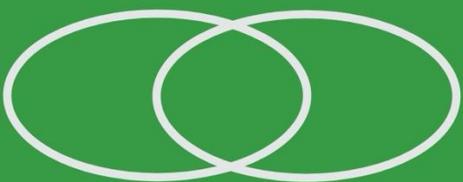


20
25
ANNUAL
REPORT

Peterson Investment Fund I



Peterson Capital Management, LLC

TABLE OF CONTENTS

ANNUAL RETURNS TO PARTNERS.....	1
MANAGEMENT'S LETTER TO PARTNERS.....	2
Investment Results	2
Results Commentary	3
Portfolio Commentary	5
Market Commentary	14
Post-Mortem.....	16
Welcome, New Limited Partners.....	19
Investment Philosophy	20
Operational Philosophy	20
Alignment of Interests.....	20
Management and Company News	21
Looking Ahead	24
PETERSON CAPITAL MANAGEMENT ANNUAL MEETING TRANSCRIPT.....	27
INDEPENDENT AUDITORS' REPORT	37
TEAM AND SERVICE PROVIDERS	58
HOW TO SELECT A FUND MANAGER	61

ANNUAL RETURNS TO PARTNERS

PIFI FUND PERFORMANCE VS. THE S&P 500

Period	PIFI Net Return	S&P 500 Return with Dividends	HFRI (Hedge Fund Index)
2011 ¹	34.0%	11.8%	1.9%
2012	58.6%	16.0%	7.4%
2013	26.4%	32.5%	14.3%
2014	(5.8%)	13.7%	1.8%
2015	(25.5%)	1.4%	(1.0%)
2016	7.3%	12.0%	5.5%
2017	19.4%	21.8%	13.2%
2018	(26.2%)	(4.4%)	(7.1%)
2019	24.8%	31.5%	13.5%
2020	24.5%	18.4%	17.1%
2021	22.5%	28.7%	11.7%
2022	(18.6%)	(18.1%)	(10.2%)
2023	21.7%	26.3%	10.4%
2024	8.8%	25.0%	11.9%
2025	63.8%	17.9%	16.9%
Cumulative	524%	689%	169%
Annualized	13.7%	15.6%	7.2%

¹ Fund inception date was October 1, 2011.

MANAGEMENT'S LETTER TO PARTNERS

Dear Partner,

INVESTMENT RESULTS

A \$1 million investment in Peterson Investment Fund I (PIFI) at inception on October 1, 2011, has grown to \$6.24 million as of December 31, 2025, net of all fees and expenses. This represents a cumulative return of 524% over 14.25 years, or 13.7% annualized.

During 2025, PIFI delivered a 63.8% net return, substantially outperforming the S&P 500's 17.9% total return (including dividends).

More important than any single year is the compounding path. Over the past three and five years, PIFI compounded at 29.4% and 16.7% annualized, respectively, outperforming the S&P 500's 23.0% and 14.4% annualized returns over the same periods.

Time Horizon	Annualized Net Returns	Cumulative Net Returns
1 Year	63.8%	63.8%
3 Years	29.4%	117%
5 Years	16.7%	116%
Since Inception (14.25 Years)	13.7%	524%

While performance like 2025 is not something we expect regularly, it illustrates what can happen when business fundamentals strengthen and valuation gaps close in a concentrated portfolio.

For 15 years, the S&P 500's 15.6% annualized return reflects an unusually long and strong run for the index that has historically produced just 6.7% in inflation-adjusted, real returns, for over two hundred years. The growth in the U.S index will likely subside over the next decade while our fund, containing unique, specific assets, can continue to grow across cycles.

We don't manage PIFI to win every calendar year. We manage it to compound capital through full cycles through ownership of a deliberately concentrated set of superior, cash-generative businesses led by shareholder-aligned management teams and purchased with a margin of safety.

With our portfolio's cumulative returns exceeding 5x since inception, the mathematics of compounding has become increasingly powerful, but markets don't deliver outcomes on schedule. Our focus remains unchanged: protect partner capital, acquire exceptional businesses at discounts to intrinsic value, and monitor them with discipline.

The following sections explain how these results were generated and how the portfolio is positioned for the years ahead.

RESULTS COMMENTARY

Peterson Investment Fund I, LP is a concentrated, long-term, value-based hedge fund. Our objective is to compound capital at a rate that outperforms the S&P 500, including dividends, over the long run. We pursue this objective through a disciplined focus on fundamentally robust businesses, purchased at sensible prices, and held long enough for intrinsic value to grow and for market prices to reflect that growth.

Over 14.25 years, the portfolio has delivered a cumulative net return of 524%, underscoring the critical importance of patience and discipline in realizing significant compounding effects. We view any single year's outcome, whether favorable or unfavorable, as a small sample from a long distribution. Market sentiment can drive sharp price swings in the short run; over time, intrinsic value per share is the primary driver of equity returns.

PIFI is built with a singular focus, to compound partners' wealth over long stretches of time. We improve outcomes through systematic execution (writing puts to enter positions) and continually improving our research capability. VeritasAlpha, our proprietary research platform, has materially increased our capabilities and speed-to-conviction, allowing us to act decisively when volatility creates opportunity. VeritasAlpha does not replace independent judgment; it improves consistency, reduces blind spots, and increases speed-to-insight while preserving rigorous skepticism and verification.

Our 63.8% net return in 2025 was an exceptional year and is not a reasonable baseline for any single calendar year. It was, however, illustrative of how we position our portfolio to succeed. We spend most of our time researching and understanding exceptional businesses and only accumulate positions when the price is out of line with intrinsic value. Our discipline is periodically rewarded when improving fundamentals drive valuation gaps to narrow. While a business may grow somewhat predictably year-over-year, market prices rarely adjust smoothly or on schedule. Over time, portfolio intrinsic value growth has been the primary engine of our compounding.

Our results are driven by three complementary return engines designed to function across varying market environments.

First are our "infinite compounders," a deliberately small set of high-quality, cash-generative businesses capable of compounding intrinsic value for many years. We concentrate on only a few highly unique opportunities. True compounding opportunities are scarce, and the opportunity cost of settling for a mediocre business is high. Our research is bottom-up and valuation-anchored: we seek durable competitive advantages, capable and shareholder-aligned management, strong financial fundamentals, and long capital reinvestment runways. When we can find these characteristics at a meaningful discount, we hold through the

contrarian noise and let the underlying business do the work. Our portfolio is global by design, with selective exposure outside the U.S. where valuation discounts can be wider.

Second, we enhance the economics of ownership through a process we call Structured Value. When building or initiating a position, we may sell cash-secured puts, collecting premium while expressing a willingness to own shares at more attractive entry points. In rare circumstances where we reduce or exit a holding, we will sell covered calls to improve realized prices and harvest additional premium. This discipline improves entry prices, increases purchasing power over time, and forces patience. It also adds meaningfully to the year-over-year gains for our partners.

However, options can also increase short-term volatility, so our use is conservative. Position sizes are calibrated to notional exposure, exposures are collateralized, and we focus on businesses we are willing to own as equities. In 2025, Structured Value helped improve entry prices and enhance tax efficiency during periods of sharp price volatility.

When a high-quality business becomes mispriced, our objective is not to trade volatility, the volatility creates opportunity for us to write puts to improve long-term ownership economics. Structured Value reduces our cost basis by monetizing time and volatility as we wait.

Third, we have upgraded how we manage our cash reserve and monetize liquidity. Since 2020, we have been executing a repeatable structured cash-management strategy inside PIFI. This method was designed to lower the opportunity cost and performance drag of holding cash, keeping it both productive and liquid, while preserving the ability to deploy quickly if long-term opportunities appear.

After many partner requests to access our cash management approach, we formalized this strategy with a dedicated external vehicle, The Titan Strategic Income Fund (Titan). Titan is not a substitute for the compounding portfolio. It is a disciplined tool designed to address a perennial problem for long-horizon investors: the drag of idle cash.

Our approach is rules-based and short-duration. We harvest option premium on high-quality businesses while keeping collateral liquid and available.

The Titan Strategic Income Fund is overseen day-to-day by portfolio manager Nikhil Jaisinghani, who brings a quantitative, technical, engineering-oriented discipline to options research and execution.

For PIFI, Titan strengthens our ability to remain patient, generating returns on reserves without reaching for risk and without sacrificing flexibility. When our next long-term opportunity arrives, we will be prepared.

A concentrated portfolio will experience periods where individual holdings, sectors, or geographies attract controversy. Contrarian positions may look wrong before they look right. Our risk management is therefore practical rather than theoretical. We do not think of price volatility as risk. Instead, we view risk as the probability of a permanent loss in capital. This truth causes us to insist on a margin of safety at entry, size positions to survive adverse price paths or mistakes, keep liquidity available, and avoid fragile structures that force action at the wrong time. Experience reinforces discipline. Avoiding permanent loss matters more than stretching for gains, and the quality and resilience of the portfolio today is stronger than at any point in our history.

Our ambition remains unchanged, to multiply partner capital over time. The only forecast we are willing to make is about our process of disciplined selection, thoughtful implementation, patient holding, and continuous refinement of research and execution. The Portfolio Commentary that follows provides more detail on the businesses we own and how these return engines are designed to generate long-term value for our partners.

PORTFOLIO COMMENTARY

Our portfolio is more than a basket of holdings; it is a capital allocation system. Our objective remains, to compound partners' capital at an attractive long-term rate, with gains driven by value-based business fundamentals and disciplined implementation. Over time, we aim to exceed a passive equity index baseline and manage the portfolio through objective mechanics.

We run the fund as an integrated capital allocation system built with a dual engine structure:

- **Infinite Compounders (long-horizon equity ownership):** A small set of exceptional businesses where intrinsic value per share can compound for many years.
- **Titan Strategic Income (short-duration, rules-based yield with liquidity):** A fully collateralized framework designed to keep cash reserves productive and earning superior cash yields without sacrificing the ability to act quickly when valuation dislocations appear.

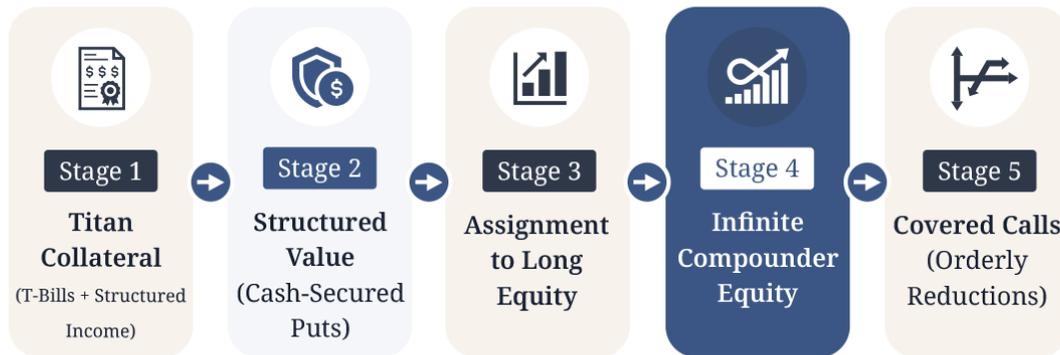
Titan is built to fund and protect our infinite compounders. It increases our cash yield while we wait for our preferred entry prices and helps us avoid the two classic errors that harm long-horizon portfolios: (1) reaching for marginal ideas to avoid “cash drag,” and (2) arriving at the right opportunity without “dry powder.”

Our Capital Allocation Flywheel

What we built is not “cash vs. equities,” it is a multi-stage process that deliberately converts idle cash into equity ownership at attractive prices we can defend.

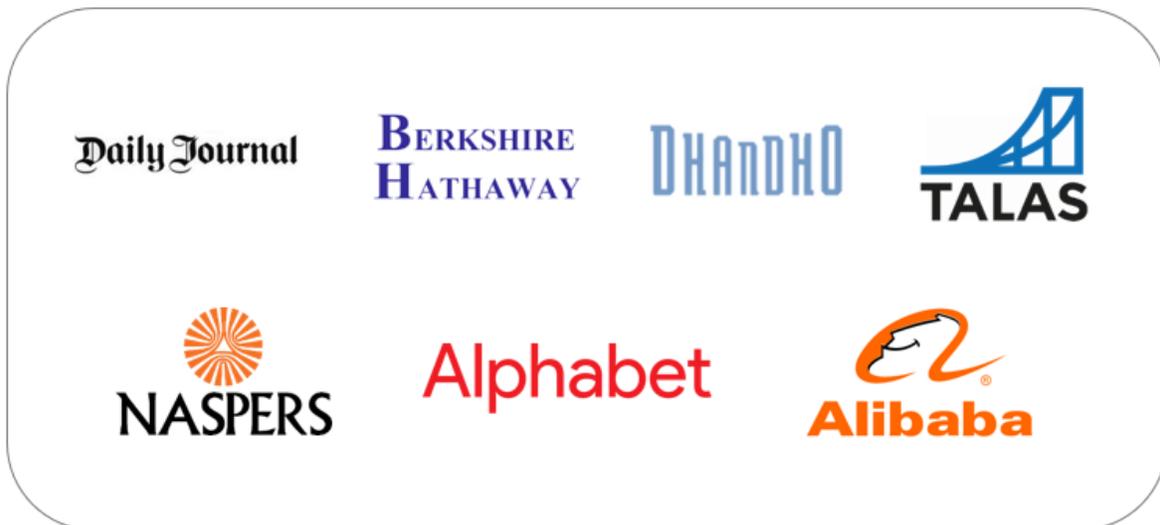
1. LP capital enters as cash.
2. Cash is held in Titan's collateral framework (short-duration optimal Money Market Funds and U.S. T-bills securing every obligation).
3. To target a new opportunity, we often apply Structured Value (writing cash-secured puts, across multiple strike prices and maturities).
4. If assigned stock, capital rotates from Titan collateral into long equity ownership (the intended destination for long-term capital).
5. Use of covered calls if an exit is required.

The Capital Flow System: From New Cash to Long-Term Ownership



This lifecycle is not fast, and we do not force it to be. It is designed so that we are paid while we wait and paid again to be patient on entry. We earn yield along the journey and are then positioned to benefit from multi-year compounding once we own a great business.

Infinite Compounders



Alphabet Inc. Class C (NASDAQ: GOOG)

Alphabet is a multi-platform compounder built on two durable profit pools: intent monetization through Search and attention monetization through YouTube, with Google Cloud scaling into enterprise infrastructure and an AI platform. We treat AI not as a separate business line, but as a capability that improves product quality, reinforces default behavior, and expands monetizable surfaces across the ecosystem. The business is funded by resilient cash generation and a balance sheet that can absorb elevated reinvestment while preserving strategic flexibility. Optionality from other bets, including autonomous driving, is meaningful but not required. We expect per share compounding from the existing platforms, reinforced by Alphabet's durable data network effects, default distribution, and feedback loop economics that compound product quality and monetization.

We carefully monitor ad unit economics, including query engagement, pricing, RPM, and traffic acquisition cost efficiency, because they fund the reinvestment cycle. We also track Cloud for durable growth, margin expansion, and the conversion of contracted demand into revenue. We evaluate operating leverage as AI infrastructure scales by linking revenue growth, capital spending intensity, and free cash flow conversion. Capital allocation remains a key input; repurchases should be accretive and should not replace sustained investment in the moat.

Alphabet's 64.8% appreciation in 2025 reflected accelerating Google Cloud growth and AI-driven operating leverage. The market recognized Google's dominant position in scalable technology and repriced long-duration economics.

We tend to sit still while the evidence remains supportive, but we will act decisively if the inputs change. We would reduce or exit if the business erodes, signaled by consecutive years of market share or revenue slippage. We would also move on if monetization breaks structurally, reflected in persistent pricing pressure and multi-year margin compression without a credible offset from product and format improvements. Finally, we would reassess if capital discipline weakens, net cash erodes toward sustained leverage or repurchases are made that destroy value. We are closely monitoring the elevated capital spending as it must translate into free cash flow conversion.

Berkshire Hathaway Inc. Class B (NYSE: BRK.B)

Berkshire remains a cornerstone holding because it is a permanent capital system built to compound per share intrinsic value through cycles. Disciplined insurance underwriting creates float that can be invested over long horizons, while a diversified set of operating businesses generates durable cash flows that management redeploys with unusual rationality. We do not require dramatic outcomes. We require continuity and avoidance of permanent loss. Berkshire is designed to accumulate capital at attractive rates and deploy it where prospective returns are greatest. Its role in the portfolio is resilience, optionality and anti-fragility; liquidity and decision quality become tangible assets when regimes shift and forced sellers emerge.

Our focus stays on underwriting discipline, combined ratios, and reserve development, because float is only valuable when it remains low cost. We also evaluate capital allocation including buybacks, judged against opportunity cost, with a strong preference for rationality over activity. Finally, we track liquidity and flexibility, including the scale and stability of the

cash buffer and leverage, because a primary advantage is Berkshire's ability to act when others cannot.

Berkshire's 10.9% return in 2025 reflected steady per share value accumulation, supported by profitable underwriting and the management of its record \$382 billion cash balance.

We remain patient owners while the system continues compounding, but we will change course if the engines lose discipline. We would reassess if underwriting economics drift, measured by a combined ratio persistently above 100 over a multi-year period or unfavorable developments. We would also reconsider if capital allocation quality deteriorated, such as major acquisitions priced at weak returns on normalized earnings power or buybacks executed without a meaningful discount to a conservative intrinsic value range. Finally, we may reduce exposure if Berkshire's ability to act countercyclically becomes constrained.

Alibaba Group Holding Ltd. (NYSE: BABA)

Alibaba illustrates why we separate business mathematics from the risk premium that markets assign to sovereign and regulatory uncertainty. We invest in the company as a structural toll bridge inside digital commerce, an ecosystem where merchant supply, consumer demand, and logistics throughput reinforce each other and lower unit costs over time.

The central question is not whether Alibaba can generate cash flows, but whether that cash compounds per-share value and is ultimately recognized by the market through an appropriate multiple and discount rate. This year, Alibaba's core businesses will generate more than \$20 billion in operating cash flow; however, reported free cash flow is currently well below operating cash flow due to a multi-year capex investment cycle in AI infrastructure where returns are uncertain. The reinvestment is designed to generate attractive incremental returns provided cloud revenue continues to scale and segment margins normalize.

Capital allocation is a central pillar of the thesis. In fiscal year 2025, Alibaba returned approximately \$16.5 billion to shareholders, \$4.5 billion in dividends and \$12 billion in share repurchases, reducing the diluted share count by more than 5%. At recent valuations, the buyback has been meaningfully accretive to per-share intrinsic value. Equally important is the durability of the free cash flow that funds these returns. As the company redirects incremental capital toward cloud infrastructure and AI, we are focused on whether that reinvestment produces improving unit economics and adequate returns on incremental invested capital.

Alibaba's 72.9% price appreciation in 2025 was driven in part by the market's recognition of a dominant technology competitor with major cloud and AI advances, rather than easier operating conditions.

We will hold this position with patience while the business model remains robust, but will reduce or exit if the fundamentals deteriorate. We closely track scale-based unit economics in core commerce, including market share stability. We would reassess if scale erodes, evidenced by sustained market share losses to PDD, JD.com, or ByteDance. We would reallocate capital if per-share value creation is compromised, reflected in non-accretive repurchases, persistent free-cash-flow declines, or reinvestment without clear payback. Finally, we will reevaluate if

structural constraints emerge that permanently restrict monetization, capital return, or platform architecture, because in that case the deep discount rate may be permanent.

Naspers Limited ADR (OTC: NPSNY)

We view Naspers as a structural arbitrage. It provides look-through ownership of premier technology assets, most notably Tencent, while trading at a steep discount to Net Asset Value (NAV). The compounding mechanism is direct: repurchasing shares at a discount to NAV increases look-through value per share. Simultaneously, the underlying assets are compounding organically. Management's open-ended repurchase program launched in 2022 and has reduced the free float of Naspers by 28% and driven more than 20% accretion in NAV per share. We are not rewarded by trading noisy headlines; we are rewarded by properly monitoring structure, capital allocation, and the discount in its price compared with its asset value.

We track the discount to NAV and the pace of repurchases, because the outcome depends on sustained execution and discount compression. We also monitor Tencent look-through fundamentals, since it is the dominant NAV driver, and we watch the operating portfolio for improving profitability and cash generation rather than capital consumption. Balance sheet conservatism remains a necessity, and we prefer that the gains are earned through buybacks and growth in value rather than using leverage to make acquisitions.

Naspers' 52.3% split-adjusted gain in 2025 largely reflected buyback-driven discount compression. The flywheel is working on three axes simultaneously: the share count is declining, the discount to NAV is narrowing, and the underlying assets (led by Tencent) are compounding organically.

We stay invested while the discount flywheel continues to work, but we will act if the math breaks. We will reduce exposure if the discount stops narrowing despite continued buyback execution. We would also exit if Tencent or key operating assets show structural deterioration. Finally, we will reallocate capital if leverage rises in a sustained way. Naspers offers tangible NAV arbitrage, and we are benefiting from this pricing anomaly.

Daily Journal Corporation (NASDAQ: DJCO)

Daily Journal is a microcap where we must earn our keep as analysts. We own it as a government-embedded software business, Journal Technologies, paired with a long-standing capital allocation culture. The core product is mission-critical judicial infrastructure, case management, e-filing, and related workflows that sit directly inside courthouses and justice agencies. That placement matters for risk. These systems are nondiscretionary and effectively countercyclical. Governments do not turn off judicial software in a downturn; long-duration contracts and extreme switching costs translate into consistently resilient revenue and reduce the probability of permanent capital impairment. The market often misprices this setup because the company does not fit into neat categories, and accounting can lag the economic reality of a software transition.

We pay close attention to implementation execution, whether deployments convert into durable recurring economics rather than remaining services heavy. We also monitor backlog quality and conversion, new wins, go-live cadence, renewal behavior, and evidence that the

installed base expands in a repeatable way. We then watch operating leverage and governance, whether margins improve as the mix becomes more software-like over time, alongside shareholder aligned capital allocation, because with this microcap, decision quality can dominate outcomes.

DJCO's 14.2% decline in 2025 occurred despite fiscal 2025 revenue rising 25% to \$87.7 million, driven by continued momentum in the Journal Technologies software segment.

We are willing to hold patiently, but we will cut exposure if execution falls short in ways that impair long-run economics. We will reduce the position if implementations repeatedly fail to convert into recurring, high retention economics across multiple jurisdictions. We would also exit if margins fail to materialize over time despite revenue growth, which would suggest a permanently services oriented rather than SAAS delivery model. Finally, we would unwind the position if governance or capital allocation shifts toward value-destructive actions that reduce shareholder alignment.

Company	Business Model & Risks	2025 Return
Alphabet Inc. Class C NASDAQ: GOOG US · Mega-Cap <i>Tech / Comm. Services</i>	Two-engine compounding platform: Intent monetization via Search/YouTube/Network at scale. AI + hyperscale cloud: vertically integrated AI stack (Gemini + infra) monetized via enterprise compute; high switching costs. Google Services ~\$343B (~85% rev); Cloud ~\$47B (~12%). Risks: Cloud demand breaks (backlog stalls, growth <mid-20s). AI monetization cannibalizes Search/YouTube RPM or compresses margins structurally. Capex-to-revenue decouples → persistent FCF compression. Regulatory regime shift impairs distribution, targeting, or monetization.	64.80%
Berkshire Hathaway NYSE: BRK.A/BRK.B US · Mega-Cap <i>Financials / Conglomerate</i>	Permanent-capital compounding machine: Float-first model—low/negative cost insurance liabilities fund long-duration investing. Decentralized operating subs + centralized capital allocation + massive liquidity as cyclical weapon. Record ~\$382B cash for opportunistic deployment. Risks: Underwriting discipline slips (combined ratio >100 sustained). Capital allocation degrades: deals at weak returns or value-destructive buybacks. Operating earnings quality deteriorates in major units. Succession execution risk breaks per-share compounding standard.	10.90%
Alibaba Group NYSE: BABA China · Mega-Cap <i>Consumer Disc. / Internet</i>	Scaled digital commerce + cloud ecosystem: Commerce monetization via transaction fees/take rate + performance advertising + subscriptions. Cloud adds recurring infra/AI exposure; integrated logistics/local services deepen engagement. ~1.05B MAUs with monetization improvements via personalization/ad formats. Risks: Core commerce fails to stabilize (MAU/ARPU deterioration, take-rate compression persists). AI + quick-commerce spend outruns monetization → sustained negative FCF. Cloud fails as profit engine: growth decelerates, AI products don't translate to high-margin attach. Regulatory/geopolitical shock impedes AI roadmap or platform monetization.	72.90%
Naspers Limited ADR OTC: NPSNY South Africa / China · Large-Cap <i>Technology / Holding Co.</i>	Holdco + operating portfolio with NAV compounding mandate: Value anchored by Tencent exposure + controlled/strategic stakes in iFood, OLX, PayU, edtech. Core alpha: (1) operating profitability inflection, (2) holdco discount compression via buybacks, (3) capital recycling discipline. Risks: Discount fails to close (buybacks slow/stop, discount re-widens). Tencent concentration shock impairs NAV. Operating portfolio economics roll over: iFood/OLX unit economics weaken under competition. Balance sheet + FX risk: leverage increases or EM currency volatility impacts results.	52.30%

Company	Business Model & Risks	2025 Return
Daily Journal Corporation NASDAQ: DJCO US · Micro-Cap Software / Gov Tech	Embedded justice software (case management, e-filing, payments): Sticky once implemented due to integrations, data migration, and user retraining; upside is recurring mix + operating leverage as deployments scale. Risks: Go-live execution keeps it services-heavy; RFP losses compress growth/pricing; security/compliance incident triggers contract/regulatory fallout.	-14.2%

The Sizing Edge

Our capital allocation is deliberately high-conviction, but it is never casual. Sizing decisions are informed by an inverted application of the Kelly Criterion, the mathematical framework that defines the optimal fraction of capital to allocate when probability and payoff are known. In financial markets, those variables are never known with precision. Our objective, therefore, is not to compute an exact number. It is to operate within a disciplined region that maximizes long-term geometric growth while ensuring survivability under adverse paths.

Rather than assume we know the probability of success, we model a spectrum of outcomes across bull, base, bear, and tail scenarios and solve for the allocation that captures the benefit of being right without introducing fragility if we are wrong. The key insight of the Kelly framework is that you can allocate a significant percentage of capital to an excellent opportunity without over-betting. A correct thesis is most likely to be sized too small. Extraordinary business models with world class management teams are usually expensive. When something great goes on sale, it is important to purchase a lot.

More than a decade ago, I presented this inverted Kelly research at Guy Spier’s VALUEx conference in Switzerland, using scenario modeling to map growth rates across ranges of probability assumptions. The exercise demonstrated something subtle but critical: compounding deteriorates rapidly once allocations become increasingly diversified. That work was later referenced publicly by Christopher Mayer in Chapter 10 of 100 Baggers, underscoring the broader point that the distance between a great idea and a great long-term result is often determined not by selection, but by position sizing.

Structured Value: Improving entry prices with discipline

Our Structured Value practices are a practical extension of value investing, not a departure from it. The mechanism is simple: when volatility is elevated, markets can offer unusually attractive option premiums. We use those premiums to either (a) get paid to buy a company we want at a better price (cash-secured puts), or (b) selectively harvest premium in situations where we are willing sellers at a particular price (covered calls). This approach has been central to our implementation since inception.

Two points matter for partners:

1. This is not trading. It is a disciplined method of improving entry prices and monetizing volatility around businesses we already want to own.
2. Risk control is the job. Positions are sized with the assumption we may be assigned stock.

In our 2024 report, we noted that premium income from recent trades reduced net entry prices by 12%. The important takeaway is not the specific number; it is the principle: when the market offers us better pricing through volatility, we take it, patiently and repeatedly.

VeritasAlpha: Proprietary Research Infrastructure: (Not a ChatGPT Wrapper)

We have invested heavily in our AI capabilities and upgrading the research capacity of our fund. We have improved how we ingest information, how we maintain checklists, and how we stress-test decisions. AlphaOne is part of that effort: it automates large portions of the mechanical work (such as systematically digesting filings and monitoring large sets of companies) and helps us prioritize research and identify dislocations faster.

The right way to think about this is not “AI replaces analysts,” because superior judgment is still the scarce asset. VeritasAlpha helps us reduce blind spots, enforce process discipline, and move faster when the market offers great opportunities. In practice, that means more time spent on evaluation of our core holdings and less time spent on repetitive data wrangling.

We have made this tool available to all partners for free at veritasalpha.com where you can order reports today.

Titan Strategic Income Fund

Partners regularly ask how to participate more directly in the cash management work we developed inside the fund. In response, we spun out that discipline into a standalone vehicle: The Titan Strategic Income Fund.

Titan’s purpose is to reduce the opportunity cost of holding cash while preserving the flexibility to act when markets finally offer a “fat pitch.” We take a conservative approach: cash collateral is held stable in the very best short-duration U.S. Treasury instruments, and we sell a small number of carefully selected, deep out-of-the-money put options on liquid, high-quality companies. The premium we collect is the market’s price for insurance and we evaluate thousands of opportunities every day and implement just three daily that are statistically most attractive.



Titan is the evolution of the Structured Dividend Capture (SDC) work we developed at Peterson Capital Management. The early iterations of SDC proved a point: structured execution can materially improve outcomes on short holding periods. Titan takes the next

step. Instead of hunting for a narrow set of calendar-driven setups, we now evaluate a broader universe of opportunities, continuously monitor key pricing and risk variables, and use Python-driven backtesting and statistical validation to compare strikes and expirations across hundreds of promising securities. This opportunity for expansion is large, with capabilities to scale to hundreds of millions in this precise strategy. By executing the allocations every day, we are able to put significant capital to work in this cash management fund.

Risk matters more than high returns at Titan, so it is worth being direct. Titan can have periodic negative quarters, but it won't happen often. A sudden, broad market drawdown, especially if accompanied by a volatility spike, can cause prices to move against us as well. Deep out-of-the-money strikes, premium collected, and interest earned provide a meaningful buffer, however, it is not a guarantee to be positive each quarter. Our job is to be conservative and compensated properly, to size exposures intelligently, and to avoid the common failure trigger of reaching for yield or allowing leverage to creep in.

Titan is managed by Nikhil Jaisinghani. Nikhil is building and refining backtests, monitoring systems, and decision rules that keep the process disciplined. For partners who want a deeper explanation of the underlying logic, Nikhil's book, *Structured Dividend Income*, has been made available in electronic form at: www.titanstrategicincome.com

Within PIFI, we have begun using Titan as a dedicated cash management sleeve. The objective is not to turn PIFI into an "income fund." The objective is to make our idle liquidity less idle so we can wait longer, act faster, and remain uncompromising about valuation when a truly exceptional opportunity appears. PIFI uses the Titan entity free of any fees. For partners interested in additional allocations to the cash management system, Titan is available as a standalone investment, with fees and economics are designed to mirror the partner-aligned structure used at Peterson Capital Management.

Titan does not change our core philosophy. It strengthens it. By reducing cash drag without stretching for risk, it increases our ability to be patient, selective, and fully prepared for the next great long-term opportunity.

The Integrated Ecosystem

Our portfolio is designed to behave like a system where cash enters, stays productive, and ultimately funds disciplined entry and converts into owned businesses. We are not trying to be busy. We are trying to be prepared. If we do our job correctly, the portfolio will sometimes look boring while we wait and sometimes look unusually right when prices move quickly. Both are acceptable. The only unacceptable outcome is structural fragility. We will not be forced to make decisions on the market's schedule instead of our own.

Our portfolio remains intentionally concentrated in a small number of outstanding businesses that we believe can compound intrinsic value over long horizons. We continue to prioritize balance-sheet resilience, durable free cash flow, and management teams that allocate capital intelligently, because in the end, business fundamentals are what compound.

The plan isn't complicated: own a few outstanding businesses at sensible prices and don't interrupt compounding. The hard part is having the temperament to do it through volatility; headlines are loud, prices are fast, and the crowd is overconfident.

A concentrated portfolio will not always feel comfortable in the short run. It will periodically look brilliant and periodically look wrong, often for reasons unrelated to business value. Our job is to keep the process steady: underwrite great businesses, improve our entry prices through disciplined execution, keep cash productive without sacrificing liquidity, and avoid permanent loss.

Markets don't deliver outcomes on schedule, and returns are rarely linear. Our job is to stay disciplined, stay liquid enough to act, and concentrate in the best businesses when the market offers them at the wrong price.

In the next section, we step back from individual holdings and discuss the broader market environment, and the opportunity set we see for patient, value-driven investors.

MARKET COMMENTARY

Index-level growth over the past year tells an oversimplified story. Beneath that surface, return dispersion remains wide. The Magnificent Seven, including Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla, are a narrow group of large, widely owned companies that have driven a disproportionate share of aggregate returns. At the same time, many smaller, durable businesses trade at valuations suggesting little growth or structural decline. When business leadership compresses into a small cohort, the index becomes less representative of the underlying opportunity set and more reflective of capital concentration.

In 2025, the "Magnificent 7" mega-cap tech stocks carried a combined weighting of over 30% in the S&P 500, and they accounted for over 40% of the index's entire 17.9% gain for the year. This extreme, top-heavy concentration continues to overshadow the rest of the market. The S&P 500 Equal Weight Index severely underperforming the standard market-cap weighted index provides evidence that the mega cap technology hyperscaler business models drove most market gains for the year. The headline stability at the index level is an illusion masking violent underlying disparity.

We continue to observe this index illusion where headline stability coexists with sharp rotation, multiple compression, and sector-level repricing. Capital flows, benchmark construction, and passive allocations amplify this effect. In this environment, broad macro forecasts offer limited advantage. What matters is the relationship between normalized cash generation and the price multiples assigned to the cash flow. Regardless of price stability or volatility, when stock prices require business perfection and extraordinary outcomes, the margin for error contracts, and the risk of price declines increases. Alternatively, where pessimism discounts resilient economics, opportunity expands. We continue to emphasize durable cash generation, conservative leverage, and rational capital allocation.

The return of a meaningful cost of capital has sharpened this dynamic. When liquidity earns a non-trivial return, shifting from zero percent to four percent interest rates, capital allocation decisions change. Businesses reliant on external financing face higher interest rates and scrutiny, while enterprises capable of self-funding growth gain structural advantage. At the same time, adjustments in discount rates can rerate long-duration assets rapidly, even if operating performance is unchanged. Balance sheet resilience and internal reinvestment capacity matter far more today than the narrative momentum trades of the past few years.

Volatility, in our view, should be considered structural rather than periodic. Uncorrelated positions that appear distinct in benign periods can converge quickly under stress. A durable investment process must assume that risk premiums and prices can move together and that liquidity conditions can influence short-term pricing.

Globally, fragmentation remains a defining market feature. Regulatory regimes, policy risk premium, capital controls, and geopolitical considerations vary widely across jurisdictions, producing materially different valuation environments, businesses, and price multiples. In markets where structural uncertainty is high, low prices and heightened volatility can reflect more than economics alone. These conditions demand wider margins of safety and offer greater price movements and opportunities for individual security selection.

Several structural forces continue to reshape the business environment:

- AI-driven capital expenditure: Infrastructure build-outs are altering cost curves and competitive positioning across software, media, and enterprise workflows.
- Business model migration: Pricing models are shifting toward usage and outcome-based economics, increasing the importance of software monetization and switching costs.
- Breadth versus concentration: Narrow business leadership has increased dispersion between cash flow multiples among securities. Selectivity becomes more valuable as passive capital flows distort aggregate measures.
- Liquidity as optionality: Holding liquidity intentionally allows capital to be deployed quickly into temporary market dislocations. The higher the yield on cash, the lower the opportunity cost of patience.
- Market structure and volatility: Resilience requires avoiding structural leverage and preserving flexibility.

AI deserves disciplined framing. It is economically consequential, and we are advanced users of the technology. Yet adoption is constrained by computing economics, implementation friction, regulatory oversight, and physical infrastructure limits such as power and data-center capacity. Profits will accrue where unit economics are defensible and workflow integration is structural, rather than merely where media or market narratives are most intense. Markets have historically overshot both enthusiasm and skepticism during technological transitions and this time is not different.

Our response remains structural rather than tactical. We widen research coverage, preserve liquidity deliberately, and size exposures with explicit recognition that dislocation and volatility

are recurring features of markets. We do not attempt to predict the path of macro variables; we attempt to ensure that the portfolio remains resilient across all plausible paths.

Market conditions will evolve, risk will shift, and narratives will rotate. The arithmetic of capital allocation remains constant. In an environment defined by narrow equity advances and structural volatility, our disciplined valuation, financial strength, and execution excellence will remain reliable sources of long-term advantage.

POST-MORTEM

2025 was an excellent year for the partnership. The single most important job after an exceptional year is resisting the urge to explain it as brilliance. Markets occasionally make good businesses look obvious again; our task is to make sure we don't mistake luck for skill in our process. This section is therefore not a celebration. It is an audit of decision quality and what genuinely worked, what did not. This assessment addresses where we benefited from favorable market conditions we cannot control, and what we changed so the operating system stays durable in less cooperative environments.

We did not exit any core holdings in 2025, so this is not a collection of selling criteria. Instead, we are documenting the behaviors that matter most in a high-conviction structure, our underwriting discipline, implementation mechanics, liquidity design, and the feedback loops that prevent good years from becoming the seed of future error.

Even last year, not everything worked. Two public exposures saw price declines including Daily Journal Corporation (NASDAQ: DJCO) and Occidental Petroleum Corporation (NYSE: OXY) where we held short put contracts throughout the year.

Principle	Decision Quality Enhancements for 2026 and beyond
Thesis Clarity	Sharper disconfirming evidence and leading indicator triggers
Margin of safety	Wider margins where geopolitics/liquidity risk premium can jump
Fragility avoidance	More explicit correlation and clustering reviews in concentrated exposures
Sizing discipline	Tighter linkage between thesis strength, price, and position size over time coupled with commitments to not trim our winners due to size alone
Liquidity management	Leveraging the Titan framework to maintain liquidity that converts idle cash into productive collateral

Principle		Decision Quality Enhancements for 2026 and beyond
Implementation	Keep implementation conservative; avoid reaching for yield when volatility regimes shift	
Monitoring loop	Automating a continuous intrinsic value audit through VeritasAlpha enhancing manual assessment with data-driven, real-time alerts.	
Temperament	Guard against complacency after a strong outcome year	

What worked

- **Temperament and low turnover:** In a market that rewards activity and punishes patience, we did the opposite: we resisted the reflex to “do something” simply because prices moved. The absence of forced decisions is not an accident; it is a design goal.
- **Valuation discipline under volatility:** We stayed anchored to intrinsic value per share rather than headlines, and we treated volatility as information, not an instruction. When prices moved sharply, the first response was to reevaluate our thesis, not react.
- **Concentration in a few exceptional businesses:** Concentration is only an edge if the underlying businesses are durable, and the entry prices are sensible. In 2025, the portfolio’s quality bias and long-duration compounding orientation did what it was supposed to do when fundamentals and sentiment eventually reconnect.
- **Implementation as a contributor, not a strategy replacement:** Structured Value improved the economics of ownership by helping us express patience in a repeatable way, earning premium for a willingness to buy at better prices, and occasionally improving realized outcomes when trimming risk. This is useful precisely because it forces discipline; it is not useful if it becomes a substitute for underwriting.
- **Liquidity treated as option value:** We continued to treat liquidity as a strategic asset, something that exists to prevent forced sales and to enable decisive action when long-term opportunities appear. Formalizing a dedicated, rules-based cash income capability strengthened this “option value” mindset without changing the core compounding portfolio.

What didn’t work (and where we got lucky)

- **A strong year can hide weak reasoning:** Some favorable repricing can look like skill even when it is partially timing. We benefited from markets becoming willing to pay closer

to fair value in areas that had been priced for pessimism. That is not something we control, and this timing is not something we should extrapolate.

- **Correlation showed up when it mattered most:** In a concentrated portfolio, diversification is a goal, but mitigating fragility through robust holdings is foundational. Several holdings can be fundamentally distinct and still trade together when markets compress risk premia or rotate away from a theme. That clustering risk is real, and it deserves explicit monitoring.
- **Options can amplify short-run moves:** Structured implementation improves long-run entry economics, but it can also increase short-term volatility, especially in fast markets. When the market is generous, it is easy to forget that the same mechanisms can feel uncomfortable when price paths are adverse.
- **The hardest risk is complacency:** After a year like 2025, the biggest hidden risk is letting standards slip or position discipline drifting, the hurdle rate for new ideas shifting lower, or familiarity replacing fresh opportunities.

Process changes and reinforcements coming out of 2025

- **Tightened the link between thesis, valuation, and sizing.** Every meaningful position has a defensible thesis and valuation range, and an explicit statement of what would disconfirm the thesis. When a thesis dissolves we will exit.
- **Strengthened our monitoring loop.** The goal is faster detection of fundamental change and not noise. We have implemented a more consistent cadence of updating intrinsic value per share and built better tools that pose better questions and reduce blind spots.
- **Reinforced liquidity discipline as a permanent feature via Titan.** Liquidity is an operating principle. Maintaining it reduces the probability of forced decisions and increases our ability to play offense when volatility creates opportunity.
- **We continued upgrading research without outsourcing judgment.** The VeritasAlpha system and automation is valuable because it increases coverage, accelerate synthesis, and enforces consistent checklists. Decision-making today requires human judgment, accountability, and clear reasoning.

(un)Common Sense

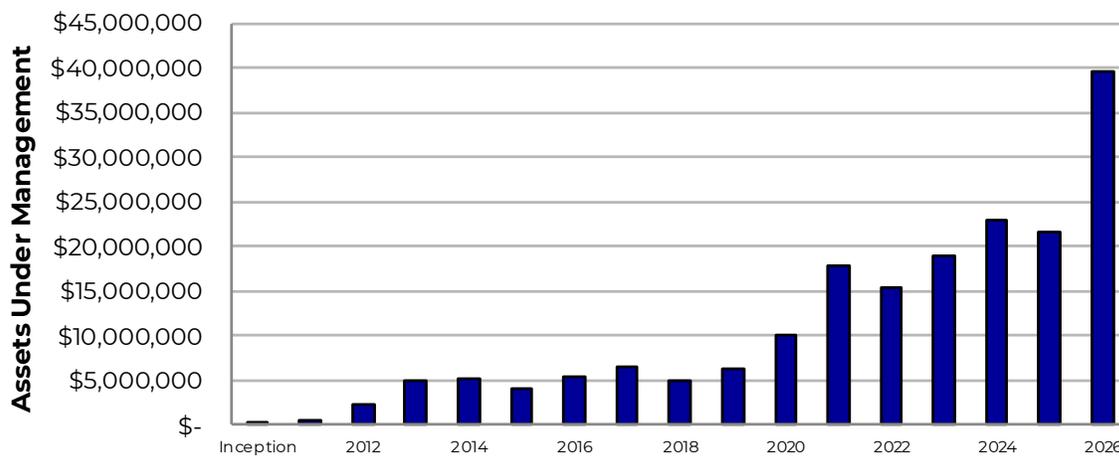
- **Breadth, dispersion, and the index illusion:** Narrow leadership can make index-level calm look like “the market,” while the underlying opportunity set remains turbulent and mispriced. Dispersion is often the raw material of active returns.
- **Cost of capital and refinancing pressure:** A world with meaningful cash yields raises the bar for business quality and balance sheet resilience and it can create opportunity when durable businesses are repriced alongside fragile ones.

- **Volatility as normal market structure:** Passive flows, crowding, and options-driven positioning can turn small catalysts into big moves. The objective is not to avoid volatility; it is to remain liquid and rational enough to use it.
- **AI as transformative and bounded:** AI is real and consequential, but implementation friction, unit economics, and infrastructure constraints will make adoption uneven. The investment task is to separate durable integration from business narrative.
- **China and geopolitics as a valuation variable:** Risk premiums can become excessive and create long-horizon value while also requiring wider margins of safety, higher humility, and careful sizing.
- **Emerging markets as a sourcing edge:** Dispersion is often widest where comfort is lowest. Our advantage is not prediction; it is underwriting, patience, and selectivity when others are constrained.

WELCOME, NEW LIMITED PARTNERS

We began 2026 with 75 Limited Partners (LPs) in 18 U.S. states: Alabama, Arizona, California, Colorado, Connecticut, Georgia, Illinois, Massachusetts, Minnesota, New Jersey, New York, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Virginia, and Washington. Additionally, we have international LPs living in Australia, New Zealand, Switzerland, and the United Kingdom.

Each year, it is important to review and reiterate our investment and operational philosophy for all LPs. The next three sections outline our investment philosophy, our operational commitments, and how we align our interests with each partner.



INVESTMENT PHILOSOPHY

PIFI follows a fundamental value-investing philosophy. Our long-term objective is to outperform the S&P 500, including dividends.

We use rigorous, fundamental analysis to selectively buy undervalued companies led by excellent management teams. We concentrate our portfolio on our best ideas. We keep our portfolio turnover low, holding most positions for many years. We focus on minimizing taxes and expenses, while avoiding excessive leverage.

Alignment of General Partner (GP) and LP interests is a top consideration in every operational decision. The fund's unique fee structure prioritizes performance and incorporates an annual hurdle rate and a high-water mark to meet alignment objectives. Performance-based compensation is earned only after reaching new all-time highs (a high-water mark), and on returns exceeding 5% annually.

My immediate family and I are among the largest partners in PIFI, with over 90% of my complete net worth invested in the fund alongside our LPs.

Finally, we strive to expand our circle of competence, maintain a rational, open mindset, and continually improve.

OPERATIONAL PHILOSOPHY

Peterson Investment Fund I, LP is built on a foundation of integrity designed to last for generations. Operationally, the fund focuses on minimizing frictional costs (e.g., fees, expenses, taxes, etc.). Over the long term, this commitment enhances returns and provides significant value to our LPs.

Quarterly statements and updates detailing salient quantitative information are provided to each LP. Annual letters with commentary (such as this) offer deeper insights into the fund. Each year, an audit report and K-1 or relevant tax documentation are provided to each LP.

Our exceptional team of third-party service providers handles all statements, audits, and tax documentation.

ALIGNMENT OF INTERESTS

Aligning GP and LP interests is a top consideration in every operational decision. PIFI's unique structure includes an annual hurdle rate, a high-water mark provision, extremely low fees, and a strong emphasis on performance-based compensation to achieve alignment objectives. This shared pursuit helps prevent conflicts of interest and ensures the integrity of the fund over the long run.

Proper incentives can significantly enhance and align motivations. Specific tangible, financial enticements can significantly alter actions or desires. A firm with high management fees will naturally attract highly paid salespeople, as raising capital can deliver significant bonuses. In

contrast, compensation based on long-term performance will attract those able to deliver long-term market outperformance. PIFI is aligned with the latter.

Our fee structure ensures we only earn when you do. For example, if our annual return is 9%, we earn only 1%, representing 25% of the 4% return above the 5% hurdle. This structure directly aligns our incentives with your long-term wealth creation. The economics are simple: we only make money when you make money.

MANAGEMENT AND COMPANY NEWS

Peterson Capital Management offers two share classes for current and potential investors: a zero management-fee class with a minimum commitment of \$2 million, and an exception class for commitments of \$250,000-\$2 million. All partners must be accredited investors.

ZERO-FEE SHARE CLASS

The Zero-Fee Class offers extraordinary value and has zero management fees.

Our rationale for the zero-fee class is simple: it offers unmatched value, directly aligns our success with yours, and creates incentive-based competitive advantages for all partners. The Zero-Fee Class has a 0% management fee, an annual hurdle rate of 5% and a 25% performance fee applied only to annual gains exceeding the hurdle rate. Further, no fees are earned unless you surpass your high-water mark or previous highest value.

Zero-fee share class terms:

- Minimum Investment: \$2 million
- Open for Investment: Quarterly
- Liquidity: Annually
- Partner Communications: Quarterly Statements, Quarterly Performance Summary, Annual Report, Annual Meeting
- Fees (annually):
 - Management 0.00%
 - Hurdle Rate 5%
 - Performance 25% above 5%
 - High Watermark Provision
- Tax: K-1 Tax Document Provided Each March

A zero-management fee structure combined with an annual hurdle rate and a high-water mark provision is extremely rare, yet it is among the most compelling and fairest fund fee structures in the world.

There are no fees paid for returns of 5% or less every year, so Peterson Capital Management will earn nothing each year until annual performance exceeds 5%. Above this threshold, investors keep three-quarters of the gain and PCM keeps one quarter. Thus, when we return 9% in a year, PCM will earn 1%. If we return 13% in a year, PCM earns 2%. Many firms charge a 2% management fee and 20% performance fee with no hurdle. The compounded difference in net

returns to partners under our structure is staggering. The reported LP results in this report are net of all fees and expenses.

Charlie Munger once said, "Show me the incentives and I'll show you the outcome." This structure fully aligns our incentives to deliver extraordinary returns over a long period of time.

This zero-fee class is available to accredited investors with commitments exceeding \$2 million. Liquidity is available once per calendar year. Please contact me for details.

EXCEPTION SHARE CLASS

This exception class is available to accredited investors with a commitment range between \$250,000 and \$2 million. Liquidity is available quarterly. Please contact me for details.

The exception share class represents our extended commitment to generating wealth. For those who cannot enter with \$2 million initially, this class allows for participation with the intention of reaching the \$2 million class together over time. The exception class has a small annual management fee of 0.9% and a quarterly redemption allowance with 60 days' notice.

ANNUAL MEETING

The Peterson Capital Management Annual Meeting will be held virtually on August 15, 2026, at 5:00 pm Eastern Time. Please save the date.

As always, it was a pleasure to have many partners and guests attend the 2025 Annual Meeting, with attendees worldwide. Past meetings are available on our YouTube channel and have received thousands of views. Please search YouTube for Peterson Capital Management and subscribe to join our growing community.

Your Annual Meeting invitations will be sent electronically in June. We look forward to seeing you on August 15.

LIMITED PARTNER STATEMENTS

Each quarter, LP statements are delivered to you electronically by our third-party administrator, Yulish & Associates.

K-1 TAX DOCUMENTATION

Before March 15, K-1 and other relevant LP tax documentation are provided by our auditor, Spicer Jeffries.

ANNUAL AUDIT

Spicer Jeffries has been our consistent auditor since inception. They were acquired by Cherry Bekaert, LLP and they continue to work hard to complete the audit as early as possible. The audit has been included with this Annual Report.

QUARTERLY AND ANNUAL LETTERS

Our Quarterly Letters provide updated performance numbers, important announcements, and salient financial detail, but generally contain minimal qualitative commentary.

Our Annual Report provides qualitative commentary, including a post-mortem analysis of exited positions.

OPEN TO NEW LIMITED PARTNERS

In strict adherence to Regulation D under the Securities Act of 1933, our fund has a limit of 99 accredited partners.

As of January 1, 2026, only 24 partnership spots remain. We do not anticipate structural changes to this limit, and interest beyond this threshold will be placed on a waitlist. We encourage prospective partners to contact us right away because any commitment level guarantees your place in our fund and preserves the flexibility to adjust your investment in the future.

Upcoming capital commitment windows will close on April 1 or July 1, 2026.

REDEMPTION POLICIES

Our redemption policies are designed to balance the need for liquidity with the long-term stability of our investment strategy:

ZERO-FEE SHARE CLASS

Redemptions are available annually on December 31, with a 60-day notice.

EXCEPTION SHARE CLASS

Redemptions are offered on a quarterly basis, also subject to a 60-day notice requirement.

This structured approach ensures that while partners have access to liquidity, the integrity and long-term focus of our portfolio are maintained.

ACCEPTING QUALIFIED MONEY (401K ROLLOVERS, IRAS, TRUSTS, ETC.)

We also welcome investments from tax-qualified accounts—including 401(k) rollovers, IRAs, and trusts—through established providers. This arrangement ensures that your tax-advantaged status remains intact while you participate in our fund's growth.



LOOKING AHEAD

We continue to demonstrate that a concentrated portfolio of exceptional businesses can create excellent long-term results, but the path will remain uneven. Short-term volatility is not a flaw in this approach; it is the price paid for superior compounding.

Our confidence is rooted in process and portfolio architecture more than forecasts. We concentrate capital in a small set of world-class business compounders, run by extraordinary management teams, purchased at discounts to intrinsic value, apply Structured Value techniques to improve entry prices and preserve upside, and use Titan Strategic Income to convert cash reserves into productive assets while maintaining liquidity.

In parallel, VeritasAlpha.com has materially expanded our research scale capability, delivering institutional-quality company analysis in minutes and increasing our ability to act decisively when mispricings appear. Together, our research engine and cash-income flywheel position us to pursue compounding across decades rather than quarters.

We also remain realistic about the current environment. Market leadership has been narrow, hyper-scalers continue to dominate AI-driven capital spending, and obvious narratives often carry crowded positioning and fragile expectations. Meanwhile, some of the most compelling opportunities still reside where discomfort is highest, outside the U.S., in misunderstood structures, and in businesses temporarily priced as if the future will be worse than the present. AI is disrupting software and knowledge work, and global opportunities are uneven. Yet this fragmentation is precisely where disciplined value investors gain advantages and thrive. We will continue to prioritize our value investing principles including patience and a long-term mindset.

This year's results were driven by exactly the kinds of forces we are designed to harness: robust advances in our core compounders, sharp sudden revaluations and steady incremental income from our structured products and advanced uses of cash. Alphabet advanced strongly, Naspers continued to close the gap between price and value, and Alibaba's surge reflected a

material shift in market expectations. At the same time, Titan contributed to recurring income, transforming idle cash from a drag into a strategic asset. Collectively, these engines represent our invested capital and highlight our central thesis: a small number of exceptional decisions, patiently held and intelligently implemented, can drive most of the long-term wealth creation.

Patience is not passive; it is an active edge. Even Berkshire Hathaway, famous for being prepared, is holding extraordinary liquidity, including nearly \$400 billion in Treasury bills. That posture is a reminder that you don't need to force activity to achieve progress; in many cases, the best decision is to let exceptional managers allocate capital intelligently while we wait for prices to offer us an undeniable bargain.

Alibaba is the cleanest illustration of our multi-year, value-based approach and our preference for asymmetric opportunities. At the depths of pessimism, the downside risk of long-term impairment was mitigated by a conservative balance sheet and substantial liquidity, while the upside remained enormous if the business simply continued executing. We expressed that view with Structured Value techniques, selling cash-secured puts over multiple years to get paid while waiting, opportunistically using covered calls and tax-loss harvesting during periods of pressure, and maintaining long-dated upside exposure through multi-year call options.

When the price finally started re-rating, the convexity we positioned for over four years showed up in our results. The lesson is not that we "predicted" a surge; it was that we built a process that systematically improves entry prices, reduces behavioral error, and preserves upside when mispricings inevitably correct.

The last year was a powerful reminder of why we built Peterson Investment Fund I the way we did: concentrated, patient, and unapologetically long-term. We remain highly ambitious about multiplying partner capital many times over in the years ahead and are disciplined in this process. We emphasize our advanced processes, intelligent implementation, patient holding, and continuous improvement in research and execution.

More important than any one period, however, is what time and discipline have done across cycles: since inception 14+ years ago, each \$1 million has compounded to over \$6 million net of all fees and expenses representing a more than 5x return compounding at over 13% annualized. While we focus on process over prediction, this is the quiet power of compounding working in our favor, year after year.

Our results also reinforce the truth that concentrated portfolios do not compound in smooth lines. They move in punctuated bursts. When a few holdings re-rate at the same time, results can look "sudden," but the reality is usually the opposite. The outcomes are earned through studying, long stretches of waiting, and averting devastating impulses to act. We anticipate the future performance will remain bumpy. Many managers use over diversification and hedging to reduce volatility and manage investor psychology and our unique approach is not for everyone. Our job is not to engineer a comfortable quarterly return stream; it is to buy exceptional businesses at meaningful discounts to intrinsic value and allow time, earnings growth, and valuation normalization to pull prices upward.

The next several years will be defined by both disruption and constraint, especially in software and knowledge work. AI will absolutely reshape workflows and compress the cost of analysis, communication, and execution. But it will not rewrite human nature, eliminate cycles, or remove the need for judgment. The winners will be the people and businesses that use these tools rather than argue with them. Our practical advice is simple: adopt AI in your daily life, not as a search engine, but as an analyst, a collaborator, and a productivity amplifier. A human using AI well will increasingly outperform a human who refuses it. That dynamic will be true in investing, in business, and in careers.

We are grateful for your continued trust and partnership. Our portfolio is structured with intention: concentrated ownership of world-class compounders that are temporarily mispriced, supported by disciplined Structured Value implementation, a dedicated cash-income solution, and a proprietary research engine built for speed and scale. As always, our edge is patience married to preparation. We look forward to continuing this long journey of thoughtful compounding together.

Thank you for your continued interest, referrals, and support. Feel free to contact me with any questions or comments.

Warmly,

A handwritten signature in black ink, appearing to read "Matthew Peterson", with a long horizontal flourish extending to the right.

Matthew Peterson, CFA
Managing Partner

PETERSON CAPITAL MANAGEMENT ANNUAL MEETING TRANSCRIPT

[Jenny Lee, Moderator]

It is my great privilege to introduce the Managing Partner of Peterson Capital Management, Matthew Peterson. Matthew founded Peterson Capital Management in 2011 and has served as Portfolio Manager for more than fourteen years, stewarding partner capital through a disciplined and concentrated long-term investment strategy. Matthew, we are grateful for your leadership and partnership. The floor is yours.

[Matthew Peterson, CFA]

Thank you for that introduction, and thank you all for being here. Welcome to the 2025 Peterson Capital Management Annual Meeting. It is always a privilege to gather with partners from across the United States and internationally. Fourteen years ago, this firm began with less than one million dollars in capital. Today, through discipline and patience, we have compounded that capital more than five times over. I remain deeply grateful for the trust you have placed in us.



Our mission is to provide a world class capital appreciation vehicle that builds enormous wealth for our long-term partners.



As we begin, I want to frame the conversation the same way we did last year, by focusing on ambition and long-term compounding. Our mission has not changed. It is to build a world-class capital allocation vehicle capable of generating extraordinary long-term returns for our partners. I have said before that my internal objective is to build an entity capable of delivering 10,000 percent returns over time. That means turning one dollar into one hundred dollars. A two-million-dollar commitment becomes two hundred million. We are not there yet. Since inception, we have compounded more than 500 percent, which means there is still substantial runway ahead.

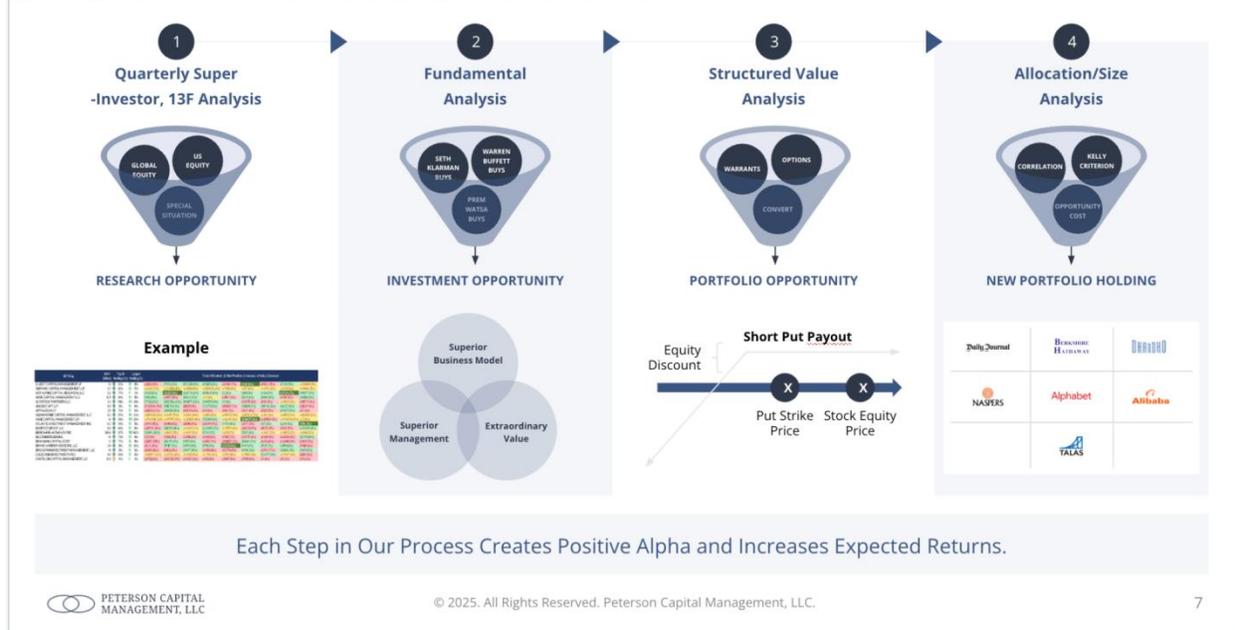
Compounding can feel abstract because the human mind does not intuitively grasp exponential growth. Instead of thinking in percentages, I encourage you to think in doubles. From here, one double brings us to 1,000 percent. Another double brings us to 2,000 percent. Then 4,000 percent. Then 8,000 percent. Five or six disciplined doubles over a multi-decade period achieves what initially appears extraordinary. That is the framework within which we operate. This is not about quarterly performance. It is about building an entity that compounds for decades without unnecessary interruption.

Turning to the broader environment, the S&P 500 has delivered exceptional returns over the past decade, compounding at approximately 15 percent annually since the financial crisis. That is well above its long-term historical real return of roughly 6 to 7 percent above inflation. When returns significantly exceed economic growth for extended periods, valuations tend to expand. We see that today in price-to-sales ratios, price-to-book ratios, and the relationship between the S&P 500 and U.S. GDP. That does not imply an imminent recession, nor does it imply markets cannot continue higher. Productivity gains from artificial intelligence are real. Inflation has moderated. Employment remains resilient. But we do not allocate capital based on macro predictions. We allocate capital based on intrinsic value.

We are approximately two years into this current bull market, which began in late 2022. Historically, bull markets can persist for five to seven years, often accompanied by intermittent corrections of 10 to 20 percent. Volatility is normal. What matters to us is dispersion. Index returns have increasingly been driven by a narrow group of large technology companies. When leadership narrows, opportunities broaden beneath the surface. Many durable, cash-generative businesses trade at valuations that imply stagnation or decline. That environment favors disciplined, valuation-oriented investors willing to look beyond index composition.

Our outcomes are the result of a repeatable system built on four pillars: studying 13F filings of leading long-term investors, conducting deep fundamental underwriting, implementing Structured Value to improve entry prices, and concentrating capital in a small number of high-conviction businesses. Each step is deliberate. Each step improves probabilities over time.

Superior Process Yields Superior Outcome



We refer to our core holdings as Infinite Compounders. These are not trades. They are long-term partnerships in businesses we would be comfortable owning for a decade if markets were to close tomorrow. Today, those include Alphabet, Alibaba, Berkshire Hathaway, Daily Journal, Naspers, Dhandho Holdings, and Talas Capital. Each meets strict criteria: strong balance sheets, positive cash flow, durable competitive advantages, aligned management, and reinvestment runway. We do not diversify simply to reduce volatility. We concentrate because true compounding opportunities are rare. When we identify them, we size them appropriately.

As we think about the portfolio today, the common thread across our core holdings is durability. We are not trying to identify what will be popular next quarter. We are trying to identify businesses that can compound intrinsic value over long periods of time. That means strong balance sheets, recurring cash flow, rational capital allocation, and management teams that think like owners. It also means buying those businesses at prices that offer a margin of safety.

Alphabet remains one of the highest-quality businesses in the world. Its search franchise continues to generate extraordinary cash flow, YouTube remains under-monetized relative to its global engagement, and Google Cloud is becoming increasingly profitable. On top of that, the company sits at the center of artificial intelligence infrastructure development. The market periodically questions competitive pressures in search or the economics of AI investment, but when we look at the underlying economics, we see a business that continues to reinvest at high incremental returns.

Alibaba remains another example of valuation dislocation. The company generates substantial free cash flow and holds a significant net cash position, yet trades at a multiple that implies long-term decline. We recognize the regulatory and geopolitical overhang that has pressured

the stock. However, when we underwrite the business based on normalized earnings power and asset value, we see a significant gap between price and intrinsic value. That gap is where long-term opportunity lives.

Infinite compounders	Market Value	Percent Owned	Portfolio Allocation
 BERKSHIRE HATHAWAY	10,000 Shares \$4.7M	0.0005%	16%
 Daily Journal	8,659 Shares \$3.7M	0.6%	12%
 Alphabet	31,000 Shares and call Options \$6.0M	0.0004%	20%
 Alibaba	210k Shares via Call Options \$7.25M	0.009%	24%
 TALAS	17% of Partnership \$0.75M	17.0%	3%
 DHANDHO	200,000 Shares and 149,741 QP Shares \$0.5M	2.3%	2%
 NASPERS	100K Shares \$6.6M	.011%	22%

Each compounder has:

1. Net Cash and Equivalents
 2. Positive Cash Flow
 3. Growth and Value
-
1. Asymmetric Risk/Reward: Limited Downside
 2. Off Financial Statement Value: Significant Upside
 3. A Growing Business: Price Increases Organically

Berkshire Hathaway continues to serve as a cornerstone of stability within the portfolio. It is effectively a diversified collection of high-quality operating businesses combined with one of the best capital allocators in history. The balance sheet is fortress-like, liquidity is abundant, and the culture emphasizes rationality. In an environment where leverage and speculation can distort outcomes, Berkshire provides ballast.

Daily Journal remains a more concentrated and idiosyncratic position. It represents long-duration capital allocation through disciplined ownership and software economics that may take time to mature. It is not a position we expect to move every quarter, but rather one we view through a multi-year lens.

Naspers provides discounted exposure to high-quality global assets through a structure that continues to trade below the value of its underlying holdings. Dhandho represents aligned, business-owner-oriented capital allocation with long-duration optionality. Talas Capital gives us exposure outside the United States, particularly in markets where valuation gaps can be wider and less efficiently arbitrated.

Across these holdings, the pattern is consistent. They are cash generative. They are not balance-sheet constrained. They are capable of reinvesting capital. And in many cases, their current prices reflect short-term concerns rather than long-term economics.

That brings us to implementation. Buying great businesses is only part of the equation. Price matters. Entry price matters. Over time, small improvements in cost basis compound meaningfully.

We improve our entry points through what we call Structured Value. This is not speculative options trading. It is disciplined underwriting combined with conservative use of long-dated,

cash-secured puts to either generate income or acquire shares at lower effective prices. If we are willing to own a business at a certain price, we structure positions that allow us to get paid while waiting.

For example, if a company trades at eighty dollars and we are comfortable owning it at seventy, we may sell a long-dated put that effectively obligates us to purchase at that lower level while collecting premium upfront. If the shares never decline to that price, we keep the premium. If they do, we acquire the business at a discount to today's market. Over time, this discipline lowers our average cost and monetizes volatility rather than reacting emotionally to it.

Structured Value has meaningfully improved our capital efficiency over the years. It requires patience and strict risk controls, but when applied conservatively to high-quality underlying businesses, it enhances long-term returns without increasing structural risk.

In addition to improving entry points, we have focused on improving cash efficiency. Idle cash represents opportunity cost. For several years, we internally deployed a structured dividend and options-based approach to enhance yield while maintaining liquidity. After repeated partner inquiries, we formalized that strategy into a dedicated vehicle: Titan Strategic Income.

Titan operates under the same alignment principles that govern Peterson Capital. There is no management fee. There is a five percent annual hurdle rate and a performance allocation only above that hurdle, subject to a high watermark. The objective is not to take undue risk. It is to generate incremental return on capital that would otherwise sit idle, using rule-based, collateralized structures on high-quality companies.

Beginning October 1, excess capital within Peterson Capital will sweep into Titan in order to improve overall capital efficiency. Existing partners have priority access. Titan is not a replacement for our core compounding strategy. It is a complement that strengthens flexibility and reduces drag during periods when we are waiting for opportunities.

Let me now turn to what has been one of the most important structural developments inside the firm over the past year: the evolution of our internal research infrastructure.

For many years, one of the limiting factors in investment management has been coverage breadth. Deep research takes time. Historically, expanding coverage required hiring more analysts or narrowing focus. Today, advances in artificial intelligence allow us to augment that process without sacrificing rigor.

Over the last several years, we have built and refined what we call VeritasAlpha. This is not a marketing tool. It is an internal research operating system. The platform ingests primary source filings directly from the SEC, structures financial statements, normalizes accounting data, and runs those datasets across multiple analytical frameworks. We do not rely on a single model. We rotate across systems and cross-validate outputs. Reports are archived and reprocessed as models improve.

Importantly, we tier information sources. Primary filings and audited financials carry the highest weight. Derived analysis is secondary. Commentary and interpretive layers are tertiary. That hierarchy matters because it reduces the risk of over-relying on narrative rather than data.



The system allows us to generate institutional-quality research reports across thousands of public companies in minutes rather than weeks. That does not eliminate human judgment. It enhances it. Our role shifts from manually compiling raw information to evaluating structured outputs and making higher-level capital allocation decisions.

We have also incorporated feedback loops. If an inconsistency or error is identified, it is logged and incorporated into subsequent iterations. Over time, the system compounds in quality. As underlying large language models improve, our outputs improve. The advantage is not a single report. The advantage is cumulative refinement.

The practical implication is that we can screen far more broadly for valuation dislocations. We can identify anomalies earlier. We can test assumptions more quickly. In a world where information is abundant but attention is scarce, speed combined with discipline becomes a structural advantage.

That said, technology does not replace philosophy. Our philosophy remains unchanged. We buy high-quality businesses at sensible prices and allow time to work in our favor. VeritasAlpha simply allows us to execute that philosophy more efficiently.

Let me expand briefly on Titan, because it represents a meaningful evolution in how we think about liquidity management.

Historically, idle cash inside a portfolio creates drag. Holding excess liquidity during periods of high valuation is prudent, but it comes at an opportunity cost. Titan was built to address that tension. The strategy focuses on conservative, collateralized option structures on high-quality, liquid equities. These are not speculative trades. They are short-duration, rule-based structures designed to monetize volatility in a disciplined way.

Back-tested over the past decade, similar strategies would have generated low double-digit annualized returns on cash while maintaining high liquidity. That does not mean returns will be linear. There will be quarters of underperformance. There will be periods when volatility compresses. But over time, the goal is to generate incremental return on capital that would otherwise remain idle.



Titan operates with zero management fee, a five percent annual hurdle, and a performance allocation only above that hurdle, subject to a high watermark. The structure mirrors Peterson Capital's alignment principles. We earn only when partners earn above a preferred threshold.

Beginning October 1, excess cash inside Peterson Capital will sweep into Titan automatically, improving overall capital efficiency while preserving liquidity. Partners may also allocate directly if desired. Capacity will remain limited because discipline requires scale constraints.

Let me pause and address a common question that has surfaced over the past year.

Question:

The S&P 500 has outperformed for extended periods. How should we think about relative performance?

Matthew Peterson:

That is a fair and important question. There will be periods when broad indices outperform concentrated, valuation-driven strategies. In the past several years, a narrow group of large technology companies has driven a significant portion of index returns. During speculative or momentum-driven phases, discipline can appear slow.

However, our objective is not to mirror the index. It is to generate strong absolute returns over full market cycles while protecting capital from permanent impairment. Over long horizons, valuation discipline matters. Avoiding overpayment matters. Maintaining balance-sheet strength matters.

Our structure reinforces long-term thinking. With no management fee and a five percent hurdle, we are incentivized to focus on multi-year compounding rather than quarterly optics.

Relative underperformance in strong speculative environments does not change our process. If anything, it increases opportunity.

Another question we have received relates to artificial intelligence and whether it changes the

competitive landscape for our holdings.



TITAN

STRATEGIC INCOME

Question:

Does AI materially alter the intrinsic value of businesses in the portfolio?

Matthew Peterson:

In some cases, yes. In others, not immediately. Artificial intelligence will likely increase productivity across many industries. Companies with scale, data, and infrastructure advantages may benefit disproportionately. Alphabet, for example, sits at the center of AI infrastructure development. That strengthens its long-term

positioning.

At the same time, AI does not eliminate the need for valuation discipline. Technological excitement can inflate multiples beyond sustainable levels. We remain focused on cash flow generation, reinvestment economics, and balance-sheet resilience. AI is a productivity accelerant, not a substitute for financial fundamentals.

As we look ahead, our priorities remain clear. Protect capital. Allocate rationally. Improve process. Strengthen infrastructure. And maintain alignment.

We are building something durable.

Before we conclude, I want to recognize the team that supports this platform. While capital allocation ultimately rests with me, execution requires infrastructure and coordination.

Mackenzie Kelly leads marketing and client relations. She has strengthened communication with partners, improved reporting clarity, and helped formalize many of the systems that allow us to scale responsibly. Tamana supports investor coordination and operational logistics. Mesut Ellaltoğlu continues to lead Talas Capital with discipline and local expertise. Nikhil Jaisinghani

manages Titan Strategic Income with a strict focus on risk controls and liquidity. George Zhang and Yankun continue to advance VeritasAlpha and our internal research infrastructure.

We are not building a short-term trading operation. We are building an integrated capital allocation platform designed to endure.

As we look ahead, our priorities are straightforward. Maintain discipline in portfolio construction. Continue refining our research systems. Improve capital efficiency through Titan. Preserve alignment. And remain patient when markets present excess.

Markets will fluctuate. Headlines will shift. Narratives will change. Our philosophy will not.

The objective remains long-term compounding without permanent impairment of capital. That requires rationality when others are emotional, patience when others are reactive, and restraint when others are speculative.



We are fourteen years into what we intend to be a multi-decade journey. The most powerful force in investing is not leverage or prediction. It is time combined with discipline. If we execute well and avoid unnecessary interruption, compounding will do the heavy lifting.

I remain deeply grateful for your trust and partnership. Many of you have been with us for years. Some of you are newer partners. All of you share in the same alignment structure. We earn only when you earn. That principle will not change.

If you are interested in increasing your allocation or participating in Titan, please reach out directly. Capacity will remain limited because discipline requires constraints.

Thank you again for your confidence, your referrals, and your long-term mindset. We look forward to another year of thoughtful capital allocation.

INDEPENDENT AUDITORS' REPORT

PETERSON INVESTMENT FUND I, LP

FINANCIAL
STATEMENTS

YEAR ENDED DECEMBER 31, 2025

PETERSON INVESTMENT FUND I, LP CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	39-40
Statement of Financial Condition	41
Condensed Schedule of Investments	42-43
Statement of Operations	44
Statement of Changes in Partners' Capital	45
Statement of Cash Flows	46
Notes to Financial Statements	47-57



INDEPENDENT AUDITORS' REPORT

To the Partners of
Peterson Investment Fund I, LP

Opinion

We have audited the accompanying financial statements of Peterson Investment Fund I, LP (the "Fund"), which comprise the statement of financial condition, including the condensed schedule of investments, as of December 31, 2025, and the related statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2025, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cherry Bekaert LLP

Denver, Colorado
February 26, 2026

PETERSON INVESTMENT FUND I, LP
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2025

ASSETS

INVESTMENTS , at fair value (cost of \$22,056,367)	\$ 35,439,236
DUE FROM BROKER (Note 4)	4,765,460
CASH AND CASH EQUIVALENTS	534,946
DIVIDENDS AND INTEREST RECEIVABLE	<u>24,088</u>
	<u>\$ 40,763,730</u>

LIABILITIES AND PARTNERS' CAPITAL

LIABILITIES:

Investments sold, not yet purchased, at fair value (proceeds of \$81,670)	\$ 79,820
Advance capital contributions	527,875
Capital withdrawals payable	525,227
Accrued expenses	<u>24,896</u>
<i>Total liabilities</i>	1,157,818

CONTINGENCIES (Note 7)

PARTNERS' CAPITAL	<u>39,605,912</u>
	<u>\$ 40,763,730</u>

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP
CONDENSED SCHEDULE OF INVESTMENTS

DECEMBER 31, 2025

	Number of Shares / Contracts	Cost	Fair Value	Percentage of Partners' Capital
Investments, at fair value:				
Common stocks:				
United States:				
Communications				
Alphabet Inc.	26,600		\$ 8,347,080	21.08
Financials				
Berkshire Hathaway Inc.	10,000		5,026,500	12.69
Technology				
Daily Journal Corporation	8,659		4,219,704	10.65
Energy			941,648	2.38
		\$ 13,308,300	18,534,932	46.80
<i>Total United States common stocks</i>				
South Africa:				
Consumer discretionary				
Naspers Limited	500,000	2,375,045	6,650,000	16.79
		15,683,345	25,184,932	63.59
<i>Total common stocks</i>				
Options:				
Hong Kong:				
Consumer discretionary				
Alibaba Group Holding Limited, call, expires Jan. 16, 2026 to Dec. 17, 2027	1,345	2,796,786	6,963,227	17.58
United States:				
Energy		1,671,541	967,944	2.44
		4,468,327	7,931,171	20.02
<i>Total options</i>				

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP
CONDENSED SCHEDULE OF INVESTMENTS (CONCLUDED)

DECEMBER 31, 2025

	<u>Cost / Proceeds</u>	<u>Fair Value</u>	<u>Percentage of Partners' Capital</u>
Investments, at fair value (concluded):			
Private investment companies:			
United States:			
Cash management / option-premium capture*		\$ 1,010,436	2.55
Value-focused private investments		<u>505,627</u>	<u>1.28</u>
Total United States private investment companies	\$ 1,504,695	<u>1,516,063</u>	<u>3.83</u>
Turkey:			
Long-only equities*	<u>400,000</u>	<u>807,070</u>	<u>2.04</u>
Total private investment companies	<u>1,904,695</u>	<u>2,323,133</u>	<u>5.87</u>
Total investments, at fair value	<u>\$ 22,056,367</u>	<u>\$ 35,439,236</u>	<u>89.48</u>
Investments in securities sold, not yet purchased, at fair value:			
Options:			
Canada:			
Consumer discretionary	<u>\$ 43,996</u>	<u>\$ 59,485</u>	<u>0.15</u>
United States:			
Energy		19,197	0.05
Communications		<u>1,138</u>	<u>-</u>
Total United States options	<u>37,674</u>	<u>20,335</u>	<u>0.05</u>
Total investments in securities sold not yet purchased, at fair value	<u>\$ 81,670</u>	<u>\$ 79,820</u>	<u>0.20</u>

* These two private investment companies are affiliated with the General Partner.

PETERSON INVESTMENT FUND I, LP

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2025

INVESTMENT INCOME:

Dividend income, net of foreign tax withholding of \$877	\$ 327,573
Interest income	<u>60,009</u>

Total investment income 387,582

EXPENSES:

Interest expense	315,222
Management fees (Note 3)	195,593
Professional fees and other expenses	64,316
Dividend expense	<u>17,401</u>

Total expenses 592,532

Net investment loss (204,950)

NET REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS:

Net realized gain on investments	13,757,533
Change in unrealized appreciation of investments	<u>4,709,594</u>

Net realized and unrealized gain on investments 18,467,127

NET INCREASE IN PARTNERS' CAPITAL RESULTING FROM OPERATIONS

\$ 18,262,177

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP
STATEMENT OF CHANGES IN PARTNERS' CAPITAL

YEAR ENDED DECEMBER 31, 2025

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Zero Class Limited Partners</u>	<u>Exception Class Limited Partners</u>	<u>Total Partners' Capital</u>
BALANCES, December 31, 2024	\$ 59,463	\$ 21,628,663	\$ -	\$ -	\$ 21,688,126
Transfers	(4,825)	(21,628,663)	8,565,093	13,068,395	-
Contributions	200,721	-	181,016	380,000	761,737
Increase resulting from operations:					
Net investment loss	(271)	-	(7,634)	(197,045)	(204,950)
Net realized gain	14,043	-	5,428,957	8,314,533	13,757,533
Change in unrealized appreciation	20,382	-	1,865,763	2,823,449	4,709,594
Performance allocation (Note 2)	3,690,046	-	(1,592,436)	(2,097,610)	-
Withdrawals	<u>(696,128)</u>	<u>-</u>	<u>(250,000)</u>	<u>(160,000)</u>	<u>(1,106,128)</u>
BALANCES, December 31, 2025	<u>\$ 3,283,431</u>	<u>\$ -</u>	<u>\$ 14,190,759</u>	<u>\$ 22,131,722</u>	<u>\$ 39,605,912</u>

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

CASH FLOWS USED IN OPERATING ACTIVITIES:

Net increase in partners' capital resulting from operations	\$ 18,262,177
Adjustments to reconcile net increase in partners' capital resulting from operations to net cash used in operating activities:	
Change in unrealized appreciation of investments	(4,709,594)
Net purchases and sales of investments in securities	(3,093,864)
Net proceeds and payments from securities sold short	72,216
Increase in due from broker	(4,765,460)
Increase in dividends and interest receivable	(24,088)
Decrease in due to broker	(6,572,896)
Decrease in dividends and interest payable	(37,290)
Decrease in accrued expenses	<u>(6,349)</u>
 <i>Net cash flows used in operating activities</i>	 <u>(875,148)</u>

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:

Capital contributions, net of change in advance capital contributions	1,289,612
Capital withdrawals, net of change in capital withdrawals payable	<u>(706,128)</u>
 <i>Net cash flows provided by financing activities</i>	 <u>583,484</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (291,664)

CASH AND CASH EQUIVALENTS, beginning of year 826,610

CASH AND CASH EQUIVALENTS, end of year \$ 534,946

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest \$ 315,222

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Peterson Investment Fund I, LP (the "Partnership") is a limited partnership formed on June 3, 2010, under the laws of the State of Delaware for the purpose of investing in and trading a wide range of securities and other financial instruments. The Partnership commenced operations in October 2011. The Partnership's activities are managed by Peterson Capital Management, LLC

(the "General Partner"), a Delaware limited liability company, which was organized in May 2010. The General Partner is an exempt reporting adviser under the Texas Securities Act. The term of the Partnership shall continue indefinitely until terminated as stated in the amended and restated limited partnership agreement (the "Agreement").

The Partnership's primary objective is to compound capital at a rate that outperforms the S&P 500, including dividends, over the long run. This objective is pursued with a long-term, value-based mentality. The General Partner believes that the Partnership's investment objective can best be achieved through a concentrated, long-term, value-based approach using a combination of value

centric strategies, each designed to capitalize on market intricacies and deliver superior returns. The investment approach extends beyond traditional long-only portfolio management, incorporating unique strategies that use a variety of financial products and bottom-up security selection to differentiate our performance from the broader market.

Interests offered to investors are without registration under the Securities Act of 1933, as amended, or the securities laws of any state, in reliance on the private offering exemption contained in Rule 506 of Regulation D issued under the Securities Act of 1933 and in reliance on similar exemption under applicable state laws. Under Rule 506 and certain state laws, the Partnership must determine that a person, or a person together with a purchaser representative, meets certain suitability requirements before offering to sell interests to such an individual.

Basis of Presentation

The Fund is an investment company and follows the accounting and reporting guidance in FASB Topic 946.

Basis of Accounting and Trading and Valuation of Investments

The Partnership records its securities transactions on a trade-date basis. Realized gains or losses are recorded upon disposition of investments calculated based upon the difference between the proceeds and the cost basis determined using the specific identification method. All other changes in valuation of portfolio investments are included as changes in the unrealized appreciation or depreciation of investments in the statement of operations. Dividend income and expense are recorded on the ex-dividend date and interest income and expense are recorded on the accrual basis.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting and Trading and Valuation of Investments (continued)

The Partnership values its investments in accordance with Accounting Standards Codification 820 – Fair Value Measurements (“ASC 820”). Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Partnership uses various valuation approaches. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Partnership. Unobservable inputs reflect the Partnership’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access. Valuation adjustments and blockage discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Partnership in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy.

In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Partnership’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Partnership uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The Partnership values investments in securities and securities sold short (including common stocks and preferred stocks) that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the fiscal year end. The Partnership considers investments to be traded on active markets as Level 1 investments.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting and Trading and Valuation of Investments (concluded)

Many cash and over-the-counter (OTC) contracts have bid-and-ask prices that can be observed in the marketplace. Bid prices reflect the highest price that the marketplace participants are willing to pay for an asset. Ask prices represent the lowest price that the marketplace participants are willing to accept for an asset. For securities whose inputs are based on bid-ask prices, the Partnership's valuation policies require that fair value be within the bid-ask range. The Partnership values securities traded in OTC markets, and listed securities for which no sale was reported on the measurement date, at the last reported "bid" price if held long, and last reported "ask" price if sold short. The Partnership considers these investments as Level 1 securities for active markets and Level 2 securities for thinly traded markets.

The Partnership values private investment companies using the net asset values provided by the underlying private investment companies as a practical expedient (the "NAVPE"). The Partnership applies the NAVPE to its private investment companies on an investment-by-investment basis and consistently with the Partnership's entire position in a particular investment, unless it is probable that the Partnership will sell a portion of an investment at an amount different from the net asset value of the investment.

The industry classifications included in the condensed schedule of investments represent the General Partner's belief as to the most meaningful presentation of the Partnership's investments.

Short Sales

The Partnership may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Partnership sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Partnership sold the security short, or a loss, unlimited in amount, will be recognized upon termination of the sale.

Cash and Cash Equivalents

The Partnership considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. The Partnership did not own any cash equivalents as of December 31, 2025.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at year-end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into U.S. dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statement of operations. The Partnership does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. in the statement of operations.

Income Taxes

The financial statements do not include a provision for income taxes because the Partnership is not a taxable entity and its partners are taxed on their respective share of partnership earnings. However, certain non-U.S. dividend income and interest income may be subject to tax at prevailing treaty or standard withholding rates with the applicable country or jurisdiction.

The Partnership files an income tax return in the U.S. federal jurisdiction and may file income tax returns in various U.S. states. Generally, the Partnership is subject to income tax examinations by major taxing authorities during the three-year period prior to the period covered by these financial statements. The Partnership is required to determine whether its tax positions are more likely than not to be sustained on examination by the applicable taxing authority, including resolution of any tax related appeals or litigation processes, based on the technical merits of the position.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Income Taxes (concluded)

Tax positions not deemed to meet a more likely than not threshold would be recorded as a tax expense in the current year. The Partnership recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in income taxes payable, if assessed. No interest expense or penalties have been recognized as of and for the year ended December 31, 2025.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – LIMITED PARTNERSHIP AGREEMENT

Allocation of Net Profits and Losses

Net profits and losses are allocated to all partners in proportion to their relative opening capital balances. If such allocations of net losses would result in a negative capital balance in the account of any limited partner, such losses will be allocated to the General Partner.

Capital Contributions and Withdrawals

The Partnership generally accepts capital contributions as of the first business day of a calendar month. The Partnership is currently offering two classes of interests which have the same rights under the Agreement except for the management fee assessed to the limited partner as further described in Note 3. The minimum initial capital contribution, subject to waiver or reduction by the General Partner in its sole discretion, is currently \$2,000,000 for zero management fee class interests and \$250,000 for exception class interests. Additional investments by existing limited partners will generally be accepted in the minimum amount of \$25,000 on the first day of a calendar month, but limited partners will not be required to contribute any additional capital.

Limited partners with a capital account balance of \$2,000,000 or more as of October 1, 2024 converted to zero management fee class interests and limited partners with a capital account balance of less than \$2,000,000 as of October 1, 2024, converted to exception class interests.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LIMITED PARTNERSHIP AGREEMENT (concluded)

Capital Contributions and Withdrawals (concluded)

Each limited partner shall have the right to withdraw from its capital account as of the last day of any calendar quarter, upon 60 days' prior written notice to the General Partner. Upon written request by the limited partner and with the consent of the General Partner, a limited partner may withdraw capital from its capital account at any time and in any amount. Unless the General Partner, in its sole discretion, approves a smaller amount, a partial withdrawal must be at least \$250,000. The General Partner may, in its sole discretion, elect to treat any partial withdrawal request that would cause the value of a limited partner's capital account to fall below \$250,000 or the amount of the limited partner's initial investment, whichever is less, as a request for complete withdrawal.

Except as agreed by the General Partner in writing, any withdrawal that reduces the capital account balance of a zero management fee class limited partner below \$2,000,000 shall convert that limited partner's interests to exception fee interests effective beginning on the first day of the next fiscal quarter for purposes of calculating management fees.

Withdrawals shall be paid within 30 days after the effective withdrawal date except when a limited partner is withdrawing more than 90% of its capital account. In such event, the General Partner shall have discretion to retain a portion, in no case more than 10% of the withdrawal amount, of the withdrawal payment pending final reconciliation of valuations as of the effective withdrawal date. The retention period generally will not exceed 90 days, but the General Partner has the discretion to extend the retention period until completion of the Partnership's audit for the fiscal year in which the withdrawal occurs. The retained portion of the withdrawal payment shall be paid promptly to the limited partner at the end of the retention period, without interest.

Performance Allocation

At the end of each fiscal year, and upon a withdrawal of capital at any time other than a fiscal year end, with respect to amounts withdrawn, an amount equal to 25% of the net capital appreciation allocated to each limited partner for the fiscal year shall be reallocated from the capital account of such limited partner to the capital account of the General Partner (the "Performance Allocation"). No Performance Allocation will be made, however, if the limited partner's share of net capital appreciation amounts to an annualized return for the measurement period that is less than 5.0% (the "Hurdle Rate"). The Hurdle Rate shall be adjusted proportionately for any measurement period that is less than a full year. If the limited partner's share of net capital appreciation exceeds the Hurdle Rate, the Performance Allocation will be based only on the share of net capital appreciation in excess of the Hurdle Rate. The General Partner, in its sole discretion, may waive or reduce the Performance Allocation with respect to any limited partner.

Furthermore, the Performance Allocation is also subject to a high-water mark, so that the Performance Allocation will only be deducted from a limited partner's capital account to the extent that such limited partner's pro rata share of such net capital appreciation causes its capital account balance, measured on a cumulative basis and net of any losses, to exceed such limited partner's highest historic capital account balance as of the end of any prior year or, if higher, such limited partner's capital account immediately following its admission to the Partnership. This limitation prevents the General Partner from receiving a performance allocation as to profits that simply restore previous losses.

The General Partner earned a performance allocation of \$3,690,046 for the year ended December 31, 2025.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTIES

The Agreement provides that zero management fee class interests are not charged a management fee. For limited partners holding exception class interests, the Agreement provides for a fee payable to the General Partner each calendar quarter in an amount equal to 0.225% (approximately 0.9% annually) of the aggregate capital account balances at the beginning of each calendar quarter. If a capital contribution is made on a date other than the first day of a fiscal quarter, a management fee shall become payable on that date with respect to such contribution, prorated for the number of days then remaining in the quarter. The General Partner, in its sole discretion, may agree to waive or reduce the management fee rate for certain limited partners. The Partnership incurred management fees of \$195,593 for the year ended December 31, 2025, which the General Partner voluntarily elected to reinvest in the General Partner's capital account.

Certain limited partners are affiliated with the General Partner. The aggregate value of the General Partner's and affiliated limited partners' share of the Partnership's capital as of December 31, 2025 was \$5,695,922. The affiliated limited partners have acquired both zero management fee class and exception class interests.

Capital withdrawals payable represents amounts due to partners based on withdrawals effective through December 31, 2025. As of December 31, 2025, \$350,000 of the capital withdrawals payable balance was owed to the General Partner.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DUE FROM BROKER

Due from broker represents cash and cash equivalents earning interest at the custodian broker from settled and unsettled trades. The due from broker amount may be partially restricted at any time for the market value of marketable securities sold, not yet purchased, until the Partnership purchases the securities sold. The Partnership has a policy of reviewing, as considered necessary, the credit standing of each broker with which it conducts business.

NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS

The Partnership's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 1 for a discussion of the Partnership's policies.

The following table presents information about the Partnership's assets and liabilities measured at fair value as of December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAVPE</u>	<u>Balances as of December 31, 2025</u>
Assets:					
Common stocks	\$ 25,184,932	\$ -	\$ -	\$ -	\$ 25,184,932
Options	7,931,171	-	-	-	7,931,171
Private investment companies	-	-	-	2,323,133	2,323,133
	<u>\$ 33,116,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,323,133</u>	<u>\$ 35,439,236</u>
Liabilities:					
Options	<u>\$ 79,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,820</u>

The Partnership did not have any significant transfers between Level 1 and Level 2 during the year ended December 31, 2025. The Partnership did not have any issuances or transfers in or out of Level 3 assets during the year ended December 31, 2025.

NOTE 6 - DERIVATIVE CONTRACTS

In the normal course of business, the Partnership utilizes derivative contracts in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all, or an amount greater than the value of the investment. The primary underlying risk of the Partnership's derivative activities and exposure to derivative contracts is equity price risk. In addition to this primary underlying risk, the Partnership is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contracts.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - DERIVATIVE CONTRACTS (continued)

Options

The Partnership is subject to equity price risk in the normal course of pursuing its investment objectives. The Partnership may enter into options to speculate on the price movements of the financial instrument underlying the option, or for use as an economic hedge against certain positions held in the Partnership's portfolio holdings. Option contracts purchased give the Partnership the right, but not the obligation, to buy or sell within a limited time, a financial instrument at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

Options written obligate the Partnership to buy or sell within a limited time, a financial instrument at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. When the Partnership writes an option, an amount equal to the premium received by the Partnership is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Options written by the Partnership may expose the Partnership to market risk of an unfavorable change in the financial instrument underlying the written option.

For some OTC options, the Partnership may be exposed to counterparty risk from the potential that a seller of an option contract does not sell or purchase the underlying assets as agreed under the terms of the option contract. The maximum risk of loss from counterparty risk to the Partnership is the fair value of the contracts and premiums paid to purchase its open option contracts. In these instances, the Partnership considers the credit risk of the intermediary counterparty to its option transactions in evaluating potential credit risk.

Volume of Derivative Activities

The Partnership considers the notional amounts as of December 31, 2025, categorized by primary underlying risk, to be representative of the volume of its derivative activity during the year ended December 31, 2025. The Partnership's notional amounts and number of contracts as of December 31, 2025 are as follows:

	<u>Long exposure</u>		<u>Short exposure</u>	
	<u>Notional amounts</u>	<u>Number of contracts</u>	<u>Notional amounts</u>	<u>Number of contracts</u>
<u>Primary underlying risk</u>				
<u>Equity Price</u>				
Options (a)	<u>\$ 28,599,140</u>	<u>3,465</u>	<u>\$ 1,726,148</u>	<u>254</u>

(a) Notional amounts presented for options are based on the fair value of the underlying shares as if the options were exercised at December 31, 2025.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - DERIVATIVE CONTRACTS (concluded)

Impact of Derivatives on the Statement of Financial Condition and Statement of Operations

The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as investments, categorized by primary underlying risk, as of December 31, 2025. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of master netting arrangements and have been adjusted by the application of cash collateral receivables and payables with its counterparties.

Primary underlying risk	Fair value of derivative assets	Fair value of derivative liabilities
Equity Price		
Options	\$ 7,931,171	\$ 79,820

The following table identifies the net gain amounts included in the statement of operations from derivative contracts, categorized by primary underlying risk, for the year ended December 31, 2025:

Primary underlying risk	Realized gain	Change in unrealized appreciation
Equity Price		
Options	\$ 20,756,251	\$ 3,061,471

NOTE 7 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS AND CONTINGENCIES

In the normal course of its business, the Partnership enters into various financial transactions. The execution of these transactions may result in off-balance sheet risk or concentration of credit and price risk. The Partnership records securities transactions on a trade-date basis and, therefore, is exposed to credit risk in the event that the Partnership's counterparties are unable to fulfill contractual agreements on the date of settlement.

Price risk is comprised of interest rate, market and currency risk. Interest rate risk is the risk that the value of financial instruments (mainly investments) may fluctuate as a result of changes in market interest rates. Market risk is the risk that the market values of investments change due to changes in market conditions. Investments in equities are subject to market and interest rate risk.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS AND CONTINGENCIES (concluded)

Currency risk is the risk that the value of instruments may fluctuate as a result of changes in foreign exchange rates. As of December 31, 2025, all assets and liabilities of the Partnership were denominated in United States dollars.

The Partnership engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Partnership covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require securities sold short to be acquired at prices which may be significantly higher than the market value reflected in the statement of financial condition.

Excluding the Partnership's investments in private investment companies, all securities transactions are cleared by one United States registered broker-dealer pursuant to a customer agreement. As of December 31, 2025, all investments and due from broker amounts are positions with this broker and the Partnership has all its individual counterparty concentration with this broker.

As of December 31, 2025, the Partnership holds \$534,946 in FDIC insured accounts, of which \$284,946 is in excess of the FDIC insured limits. In the event that the banks could not meet their obligations to their depositors, the Partnership may not be able to recoup its entire cash balance.

The Partnership's financial instruments, including due from broker, cash and cash equivalents, dividends and interest receivable, advance capital contributions, capital withdrawals payable and accrued expenses are carried at amounts which approximate fair value due to the short-term nature of these instruments. Investments are valued as described in Note 1.

PETERSON INVESTMENT FUND I, LP

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FINANCIAL HIGHLIGHTS

The information presented below represents the financial highlights applicable to the Partnership's limited partners taken as a whole for the year ended December 31, 2025.

	<u>Zero</u> <u>Class</u>	<u>Exception</u> <u>Class</u>
<u>Operating Performance:</u>		
Total return before performance allocation to General Partner	84.83 %	83.04 %
Performance allocation to General Partner	<u>(18.53)</u>	<u>(15.95)</u>
Net return after performance allocation to General Partner	<u>66.30</u> %	<u>67.09</u> %
<u>Ratios to Average Limited Partners' Capital:</u>		
Total expenses before performance allocation to General Partner	1.35 %	2.37 %
Performance allocation to General Partner	<u>13.35</u>	<u>11.51</u>
Total expenses and performance allocation to General Partner	<u>14.70</u> %	<u>13.88</u> %
Net investment loss	<u>(0.06)</u> %	<u>(1.08)</u> %

The above return calculations assume that a limited partner's capital interest was invested for the entire period. A partner's total return and ratios may vary from these returns and ratios based on the timing of capital transactions, variations in management fees and/or performance allocation arrangements.

NOTE 9 - SUBSEQUENT EVENTS

The Partnership has performed an evaluation of subsequent events through February 26, 2026, which is the date that the financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.

TEAM AND SERVICE PROVIDERS



PETERSON CAPITAL
MANAGEMENT, LLC

GENERAL PARTNER

Peterson Capital Management, LLC

Matthew Peterson, CFA

13809 Research Blvd, Suite 500

Austin, TX 78750

Phone: (512) 947-1737

www.petersonfunds.com

matthew.peterson@petersonfunds.com



AUDITOR/TAX

Cherry Bekaert, LLP

Sean P. Tafaro, CPA

4601 DTC Boulevard, Suite 700

Denver, CO 80237

Phone: (303) 753-1959

www.cbh.com



ADMINISTRATION

Yulish & Associates

Josh Sack, CPA

Katherine Yulish, CPA

2 Turquoise Way

San Francisco, CA 94131

Phone: 415-641-8600

Fax: 866-514-0105

www.yulish.com



GENERAL COUNSEL

Investment Law Group
Brent Gillett
545 Dutch Valley Road NE, Suite A,
Atlanta, GA 30324
Phone: 404-607-6940
investmentlawgroup.com



PRIME BROKER

Interactive Brokers Group
8 Greenwich Office Park
Greenwich, CT 06830
Phone: (800) 442 2757
www.interactivebrokers.com



CORPORATE BANKING

Chase Bank
11521 N FM 620, Ste D
Austin, TX 78726
Phone: 512-651-4587
www.chase.com

MATTHEW PETERSON, CFA

Matthew Peterson is the Managing Partner of Peterson Capital Management, LLC. Matthew founded Peterson Capital Management in 2010 and has been working as a financial professional for over two decades. His experience includes working with global financial services firms Goldman Sachs, Morgan Stanley, Merrill Lynch, American Express, and Ameriprise Financial.

Prior to forming Peterson Capital Management, LLC and launching Peterson Investment Fund I, LP, Matthew split time between Wall Street and London consulting for Goldman Sachs and other Investment Banks as a Capital Markets Manager at Diamond Management and Technology Consultants. Matthew worked as a member of both the US and UK offices, with expertise spanning risk management and derivative processing. During his tenure with Diamond, Matthew worked with top-tier investment banks, global payments firms, and international insurance companies to deliver high impact solutions to his clients' most challenging business problems.

In 2010, Diamond was purchased by PWC and became Diamond Advisory Services.

Before Diamond, Matthew worked with Merrill Lynch and founded M. Peterson Financial Services, a financial planning firm that offered client planning services to American Express Financial Advisors.

Matthew holds a Chartered Financial Analyst (CFA) designation. He earned his Bachelor of Science in economics and minor in mathematics from the University of Puget Sound. Matthew has lived and worked in China, England, and the United States. Matthew and his wife, Gamze, have two children, Isabel and Adrian.

The performance data presented represents that of Peterson Investment Fund I, LP.

This document does not constitute an offer to sell, or a solicitation of an offer to buy membership interests in Peterson Investment Fund I, LP. We will not make such offer or solicitation prior to the delivery of a definitive offering memorandum and other materials relating to the matters herein. Before making an investment decision with respect to the fund, we advise potential investors to carefully read the offering memorandum, the operating agreement, the related subscription documents, and to consult with their tax, legal and financial advisors.

Past performance is not necessarily indicative of future results. All information provided herein is for informational purposes only and should not be deemed as a recommendation to buy or sell securities. All investments involve risk including the loss of principal. This transmission is confidential and may not be redistributed without the written consent of Peterson Capital Management, LLC and does not constitute an offer to sell or the solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of an approved confidential offering memorandum.

Please contact us if you would like any materials such as our investment presentations, legal documents, or web access.

We have compiled all information herein from sources we believe to be reliable but cannot guarantee its accuracy.

2025 Peterson Capital Management, LLC. All rights reserved.

HOW TO SELECT A FUND MANAGER

Renowned business manager Peter Kaufman is the CEO of Glenair, a former director of the Daily Journal Corporation and partner of Charlie Munger, and author of *Poor Charlie's Almanack*. At a Daily Journal Corporation annual meeting, Kaufman shared wise advice on how to select an exceptional fund manager using what he calls "the five aces." (Five aces is the highest possible hand in a game of wildcard poker.) Kaufman's five aces are:

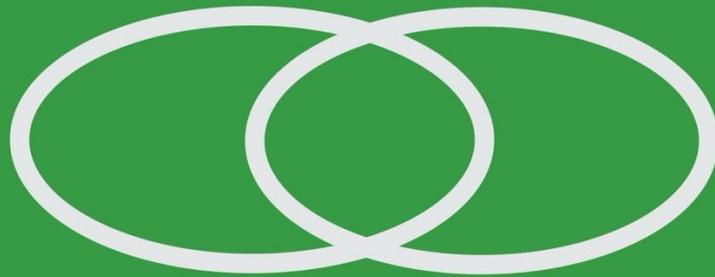
1. Total integrity
2. Deep fluency
3. A fee structure that is fair in both directions
4. An un-crowded investment space
5. A long runway

He then advised that, if you ever find a money manager who possesses all five of these characteristics, you should:

1. Immediately put your money with them
2. Put as much as you are allowed

Our firm is built on a foundation of integrity, designed to last for generations. This list of aces is very encouraging because, without any coordination, we have structured our business around each of these factors.

Just as important, not only do we believe that we exhibit these five qualities today, but every day we strive to further align with these principles. These values provide a moat for our business. As mentioned before, our strategy is to win your business because we deserve your business.



Peterson Capital Management, LLC
13809 Research Blvd, #500
Austin, TX 78750
www.petersonfunds.com