

Peterson Investment Fund I

Quarter 1, 2021

“I have little doubt that with excess savings, new stimulus savings, huge deficit spending, more QE, a new potential infrastructure bill, a successful vaccine and euphoria around the end of the pandemic, the U.S. economy will likely boom.”

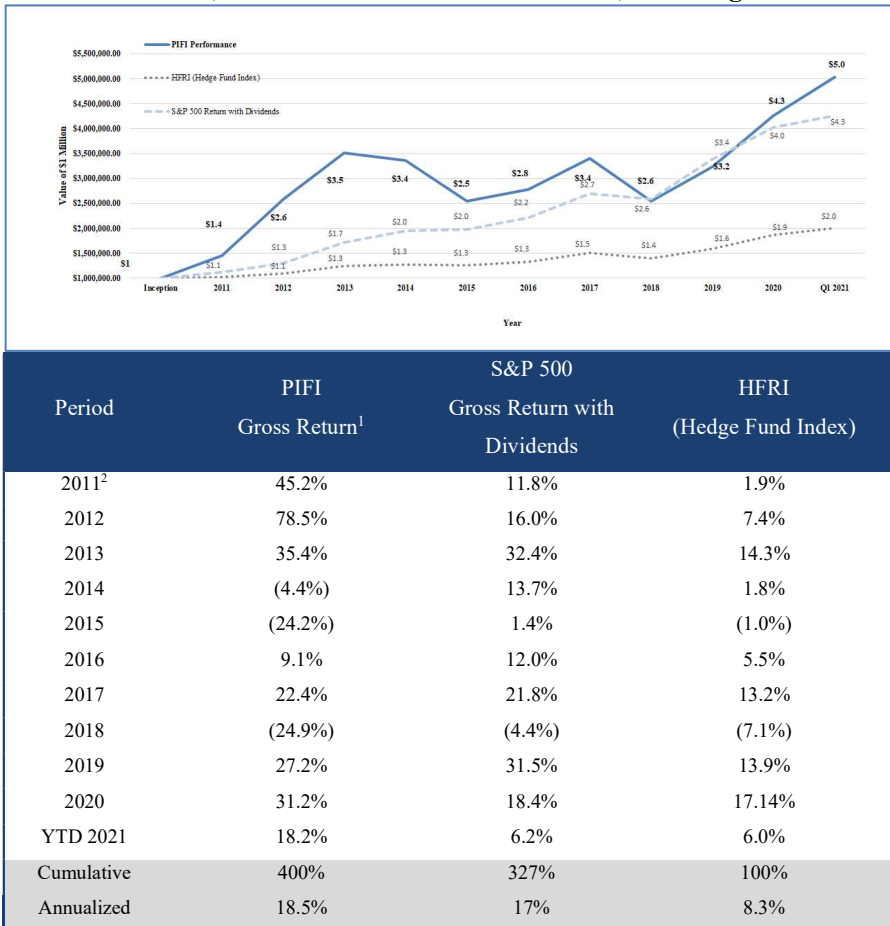
**- Jamie Dimon, JPMorgan Chase CEO
Annual Report 2020**

1) Performance and Overview

A \$1 million investment in Peterson Investment Fund I (PIFI) at inception on October 1, 2011 has grown to \$5 million as of March 31, 2021. This amounts to a cumulative return of 400% in only 9.5 years.

PIFI returned 18.24% during Q1 while the S&P 500 rose 6.18%. The fund has delivered 18.5% annualized returns since inception.

\$1 million in PIFI, the HFRI Index and the S&P 500, including dividends



Contents:

1. Performance and Overview
2. Investment Philosophy
3. Fund News
4. Concluding Remarks
5. Manager Biography

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:* Brill Law
- *Prime Broker:* Interactive Brokers Group
- *Bankers:* Wells Fargo Bank
- *Technology:* Global Solutions India

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¹ Gross returns are represented here before expenses and fees. LP net performance is provided on your Yulish statement and may differ for partners who joined at different times.

² Fund inception date was October 1, 2011.

Allow me to interrupt the consistency of these quarterly reports: over the last 12 months, Peterson Investment Fund I has delivered over 100% gross returns to its long term partners.

Our success might be less apparent when viewed across fiscal reporting periods. However, a keen observer will note that our last four quarters more closely resemble successful yearly returns: 2%, 31%, 40% and 18%.

Looking back to the end of 2019, the peak prior to the 2020 pandemic and recession, our entire portfolio has gained a remarkable 55%. For comparison, the S&P, including dividends, grew only 25.7% over the same period.

This extraordinary achievement by any fund is rare and our success was notably accomplished in a prudent manner, without speculation. These gains were earned though the application of enduring value investing principles defined over 80 years, since Benjamin Graham and David Dodd were instructing students like Warren Buffett at Columbia Business School.

We employ an ownership mindset through long positions of outstanding businesses with exceptional management teams. And, we obtain our holdings for a discount to their growing fundamental value. Our portfolio includes an impressive collection of businesses that we plan to hold for many years.

Weeks ago, President Biden signed into law the “American Rescue Plan,” the largest government relief and stimulus package for consumers since the Great Depression. The infrastructure bill will also likely pass. The enormity of this new stimulus can push America into a new age of the Roaring Twenties.

Given these developments, we remain very optimistic on the potential growth of our portfolio and the US economy. Expectations are for an extended “Goldilocks period” for equity markets bolstered by continued stimulus measures and low interest rates. The Federal Reserve and Treasury will continue with plans of quantitative easing and focus on normalizing inflation.

We are bringing in new capital every quarter. Please contact me if you would like to add capital or join the fund as a new accredited investor. Wealth is often transferred during a crisis, and, as mentioned for several quarters, I strongly encourage you not to miss this moment.

Peterson Investment Fund I is a concentrated, long-term, value-based fund. Our portfolio is composed of thriving businesses that are managed by high-quality professionals, trading at discounts to their growing intrinsic value.

We hold 15 positions across six sectors (communication services, financial, health care, materials, real estate, and technology).³ Our companies are headquartered in six nations (United States, Canada, China, South Africa, Sweden and Turkey), and they serve a global base of customers.

Each quarter, these letters are designed to provide updated performance numbers, important announcements and salient financial details for our partners. Our Annual Report was released a few weeks ago and is available online. The Annual Report provides detailed qualitative commentary, the audit, and a postmortem analysis of exited positions.

LP Terms and Conditions:

- Minimum investment: \$250,000
- Open for investment: Quarterly
- Liquidity: Quarterly following 36-month soft lockup; early redemption provision available
- Fees (annually):
 - Management 0% for commitments above \$2 million (0.9% below \$2 million commitment)
 - Annual hurdle rate 5%
 - Performance 25% above hurdle
 - High-water mark provision
- Partner communications:
 - Quarterly letters
 - Quarterly LP statements
 - Annual letter
 - Annual meeting
 - Annual audit
- Tax:
 - Annual K-1 tax document

³ One position includes a diversified basket of minor holdings.

2) Investment Philosophy

PIFI follows a value investing philosophy. Our objectives include capital preservation, limitation of downside risk, and outperformance of the S&P 500, including dividends, over the long-term.

We use in-depth, fundamental analysis to selectively buy undervalued companies managed by exceptional people. We concentrate our portfolio on our best ideas. We keep our portfolio turnover low, holding most of our positions for many years. We focus on minimizing taxes and expenses. And we avoid excessive leverage.

Alignment of General Partner (GP) and Limited Partner (LP) interests is a top consideration in every operational decision. The fund's unique fee structure, including a zero management fee share class, places incentives on performance and incorporates an annual hurdle rate and a high-water mark to further accomplish alignment objectives. Performance compensation is earned only after reaching new all-time highs (a high-water mark), and on returns above 5% each year.

My family is among the largest LPs in PIFI. Partner capital is invested alongside our own, and the fund is the sole investment for the majority of our family's net worth.

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

3) Fund News

Annual Meeting

The Peterson Capital Management Annual Meeting will be held virtually once again on August 14, 2021. It was a pleasure to have so many partners and guests in attendance in 2020, including those joining from all over the world. We look forward to seeing you again this August. Your invitations will be sent electronically in June. Please save the date.

Limited Partners

We accept capital from new and existing partners each quarter.

Because significant interest exists to join the fund right now, we have opened a window for new capital through May 1. To participate before either May 1 or the standard commitment closing date on July 1, subscription documentation and funds must be received prior to the commitment date. Email me for details.

Our minimum commitment range for new LPs is \$250,000 - \$2 million and as little as \$25,000 can be added to existing accounts. Interested parties can review our letters, public appearances, and legal documentation online and contact us if qualified.

The zero-fee share class represents incredible value for our partners. This class for commitments in excess of \$2 million reduces the already small management fee of 0.9% to zero.

Zero-fee share class terms, as follows:

- Minimum Investment: \$2 Million
- Open for Investment: Quarterly
- Liquidity: Annual
- Partner Communications: Quarterly Statements, Quarterly Performance Summary, Annual Report, Annual Meeting

- Fees (annually):
 - Management: 0%
 - Hurdle Rate: 5%
 - Performance: 25% above 5%
 - High Watermark Provision
- Tax: K-1 Tax Document Provided Each March

Limited Partner Statements

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

K-1 Tax Documentation

Each March, K-1s and relevant LP tax documentation are provided by our auditor, Spicer Jefferies.

Annual Audit

The Spicer Jefferies audit was included with our Annual Report. The 2020 Annual Report and all past letters are available online.

Quarterly and Annual Letters

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

Our Annual Reports available online provide qualitative commentary, including our post-mortem analysis of exited positions.

Redemptions

The zero management fee share class offers annual redemptions each December 31 with 60 days' notice.

Capital accounts under \$2 million have quarterly redemptions available with 60 days' notice.

Accepting Qualified Money (401k Rollovers, IRAs, Trusts, etc.)

Some partners use a self-directed provider to participate in PIFI, using tax qualified accounts such as trusts and IRAs. These assets and their returns maintain their tax-advantaged status.

4) Concluding Remarks

Warren Buffett has quipped that, “when it is raining gold, you reach for a bucket.”

Stimulus is being pushed into the hands of consumers at the most aggressive pace in American history. Like Jamie Dimon expressed this week, I also have little doubt that the US economy will boom.

We have entered a new bull market cycle. It is not surprising to see media headlines selling subscriptions through fear, but do not let them fool you. Cash is being pumped into the economy while the Federal Reserve target interest rate remains at zero percent. This is not the time to be afraid, it is time to be rational, decisive and aggressive.



Beware, the entire market may not rise quickly. There are pockets of excess where prices can remain flat or even decline. Overlooked individual securities offer the greatest potential.

Throughout the crisis, actions were taken to not only position our portfolio well for this year, but to position our portfolio well for this decade. As described with detail in our annual report, our holdings have great potential in this environment.

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, sweeping horizontal line extending to the right.

Matthew Peterson, CFA
Managing Partner

5) Manager Biography

About Matthew Peterson, CFA

Matthew Peterson is the Managing Partner of Peterson Capital Management, LLC. Matthew has been working as a financial professional for 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.

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.

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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 their accuracy.

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