPTABLE

Under framework rules, interest coverage below 4.0x triggers **automatic removal** from consideration. At approximately 2.0x, Venture Global fails this critical gate decisively. The D/E of 3.13x is more than 3x our maximum threshold. The current ratio below 1.0 is another automatic removal trigger. **Under strict application of the framework, analysis should stop here.** We continue for completeness.

2.2 Earnings Quality Check

Question	Assessment
Operating CF > 80% of Net Income?	Distorted by massive CapEx; operating CF positive but FCF deeply negative
Receivables growing faster than revenue?	Revenue growth of 105%+ Y/Y makes comparison difficult; recent IPO
Unusual one-time gains?	Yes — $20B+ from commissioning cargo spot sales (2022-2025)
Financial restatements?	No restatements, but very limited public financial history (IPO Jan 2025)

Earnings Quality: QUESTIONABLE — Revenue and earnings heavily influenced by commissioning cargo sales at spot prices, which are non-recurring. Transition to long-term contract pricing will materially change the earnings profile.

2.3 Dilution Check

Venture Global completed a 4,520-for-one forward stock split in connection with its January 2025 IPO. The company has approximately 2.45 billion shares outstanding. As a recently-IPO'd company controlled by Venture Global Partners II, LLC, the public float is limited. Share-based compensation data is minimal given the short public history. CEO Mike Sabel and co-founder Robert Pender maintain significant control through the parent entity.

Dilution Assessment: INSUFFICIENT DATA — Less than 14 months of public market history. Cannot assess multi-year dilution trends.

2.4 Dividend Sustainability

Metric	VG Value	Threshold	Assessment
Dividend Yield	~0.3% ($0.07 forward)	1.5-5% sweet spot	MINIMAL
Payout Ratio (EPS)	<5%	<60% for growth	N/M (token dividend)
FCF Payout Ratio	N/A (FCF deeply negative)	<70%	NOT APPLICABLE
Dividend Growth (5Y CAGR)	N/A (just initiated)	>3%	NO HISTORY
Consecutive Years of Dividend	<1 year	>10 years preferred	FAIL ✗
Maintained Through 2008-09?	Company did not exist	Yes	NOT APPLICABLE
Maintained Through 2020?	Company was pre-revenue	Yes	NOT APPLICABLE

Dividend Sustainability: UNSUSTAINABLE / NOT MEANINGFUL — The token $0.07 annual dividend (0.3% yield) provides no income cushion and no downside protection. With deeply negative FCF, the dividend is funded from debt or IPO proceeds.

2.5 Capital Efficiency: ROIC Assessment

Metric	Value
ROIC (TTM)	6.35%
Estimated WACC	~8-10% (high leverage, energy sector)
ROIC vs. WACC	ROIC < WACC — Value Destruction
ROIC Trend	Insufficient history (1 year public)
ROE (TTM)	28.55% (inflated by extreme leverage)

ROIC: 6.35% | vs. WACC: ~8-10% | Trend: Insufficient Data | Verdict: MARGINAL / VALUE DESTROYING

While the 28.55% ROE appears attractive, this is entirely a function of extreme financial leverage (D/E 3.13x). The underlying ROIC of 6.35% suggests the business is not generating returns above its cost of capital when properly measured on total invested capital. For a company with this level of execution and construction risk, a sub-WACC ROIC is concerning.

2.6 Valuation Screening

Metric	Current	Context
P/E (TTM)	~8-12x	Looks cheap but reflects extreme risk premium
EV/EBITDA	~9.6x	Reasonable for LNG; but EV includes $34B debt
P/S (TTM)	1.6x	Low, but enterprise value tells the real story
P/B (MRQ)	3.0x	Premium to book despite distressed price action
EV/Revenue	4.5x	Enterprise-level valuation is full, not cheap
Dividend Yield	0.3%	Effectively zero income return

Valuation Verdict: DECEPTIVELY CHEAP — The low P/E of ~8-12x appears attractive but is misleading. The enterprise value of approximately $49 billion (including $34B in debt) tells the true story: investors are paying a full price for this business on an enterprise basis. The equity is a thin sliver sitting atop a mountain of project-financed debt. At the equity level, the stock has fallen 60% from its IPO price, which reflects the market's repricing of arbitration risk, execution risk, and leverage risk—not an unwarranted discount on a high-quality business.

STAGE 2 SUMMARY: FUNDAMENTAL GATEKEEPING RESULTS

Gate	Result	Framework Action
Solvency Check	UNACCEPTABLE	AUTOMATIC REMOVAL (Interest Coverage <4.0x)
Earnings Quality	QUESTIONABLE	Proceed with extreme caution
Dilution Check	INSUFFICIENT DATA	Cannot assess (<14 months public)
Dividend Sustainability	UNSUSTAINABLE	No income cushion; fails preservation mandate
ROIC Assessment	MARGINAL	ROIC < WACC; potential value destruction
Valuation	DECEPTIVELY CHEAP	Low P/E masks extreme enterprise leverage

FRAMEWORK VERDICT: Venture Global fails the fundamental gatekeeping stage at multiple critical junctures. The interest coverage ratio of approximately 2.0x triggers automatic removal under our methodology. The current ratio below 1.0x is a secondary automatic removal trigger. Under strict framework application, this company should be removed from consideration at Stage 2.

We continue the analysis through the remaining stages for educational completeness and to document specific conditions that would need to change for Venture Global to qualify as a wealth preservation candidate.

STAGE 3: PEER COMPARISON & QUALITY RANKING

3.1 Competitive Cohort: U.S. LNG Producers

Metric	VG (Venture Global)	LNG (Cheniere Energy)	NFE (New Fortress)	Best for Preservation
Debt/Equity	3.13x	~3.5x	~4.0x	None qualify
Interest Coverage	~2.0x	~3.5x	~1.5x	Cheniere (best)
Dividend Yield	0.3%	0.9%	0%	Cheniere
Payout Ratio	<5%	11%	N/A	Cheniere
FCF Margin	Deeply Negative	Positive	Negative	Cheniere
ROIC	6.35%	~14%	Negative	Cheniere
Revenue (TTM)	$10.9B	$19.5B	$2.1B	Cheniere (scale)
Public History	<14 months	10+ years	6+ years	Cheniere

Among U.S. LNG producers, the entire sector is characterized by high leverage due to the capital-intensive nature of building liquefaction facilities. Cheniere Energy is the clear leader on every quality metric: higher ROIC (~14% vs. 6.35%), positive free cash flow, 10+ years of public market history, growing dividend (14% CAGR), active share buyback program, and a more established operational track record. Even Cheniere, however, carries leverage that would concern a wealth preservation investor (D/E ~3.5x).

If an investor were committed to LNG exposure within a wealth preservation mandate, Cheniere Energy would be the only viable consideration—and even then, only at a significant valuation discount and with a reduced position size. Venture Global offers a higher-risk, higher-potential-reward profile that is fundamentally misaligned with capital preservation objectives.

3.2 Wealth Preservation Quality Score

Component	Max Points	VG Score	Rationale
Balance Sheet Fortress	40	3	D/E >1.0x (5pts), IC <5x (0pts), FCF negative (0pts) = 5, minus penalties = 3
Income Reliability	30	3	0.3% yield, no history, no growth track record
Capital Efficiency	15	4	ROIC 6.35% (4pts), trend unknown (0pts)
Valuation	15	12	Trading well below IPO; ~25th-50th percentile of short range
TOTAL	100	22	DOES NOT QUALIFY (<45 minimum)

Quality Score: 22 / 100 — REMOVE FROM CONSIDERATION (threshold: 45 minimum to proceed, 75+ for primary candidate)

STAGE 4: QUALITATIVE DEEP DIVE

4.1 Competitive Moat Assessment

Moat Type	Evidence	Durability (1-10)	Preservation Value
Cost Advantage	Modular factory-built equipment; lower $/tonne	6	Good (if sustained)
Regulatory/Permit Barriers	FERC + DOE approvals; multi-year process	7	Good
Long-Term Contracts	20-year SPAs with Shell, BP, PETRONAS, Tokyo Gas, Eni, etc.	8	Excellent
Infrastructure Lock-In	Massive sunk-cost facilities; pipeline access	7	Good
Network/Scale	Growing toward 100+ MTPA; vertical integration	5	Developing

Venture Global possesses legitimate competitive advantages: its modular construction approach enables faster facility buildout at lower cost, its Louisiana Gulf Coast locations provide favorable access to abundant, low-cost Henry Hub gas, and its 20-year SPAs with major global energy companies provide long-term revenue visibility. However, the moat is partially undermined by the arbitration disputes, which raise questions about counterparty trust and contract enforcement practices.

Moat Assessment: MODERATE — Legitimate advantages exist but are partially offset by reputational risk from arbitration disputes and the commodity nature of LNG.

4.2 Management Quality & Capital Allocation

CEO: Mike Sabel (Co-Founder). Sabel co-founded Venture Global and has led the company through its rapid buildout from concept to one of the largest U.S. LNG exporters. The speed of execution is impressive—producing first LNG in 2022 and achieving $10B+ in annual revenue by 2025. However, the decision to sell 400+ commissioning cargoes on the spot market (earning $20B+) while delaying commercial operations and long-term contract deliveries has created massive legal liability and reputational damage. This represents aggressive, opportunistic decision-making that prioritized short-term revenue maximization over counterparty relationships—a concerning pattern for wealth preservation investors who value management prudence and relationship capital.

Capital Allocation: The company has deployed capital aggressively into growth, securing $15.1B in project financing for CP2 Phase 1 and advancing plans for CP3 and Delta projects. While ambition is not inherently negative, the pace of capital deployment relative to existing cash flows—with levered FCF at -$11.5B—suggests a tolerance for financial risk that is incompatible with our mandate.

Management Quality: CONCERNING — Impressive execution but aggressive risk-taking and counterparty disputes.

4.3 Recession Performance History

Venture Global has **no recession track record whatsoever**. The company produced its first LNG in 2022, IPO'd in January 2025, and has existed as a publicly traded entity for less than 14 months. We cannot assess how the business would perform during a downturn, which is a critical data gap for wealth preservation analysis. The highly leveraged, cyclical nature of the business strongly suggests it would be severely impacted by a recession—potentially facing covenant violations, inability to refinance project debt, and possible forced asset sales.

Recession Profile: UNTESTED / PRESUMED VULNERABLE

4.4 Arbitration Risk Assessment

Counterparty	Status	Est. Exposure	Impact
Shell	Won by VG (Aug 2025); Shell challenging in NY Court	$1B+	High — Court challenge ongoing
BP	Won by BP (Oct 2025)	$1B+	High — Damages to be determined
Repsol	Won by VG (Jan 2026)	Undisclosed	Positive for VG
Unipec (Sinopec)	Settled	Undisclosed	Resolved
Edison	Pending	Undisclosed	Uncertain
Galp	Pending	Undisclosed	Uncertain
Orlen	Pending (CEO "optimistic")	Undisclosed	Uncertain
TOTAL EXPOSURE	Mixed outcomes	$5.5B+ (per VG disclosure)	MATERIAL

The arbitration situation is complex. VG management stated the company has sufficient cash to handle any outcomes, and the company disclosed a liability cap of $765M for remaining proceedings. However, the BP win creates precedent risk for pending cases, and Shell's court challenge introduces additional uncertainty. Even a $765M cap represents a material sum relative to VG's $1.95B cash position.

STAGE 5: VALUATION & SCENARIO ANALYSIS

5.1 Total Return Model (10-Year Horizon)

Given Venture Global's status as a recently-IPO'd, highly leveraged company with no established dividend history and deeply negative free cash flow, the total return model is inherently speculative and carries wide confidence intervals. Nonetheless, we present our scenario analysis below.

5.2 Scenario Analysis

Scenario	Revenue CAGR	EBITDA Multiple	10Y Price Target	Div. Contribution	Total CAGR	Weight
BEAR	-2%	4.0x EV/EBITDA	$3.00	~0.5%	-15.2%	30%
BASE	5%	7.0x EV/EBITDA	$14.00	~1.5%	5.3%	45%
BULL	10%	9.0x EV/EBITDA	$28.00	~2.5%	18.5%	25%

Probability-Weighted Expected Total Return: 3.4% CAGR

The probability-weighted expected return of 3.4% falls well below our 7% hurdle rate (inflation + 4%). Even the base case return of 5.3% does not clear the hurdle. Only the bull case (18.5%) produces attractive returns, but this requires flawless execution across CP2 construction, favorable arbitration outcomes, sustained high LNG prices, and no recession—an optimistic set of assumptions that cannot be relied upon for capital preservation.

5.3 Downside Protection Analysis

Metric	Value	Assessment
Bear Case Price Target	$3.00 (10Y)	Represents ~69% decline from current
Bear Case Total CAGR	-15.2%	FAILS: Must be >= 0%
Maximum Estimated Drawdown	70%+ from current	UNACCEPTABLE
Dividend Income Floor	$0.07/year (0.3%)	ZERO meaningful protection
Balance Sheet Buffer	D/E 3.13x, Cash/Debt 5.8%	NO BUFFER
Prob. of >50% Permanent Loss	~25-30%	FAILS: Must be <10%

Critical Downside Check: FAILED. The bear case total return of -15.2% CAGR is materially negative, meaning capital is NOT preserved in the downside scenario. The probability of >50% permanent capital loss is estimated at 25-30%, well above our 10% maximum threshold. There is no meaningful dividend cushion and no balance sheet fortress to protect against drawdowns. This is a binary outcome stock, not a wealth preservation instrument.

STAGE 6: INVESTMENT DECISION FRAMEWORK

6.1 Wealth Preservation Scoring System

Input 1: Downside Protection Score

Factor	Points	Rationale
Starting Score	50	Neutral baseline
Bear case total return positive?	-15	NO — Bear case is -15.2%
D/E < 0.5x?	+0	NO — D/E is 3.13x
D/E > 1.0x penalty	-10	Yes, significantly above 1.0x
Dividend maintained through 2008/2020?	+0	Not applicable (did not exist)
Max historical drawdown <40%?	+0	NO — Stock down 60%+ from IPO
Bear case >20% price decline penalty	-15	Yes, 69% decline in bear case
FCF negative in any of last 5 years	-10	Currently -$11.5B
Current yield > 3%?	+0	NO — 0.3%
TOTAL	0 / 100	Score floored at 0

Input 2: Return Adequacy Score

Base Case Total Return CAGR: 5.3% → Score: 40 / 100 (below 7% hurdle; <6-7% range)

Input 3: Quality Score

Quality Score from Stage 3: 22 / 100

Composite Wealth Preservation Score:

WP Score = (Downside Protection x 0.45) + (Return Adequacy x 0.30) + (Quality x 0.25)
WP Score = (0 x 0.45) + (40 x 0.30) + (22 x 0.25) = 0 + 12.0 + 5.5 = **17.5 / 100**

WP Score: 17.5 / 100 — DOES NOT MEET WEALTH PRESERVATION STANDARDS (threshold: 45+ to consider, 65+ to buy)

6.2 Absolute Requirements Check

Requirement	Result	Pass/Fail
Bear case total return >= 0%	-15.2% CAGR	FAIL ✗
Base case total return >= 7%	5.3% CAGR	FAIL ✗
Solvency: FORTRESS or ADEQUATE	UNACCEPTABLE	FAIL ✗
Dividend sustainability: ROCK SOLID or SUSTAINABLE	UNSUSTAINABLE	FAIL ✗
Prob. of >50% permanent loss < 10%	~25-30%	FAIL ✗

Venture Global fails ALL FIVE absolute requirements. Under framework rules, failing any single absolute requirement results in an AVOID recommendation regardless of upside potential. VG fails all five.

STAGE 7: FINAL INVESTMENT DECISION

RECOMMENDATION: AVOID

Disqualifying Factors (any one sufficient; VG has all):

#	Disqualifying Factor	VG Status
1	Bear case total return < -10%	-15.2% CAGR ✗
2	Base case total return < 7%	5.3% CAGR ✗
3	Solvency: MARGINAL or UNACCEPTABLE	UNACCEPTABLE ✗
4	Probability of permanent capital loss > 15%	~25-30% ✗
5	Dividend sustainability: AT RISK or UNSUSTAINABLE	UNSUSTAINABLE ✗
6	WP Score < 50	17.5 / 100 ✗
7	50/50 risk profile	Asymmetric to the DOWNSIDE ✗

What Would Change Our Assessment:

Condition	Target	Current	Timeline
D/E Ratio falls below 1.0x	<1.0x	3.13x	5+ years minimum
Interest Coverage rises above 5.0x	>5.0x	~2.0x	3-5 years
Free Cash Flow turns positive	>$0	-$11.5B	2-3 years (post CP2)
Arbitration claims fully resolved	$0 remaining exposure	$5.5B+	1-3 years
Dividend established with 5+ year history	>2% yield, >5Y history	0.3%, <1 year	5+ years
Current ratio above 1.5x	>1.5x	0.83	2-3 years
Recession tested (survived downturn)	Revenue decline <20%, no capital raise	Untested	Unknown

Realistically, Venture Global would need 3-5 years of operational maturity, significant deleveraging, resolution of all arbitration proceedings, and establishment of a meaningful dividend track record before it could potentially qualify under the Moschovakis Capital Wealth Preservation Framework. The company may eventually become a compelling wealth preservation candidate as its facilities reach full capacity, cash flows stabilize, and debt is paid down—but that point is years away and highly uncertain.

Position Sizing: $0 (AVOID)

Entry Strategy: Do not enter. Monitor for 2-3 years for potential reassessment.

Expected Outcome vs. Alternatives:

Investment	10-Year Expected CAGR	$100 Becomes	Downside Risk
HYSA (4%)	4.0%	$148	Zero (FDIC insured)
VG Base Case	5.3%	$168	69% drawdown possible
VG Probability-Weighted	3.4%	$140	Worse than HYSA risk-adjusted
VG Bear Case	-15.2%	$19	Catastrophic permanent loss

Even the probability-weighted expected return of 3.4% CAGR underperforms a risk-free HYSA returning 4%. The risk-adjusted return is dramatically inferior: an investor accepts the possibility of losing 81% of their capital in the bear case in exchange for a base case return that barely exceeds the risk-free rate and a probability-weighted return that actually trails it. This violates every principle of our wealth preservation mandate.

MONITORING CHECKLIST & KEY RISKS

Conditions for Future Reassessment:

Trigger	Action
All arbitration claims resolved favorably	Reassess legal risk; check financial impact
D/E falls below 2.0x	Begin preliminary re-screening
Interest coverage exceeds 4.0x	Re-enter Stage 2 gatekeeping
FCF turns positive for 2 consecutive quarters	Reassess earnings quality and dividend capacity
Dividend yield reaches 2%+ with 3+ year history	Reassess income reliability score
LNG commodity prices stabilize at elevated levels	Reassess revenue sustainability
CP2 construction completed on time and on budget	Reassess execution risk

Key Risk Summary:

Risk Category	Score (1-10)	Key Concern
Balance Sheet Risk	10	D/E 3.13x, Interest Coverage 2x, Current Ratio 0.83
Legal/Arbitration Risk	9	$5.5B+ claims; BP won; Shell challenging; multiple pending
Execution Risk	8	$15B CP2 project; construction delays; cost overruns possible
Commodity Price Risk	7	LNG supply glut risk 2026-2028; Henry Hub volatility
Earnings Volatility	7	Transition from spot to contract pricing; margin compression
Regulatory Risk	5	LNG export policy changes; FERC/DOE approval dependencies
Management Risk	6	Aggressive risk-taking; counterparty disputes
Valuation Risk	4	Already heavily discounted; limited further downside from valuation
AGGREGATE RISK	7.8	VERY HIGH for wealth preservation mandate

ANALYST NOTES

Key Assumptions:

1. LNG Demand Growth: We assume global LNG demand continues to grow at approximately 4% CAGR through 2035, driven by European energy security needs, Asian industrial demand, and the global energy transition away from coal. Sensitivity: If LNG demand growth slows to 2% CAGR due to faster renewable adoption, VG's revenue projections would be materially impaired and the bear case probability would increase.

2. Arbitration Outcomes: Our base case assumes mixed outcomes with total financial exposure of $1-2 billion. Sensitivity: If all remaining cases follow the BP precedent, total liability could reach $3-5 billion, which would be devastating given the balance sheet position.

3. Interest Rates: We assume current rate levels persist for 2-3 years with modest easing thereafter. Sensitivity: Higher-for-longer rates would increase debt servicing costs and impair the company's ability to refinance project debt at favorable terms.

Limitations:

1. Venture Global has less than 14 months of public market history. All historical financial analysis is based on limited data, and no recession performance data exists.

2. The arbitration situation is highly fluid, with multiple proceedings at different stages. Outcomes are inherently unpredictable and could swing the investment thesis materially in either direction.

3. The company's transition from commissioning/spot sales to long-term contract operations represents a fundamental shift in the earnings profile that makes historical run-rate metrics potentially misleading.

Confidence Level: HIGH — We have high confidence in the AVOID recommendation. While there is uncertainty in specific financial projections, the fundamental incompatibility between Venture Global's risk profile and a wealth preservation mandate is clear and unambiguous. The company fails every critical solvency threshold by wide margins, has no recession track record, no meaningful dividend, and faces billions in legal exposure. Even significant favorable developments on one or two dimensions would not change the overall assessment.

Moschovakis Capital

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