

Peterson Investment Fund I, LP

GROVES OF VALUE

Berkshire Hathaway

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AGENDA

1. Berkshire Hathaway
2. Fund Operations
3. Q&A



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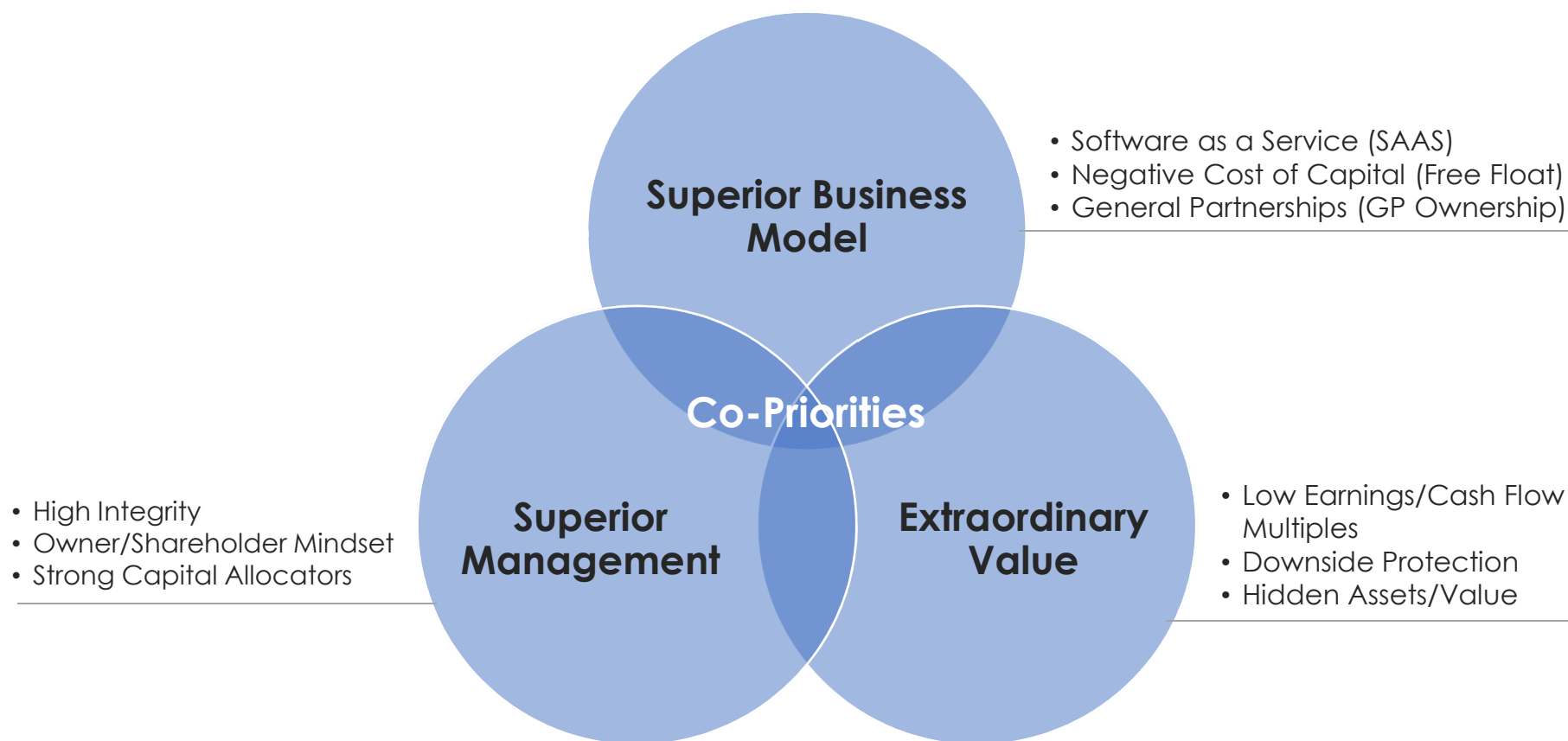
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Hard to Go Wrong, When You Get This Right



*Identifying a great business model is easy.
But in a pari-mutual market, the best businesses often
have the highest prices.*

Berkshire Hathaway Corporation (NYSE: BRK.A)

A Global Insurance, Finance and Operating Business Conglomerate

- Extraordinarily High-Quality Board, Management Team and Culture
- Business Model Includes Multiple Forms of Float (Negative Cost of Capital)
- Understated Book Value (Operating Businesses Held at Cost for Decades)
- Diversified Revenue Streams including ~25% of Market Cap in Cash



Berkshire Hathaway (Hint: Ain't About Book Value Anymore)

5 GROVES	VALUE TODAY	2030 VALUE
1. Non-Insurance Operating Businesses NetJets, Brooks, Clayton Homes, Dairy Queen	\$17b Net Income * ~18 = \$300B	Annual 10% Growth= \$45B Net Income * ~18= \$810B
2. Equity Portfolio (Non-Control Positions) Apple, Coca Cola, Wells Fargo	\$173b - \$14b deferred tax ~\$4b annual dividend \$160B	Annual 10% Growth Net of 20% Deferred Tax= \$415B
3. Equity Portfolio (Shared Control) Pilot Flying J, Kraft Heinz, ETT, Berkadia	\$1.3 Berkshire Earnings * ~18= \$23B	Annual 10% Growth= \$65B
4. Cash, Treasuries and Equivalents	\$122B	Increasing at \$25B+ Per Year (\$50B in 2030) \$400B
5. Property Casualty Insurance Businesses	Float of \$122B= \$0	Continued Growth of Float Powering Groves= \$0
TOTAL VALUE	~\$600B ~25% Upside	~\$1.7 Trillion ~12% Annual Upside

Double digit annual return assumes no value for P&C business, no redeployed or income from cash. \$100B in share buybacks today cause a \$1.6T 2030 value and 15% shareholder IRR for the next decade.

Structured Value - Augmented IRR For Our Partners

Structured value can provide an advantage over the traditional buy and hold strategy. One is paid a premium up front that reduces the net purchase price relative to the market price.

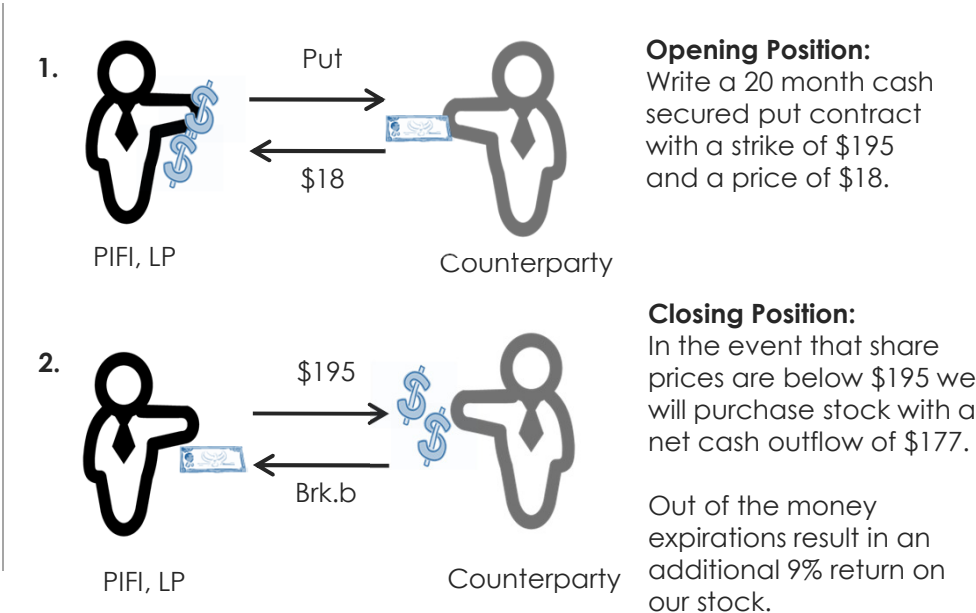
Example

1. Identify shares of undervalued stock that intended for purchase
2. Sell cash secured puts on the underlying equity
3. Collect a premium for the contract immediately and commit to purchase undervalued securities in the future if they remain below strike price
4. Hold contracts until expiration

How can I obtain Berkshire Hathaway B shares for \$177 when the market price is \$195?



Potential Outcome



Ongoing Income

- Income created through short puts over 20 months (May 18 - Jan 20) amounts to 9% on Berkshire position or an additional 5% annualized beyond the Berkshire equity return
- This process will be combined with short calls and repeated as appropriate over the next decade.

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MISSION

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



Warren Buffett, used this table to illustrate the enormous power of compounding

\$100,000 compounding for 10-30 years with returns between 4%-16%

\$100,000 Investment Outcome	4%	8%	12%	16%
10 Years	\$148,024	\$215,892	\$310,585	\$441,144
20 Years	\$219,112	\$466,096	\$964,629	\$1,946,076
30 Years	\$324,340	\$1,006,266	\$2,995,992	\$8,584,988

“

The single greatest edge an investor can have is a long-term orientation.

- Seth Klarman

”



Investment and Operational Philosophy

1 **CONCENTRATE ON
BEST IDEAS**

Concentrating on best ideas is the optimal capital allocation strategy as over diversification can reduce performance.

2 **MINIMIZE LEVERAGE**

Leverage is kept to a minimum to avoid unnecessary volatility and interest expense. Margin is only used sparingly in unique situations.

3 **LOW PORTFOLIO TURNOVER
& EXPENSES**

Frictional costs (transaction fees, taxes, etc.) erode returns so minimizing costs is essential to maximizing gains.

4 **ALIGNMENT OF INVESTOR &
MANAGER INCENTIVES**

Alignment of interests is a consideration in all operational decisions to avoid any conflicts of interest.

5 **PERFORMANCE FOCUSED FEE
STRUCTURE**

Fees are kept very low and incorporate an annual hurdle rate and high water mark to align incentives and keep the focus on high performance.



How to Select a Fund Manager

Peter 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



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



Operational Service Providers



Administrator / Gatekeeper

Yulish & Associates
 2 Turquoise Way
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 Phone: 415-641-8600
 Fax: 866-514-0105
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Matthew P. Peterson, CFA

Matthew Peterson is the Managing Partner of Peterson Capital Management and he manages Peterson Investment Fund I. Matthew has two decades of experience with global financial markets and financial services firms including Goldman Sachs, Morgan Stanley, Merrill Lynch, American Express, and Ameriprise Financial.

Prior to forming Peterson Capital Management and launching Peterson Investment Fund I, Matthew split time between Wall Street and London as Capital Markets Manager in the Financial Services Vertical at Diamond Management and Technology Consultants. Matthew worked as a member of both the U.S. and U.K. offices, with expertise spanning from risk management to 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 resides in Manhattan Beach, California, with his wife, Gamze, and their two children, Isabel and Adrian.



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Q & A

