Peterson Investment Fund I

Quarter 1, 2025

"You get recessions, you have stock market declines. If you don't understand that's going to happen, then you're not ready, you won't do well in the markets."

- Peter Lynch

Period	PIFI Net Return	S&P 500 Return with Dividends	Hedge Fund Index (HFRI)
2011[1]	34.0%	11.8%	1.9%
2012	58.6%	16.0%	7.4%
2013	26.4%	32.4%	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%	12.3%
YTD 2025	26.4%	(4.3%)	(1.3%)
Cumulative	361%	540%	128%
Annualized	12.0%	14.7%	6.3%

1) Performance and Overview

During Q1 2025, Peterson Investment Fund I delivered a net return of 26.4%, while the S&P 500 declined 4.3%. This represents an outperformance of more than 30% in a single quarter. Over the past 13.5 years, our disciplined strategy has transformed a $1 million investment into $4.6 million net of fees, reflecting a 12% annualized return. This long-term, double-digit compounding underscores the strength of our value-based research-driven approach and our focus on investor alignment.

Our performance this quarter was driven by high conviction and concentrated positions in select holdings, most notably Alibaba (BABA), whose early price advance materially contributed to our returns. At the same time, our exposure to enduring mainstays such as

Contents:

Primary Objectives:

1. Capital preservation
2. Limitation of downside risk
3. Capital appreciation that outperforms the S&P 500

Service Providers:

- *Auditors*: Spicer Jeffries
- *Administrators*: Yulish & Associates
- *Compliance*: Gordian Compliance Solutions
- *Legal*: Investment Law Group
- *Prime Broker*: Interactive Brokers Group
- *Bankers*: JP Morgan Chase

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[1] Fund inception date was October 1, 2011.

Berkshire Hathaway, with its operational excellence and fortress balance sheet, stabilizes our portfolio with an emphasis on quality, resilience, and capital discipline.

As we have anticipated, market volatility has returned. Considering the uneven impact of tariffs and global trade realignments on each individual company, a bottom-up analysis is essential. This evolving environment will present compelling opportunities, which we believe will become clear in hindsight.

Periods of elevated volatility inevitably produce uneven short-term results, but we have structured our portfolio and risk framework precisely for such conditions. While recent tariff actions have introduced further uncertainty, our proactive and nimble response enables us to allocate capital with the intention of owning the great compounders of the next bull market. The present conditions are well-suited for selectively writing cash-secured puts on companies we would be pleased to own for the long term. For those with unallocated capital, we encourage sending it to us ahead of the upcoming July 1 or October 1 commitment dates.

Historically, corrections and bear markets have been painful but short-lived. When markets decline by more than 20% peak to trough, the average S&P 500 drawdown reaches approximately 35% and lasts around 290 days, or just under 10 months. Importantly, what follows is far more powerful. Bull markets historically deliver gains exceeding 150% and last approximately three times longer than bear markets. Critically, more than 40 percent of the market's strongest single-day gains have occurred during bear markets, with another 40 percent of the single best daily returns occurring during the earliest phase of recovery, before the public narrative has shifted.

Today's backdrop of trade dislocation, persistent inflation and volatility, and increasing investor caution resembles historic conditions. Thus far we have seen the S&P 500 hit correction territory, but not yet a bear market. The next three to nine months will present highly compelling opportunities to acquire quality firms at compressed prices. Recoveries begin quietly, with smart capital moving early. By the time confidence returns to the markets, the great opportunities will disappear.

Our investment philosophy remains rooted in acquiring world-class businesses with exceptional management, durable competitive advantages, and compelling prices. This patient, fundamental approach has compounded wealth for our partners for over a decade, and volatile environments offer the highest return on our structured value approach of writing puts to acquire stock. We continue to augment this strategy and our research through AlphaOne, our proprietary AI based analytics platform, which now integrates real-time SEC data and AI to identify asymmetric risk-reward opportunities at scale. Partners are invited to explore a beta version of this platform on our website, where you can run institutional-grade equity analysis and request complimentary firm-specific research.

Our Q1 performance reinforces our ability to thrive during periods of volatility. While we anticipate our own bumpy results over the short term, remember that these price swings provide extraordinary entry opportunities. The quality, strength and value of our compounding portfolio continue to grow despite short-term price swings. By combining rigorous research, excellence in operational infrastructure, and a resolute risk tolerance framework, we have unique capabilities to turn short-term volatility into long-term advantages.

We thank you for your continued trust and partnership. For those evaluating incremental or new capital allocations, we encourage you to participate ahead of the July 1 or October 1 commitment deadlines. The current dislocations will offer fleeting opportunities to purchase extraordinary businesses at prices only available during turmoil. These opportunities are rarely obvious in the moment but become clearly apparent in hindsight. We look forward to continuing this journey of thoughtful compounding together.

Performance Highlights:

- Time since inception: 13.5 years
- $1 million is now $4.6 million net of all fees and expenses
- PIFI returned 26.37% net of all fees and expenses during Q1

- S&P 500 including dividends declined 4.27%
- PIFI has achieved a 12% annualized net return since inception

2) Investment Philosophy

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

PIFI adheres to a disciplined value investing philosophy. Our objectives include capital preservation, limitation of downside risk, and surpassing the S&P 500, including dividends, over the long term.

PIFI is a concentrated, long-term, value-based fund. Our focus is on owning thriving businesses with proven leadership teams trading at discounts to their growing intrinsic values.

Portfolio Characteristics:

- Seven core positions across financial, industrials, insurance, and technology sectors
- Companies headquartered in China, South Africa, Turkey, and the United States, serving customers globally

Core Tenets:

- Perform bottom-up, in-depth, fundamental analysis used to selectively purchase undervalued companies with great business models and exceptional management teams
- Deploy capital with high portfolio concentration on our highest conviction ideas
- Employ a low portfolio turnover strategy, holding most positions for years
- Avoid excessive leverage with rare use of margin
- Focus on minimizing taxes and expenses

3) Operations

Alignment of interests is a top consideration in every operational design decision.

Please take a moment to review the detailed information from our Annual Meeting. For your convenience, a replay of the meeting has been posted on our YouTube channel.

Incentivizing Structure:

Our unique fee structure, based on the original Buffett partnerships, places incentives on performance to align interests and deliver our mission. My family is among the largest partners in the fund. Your capital is invested alongside our own, and the fund is the sole investment for nearly all our family's net worth.

- Zero management fees for commitments over $2 million with annual liquidity
- Annual hurdle rate of 5%
- Performance incentive of 25% earned only on profits over the annual hurdle rate each year
- High-water mark provision (incentive allocation earned only when reaching new all-time highs)
- Balances under $2 million include a very small 0.9% management fee and offer quarterly liquidity

Titan Strategic Income Fund:

Due to increasing demand, we are preparing to spin out our proprietary cash management strategies into a dedicated, liquid vehicle: Titan Strategic Income.

Titan Strategic Income will allow us to keep the Peterson Investment Fund cash invested while offering partners direct access to more of our income-generation strategies which we have quietly run behind the scenes. Most notably, as discussed at length in past Annual Reports, variations in our Structured Dividend Capture framework will be managed in this new fund that partners can access directly. The intention is to maintain liquidity while generating reasonable returns on cash. Titan Strategic Income is expected to offer meaningful yield while preserving flexibility across market conditions. All partners must be accredited and qualified investors. If you wish to learn more ahead of the formal launch, feel free to reach out directly.

Future Commitments:

Our minimum commitment range for new LPs is $250,000 - $2 million, and as little as $25,000 can be added to existing accounts. Balances over $2 million have zero-management fees, while balances under $2 million have a small 0.9% management fee.

- Accepting capital from new accredited investors and existing partners quarterly (January, April, July, October)
- Email me for guidance on completing the electronic subscription document (available online)
- The subscription document and capital are required prior to the next participation date (July 1)
- Please email me or find the subscription documentation online if you would like to participate ahead of the upcoming commitment date.

Partner Communication:

We provide detailed communication through quarterly statements, quarterly letters, annual reports, and annual meetings. Historical letters, public appearances, and legal documentation are available to review on our website.

- **Statements:** Quarterly electronic statements are delivered by administrator, Yulish & Associates
- **K-1 Tax Documentation:** Delivered in March by our auditor, Spicer Jefferies
- **Quarterly and Annual Reports:** All past letters and reports are available online
- **Audit:** Included with each Annual Report online
- **Annual Meeting:** Replay available on our website and YouTube channel
- **Redemptions:** Zero-Fee Class (annually on December 31) and Exception Class (quarterly), each with 60 days' notice
- **IRA, Trusts, and Qualified Capital:** Some partners use a self-directed provider to participate in the fund. These assets and their returns maintain their tax-advantaged status

Thank you for taking the time to review our quarterly letter. I am honored to work with such an esteemed group of partners and proud of what we are accomplishing together. Thank you for your continued interest, referrals, and support. You play a critical role in our continued success and in helping us achieve our mission of providing a world-class capital appreciation vehicle that builds enormous wealth for our long-term partners. I appreciate you and look forward to our future success.

Warmly,

Matthew Peterson, CFA
Managing Partner
Peterson Capital Management
www.petersonfunds.com

Matthew Peterson, CFA

Matthew Peterson is the Managing Partner of Peterson Capital Management, LLC. Matthew has been working as a financial professional for over two decades. His experience includes working with global financial services firms including 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 as 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.

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