2023
ANNUAL REPORT

Peterson Investment Fund I

Peterson Capital Management, LLC

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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%	32.4%	14.3%
2014	(5.8%)	13.7%	1.8%
2015	(25.5%)	1.4%	(1.0%)
2016	7.2%	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[2]	21.7%	26.3%	10.4%
Cumulative	236%	435%	106%
Annualized	10.4%	14.7%	6.1%

[1] Fund inception date was October 1, 2011.
[2] Audited financials indicate an aggregate net LP return of 21.5%, resulting from blending accredited with non-accredited investors paying a higher management fee.

Dear Partner,

INVESTMENT RESULTS

A $1 million investment in Peterson Investment Fund I (PIFI) at inception on October 1, 2011, grew to over $3.36 million on December 31, 2023, net of all fees and expenses. This amounts to a cumulative net return of over 235% in 12.25 years.

PIFI experienced a 3.5% decline during the fourth quarter of 2023 but posted a positive return of 21.7% for the full year. In comparison, the S&P 500 grew 26.3% in 2023. Since inception, PIFI has generated annualized net returns of 10.4%.

In four of the past five years, PIFI delivered gains exceeding 20% net to investors. This letter is designed to showcase a portfolio packed with asymmetric upside, offering the potential for significant future gains. Additionally, our advanced proprietary software and commitment to best-practice processes offer great potential for long-term compounding.

Time Horizon	Annualized Net Returns	Cumulative Net Returns
1 Year	21.7%	21.7%
3 Years	6.6%	21.3%
5 Years	13.5%	88.4%
Since Inception (12.25 Years)	10.4%	235.5%

This performance summary highlights our fund's commendable journey since inception and demonstrates a critical tenet of our investment philosophy: the unparalleled power of long-term compounding. Achieving double digit net returns over the past five years is a noteworthy accomplishment; and, delivering 88% gains net to LPs over five years puts us on a solid path for long-term success. We remain committed to our mission of providing a world class capital appreciation vehicle that builds enormous wealth for our long-term partners.

Our concentrated portfolio of seven compounders contains strength in diversity across size, sector, and geographic location. These individual compounders will continue to grow at above average rates regardless of the performance of the S&P 500 or general index funds.

RESULTS COMMENTARY

Peterson Investment Fund I, LP is a concentrated, long-term, value-based hedge fund. Our primary objective is to compound capital at a rate that outperforms the S&P 500, including dividends, over the long run.

PIFI's performance is driven by a trio of value-centric strategies, each designed to capitalize on market intricacies and deliver superior returns.

At the core of our success are our 'infinite compounders'—seven companies poised for substantial long-term growth in both value and market price. While we anticipate short-term volatility, our conviction in these companies' growth trajectories is unwavering and forms the bedrock of our value investment ethos.

Our second alpha-producing strategy incorporates our 'Structured Value' practices, which significantly boost the portfolio's outcomes. By strategically selling puts to acquire shares of our compounders, and occasionally employing covered calls to exit positions, we utilize these sophisticated techniques to augment returns. This strategy not only reduces our entry costs for our compounders, but also increases our purchasing power and contributes meaningfully to our overall performance.

Third, our dividend capture strategy is executed to maximize returns on our cash through liquid short-term holdings. Our proprietary 'Structured Dividend Capture' (SDC) approach is backed by significant technological development and testing. As we discuss in the Portfolio Commentary section of this letter, we have identified a repeatable method to capture dividends from the market.

Each technique in the fund contributed to profitability in 2023. Notably, we have taken significant steps to enhance the future growth of both our infinite compounder portfolio and the value-based SDC strategy. Collectively, these core strategic pillars embody PIFI's investment practices, which blend traditional value investing principles with innovative financial strategies to deliver above average long-run returns for our investors.

The S&P 500 serves as our benchmark, reflecting the broader market's next best alternative for our investors. Despite the S&P 500's record performance since inception, surpassing 220 years of consistent historical averages of 6.8% plus the rate of inflation, we remain in the early stages of this new bull market. The growth in the S&P 500 has been unprecedented since the fourth quarter of 2011 returning 14.7% annualized vs a total return of 10.2% annualized since 1965.

Many investors mistakenly suffer from recency bias, projecting recent returns into the future. Recent returns for the index are unlikely to be sustainable for many more years, and we anticipate long-term S&P 500 returns to converge closer to a long run average of 9-10% or, specifically, 6.8% plus inflation. Active management and individual security selection present attractive opportunities given the current market conditions. Bottom-up analysis is key.

You can anticipate continued macroeconomic challenges. Interest rate considerations, inflation, geopolitical tensions, and elections will introduce significant uncertainty and volatility into the markets. Such conditions necessitate a nuanced investment strategy, emphasizing value and precision in selecting and pricing assets.

Our meticulously designed investment process focuses on a select group of global companies distinguished by both their growth potential and undervalued market prices relative to their true worth. We prioritize businesses with strong pricing power and enduring competitive advantages, aligning our portfolio with entities poised for long-standing success. A concentrated portfolio has specific considerations such as heightened short-term portfolio price volatility as well as the potential of missing out on broader market opportunities. Our precise targeting involves delving deeply into the fundamentals of each company, enhancing our risk management practices, and guiding informed, strategic decision-making.

Our rigorous research and selective company choices validate our focused investment approach, and we willingly accept short-term market swings in exchange for the prospect of outsized future returns that reward patient investors. Additionally, our timely and profitable exits, as demonstrated with Seritage in the post-mortem section of this letter, reflect our ability to confidently adapt to changing market conditions.

In pursuit of deep value, we not only embrace conventional valuation metrics such as the Enterprise-Value-to-Free-Cash-Flow (EV/FCF) ratio, but also expand our analysis to include any value that may not be apparent from financial statements alone. Evaluating characteristics such as management quality, industry position, or innovation potential, further refine our investment selection process, ensuring that we invest in companies with robust fundamentals and promising growth prospects, far beyond what financial statements alone can reveal.

The implementation of an asymmetrical risk-return model is an important characteristic of each holding. This approach balances the pursuit of high returns with the management of downside exposure, ensuring that our portfolio is not just primed for substantial growth, but also resilient.

During the fund's history, we encountered a brief challenging period between 2014 and 2018, marked by setbacks in two positions, one permanent and one temporary, amounting to considerable constraints to the portfolio. The first, Horsehead Holdings, engaged in fraudulent activity culminating in a bankruptcy filing despite having millions in liquid cash reserves. This unfortunate event was compounded by management's public misrepresentations regarding the company's results, projections, and internal engineering challenges. Shareholders were completely unprepared for the abrupt downturn, and we fought for many months in Delaware courts to recover a small financial reward, with the Judge's confirmation that our pre-bankruptcy valuation was accurate.

However, we could not have foreseen this corruption. The senior management team was promptly expelled, while the new owners ran the firm into the ground, ultimately setting their premier facility on fire and filing insurance claims.

Additionally, while we are pleased to hold our Dhandho Holdings position today, our initial investment made long ago comprised 40% of our fund's capital. During the 2014-2018 period our reported NAV value of this position declined slightly.

The combination of these events significantly constrained the flexibility of 60% of our portfolio. Horsehead's downfall directly erased nearly 20% of the fund's capital. As we navigated this period with only 40% of capital flexibility, a 50% return was required for the fund to stay flat against Horsehead's erosion. As Howard Marks of Oaktree says, "Experience is what you get when you don't get what you want."

We will certainly experience our share of volatility and we will grudgingly endure more mistakes, however, that period was temporary and is completely behind us. While this does not excuse these errors, the most obvious mistake with Horsehead was failing to recognize that the corporate bonds were trading at a discount to par. This is an important red flag because different levels of the capital structure were assigning conflicting probabilities of success to the firm. However, it is worth noting that some underlying progress was overshadowed by the constraints we endured.

This period of adversity resulted in divergent experiences for some partners. Those who joined during the 2014-2018 period endured years of painful setbacks before experiencing the upward trajectories of the recent five years. Some even redeemed. In contrast, partners who demonstrated the fortitude to invest since 2019 have been rewarded with substantial gains in the subsequent years, a trajectory we expect will continue.

Today we hold a portfolio of significantly enhanced quality. In fact, today we maintain our full and much more mature Dhandho Holdings position, owning approximately 5.5% of the firm, and have allocated just 3.5% of our current capital to this position. We now stand on a strong foundation, leveraging valuable lessons from the past to improve our strategic focus. Our commitment to rigorous due diligence, coupled with a refined investment strategy, assures us that the path ahead is paved with promising opportunities for growth and value creation for all our partners.

The subsequent sections describe how we were able to create a portfolio that provides confidence during uncertain times, and why we are at the beginning of many prosperous years ahead.

PORTFOLIO COMMENTARY

As we embark on 2024, a reflective look at the 2023 calendar year displays a portfolio that withstood significant market challenges. Our deep research and confidence in the businesses we own and strategies we execute enabled us to remain invested throughout the year while many managers shifted to cash due to macroeconomic recession fears.

Tilting exposure in and out of cash is not a strategic approach for a firm of our size, nor is it appropriate for most individuals. Instead, we are focused on finding excellent opportunities for cash including our high yield SDC practices and greatly prefer to own growing businesses, not simply mispriced stocks.

Our strategic foundation has positioned our investments for outsized growth. With our portfolio companies worth far more than their current market prices and growing, we have minimal exposure to downside risk in any single holding over a few years.

Throughout the past year, our 'infinite compounders' showcased not only price appreciation but also robust potential for value appreciation, underpinned by several key conservative financial indicators:

- Net Cash and Equivalents: Every firm within our infinite compounder portfolio boasts positive net cash and investment positions on their balance sheets, emphasizing a solid financial foundation and an enterprise value below their market capitalization.
- Positive Cash Flow: 2023 saw all our selected firms generating positive cash flow, reflecting financial health and operational efficiency. This new cash is allocated strategically by every firm's high-quality and capable management team.
- Price Growth: Six of our seven compounders experienced stock price growth. Some, like Alphabet, rose significantly, generating substantial value creation for our partners. Alibaba, with enormous potential over the next few years, was our laggard in 2023, as we will discuss below.

Our investment philosophy centers on identifying undervalued businesses with exceptional growth prospects and management teams. This steadfast approach ensures our continued investment in high-quality, compounding businesses.

Our diversification remains highly optimized. From emerging markets like Turkey and India to established economies in the US, our seven infinite compounders span the globe. It is inevitable that the quarterly price swings will be bumpy. However, with each position undervalued and growing, our aggregate portfolio prices are likely to rise considerably over a two-to-three-year time horizon.

Our emphasis on SaaS and IaaS platforms through Alphabet, Alibaba, Daily Journal and Naspers, underscores our commitment to investing in excellent business models with lasting competitive advantages. Our commitment to a value-based investment strategy, enriched by our business owner mentality, allows us to move forward with confidence.

In our infinite compounder portfolio, we see minimal risk of any permanent loss over the next few years. In fact, leading up to 2030, absent significantly adverse business developments, it is unlikely that any of our infinite compounders will decline in price. Each business is growing in value, with rapidly increasing revenue and cash flow metrics in the coming years. We have purchased our positions for very attractive prices, and our compounders will generate rewarding results for our partners.

The following section includes several position updates on some of our holdings, including Daily Journal Corporation (DJCO), Alibaba Corporation (BABA), and Structured Dividend Capture (SDC). Before our discussion on DJCO, it is essential to acknowledge the architect of the firm, legendary value investor, Charlie Munger.

Daily Journal Corporation (DJCO) was designed and run by the legendary businessman, philanthropist and value investor, Charlie Munger, for over four decades. Charlie Munger passed away on November 28, 2023, at the age of 99.

Munger endowed humanity with vast, interdisciplinary contributions and profound insights that will be analyzed and revered by future generations. In tribute to Charlie Munger, a paragon of virtue and intellect, asset manager Alex Bossert and I documented the broad lessons we derived from Munger's wisdom. This list of profound insights is provided below.

Daily Journal Corporation (NYSE: DJCO)

Daily Journal Corporation owns Journal Technologies, a courthouse software service provider, manages a growing portfolio of assets, and publishes ten legal newspapers, marking its significant footprint in the legal and technological landscapes. DJCO is navigating a transformative era, evolving from its traditional newspaper roots to a technology-driven entity.

Journal Technologies provides the premier courthouse software licenses under 10-year government contracts, operating in a highly fragmented and underserved space. They currently have contracts with 270 municipalities and counties, and 70 more technology go-lives are in the pipeline; the strategic shift over the last two-and-a-half decades represents a bold embrace of the digital future. Charlie Munger’s unique foresight, combined with DJCO's adaptability and commitment to growth in the digital landscape provides a rare opportunity for this business to thrive.

Underpinning DJCO's strategic evolution is a dynamic leadership team. The legacy of Charlie Munger’s profound strategic insight continues to shape the company's direction, complemented by the innovative vision and deep expertise of newer leaders like CEO Steven Myhill-Jones. This fusion of seasoned experience and fresh perspectives provides a solid foundation for DJCO's ambitious endeavors. DJCO is thriving under the guidance of Myhill-Jones and its small team of exceptional directors. We remain highly optimistic about the firm’s long-term prospects and success.

Financial resilience has been a defining feature of DJCO's journey. Its robust investment portfolio and conservative debt policies anchor DJCO's market position and empower the company to seize requests for proposal (RFP) opportunities and win. The expansion of SaaS through Journal Technologies taps into high-margin, recurring revenue streams, and the firm’s commitment to increased transparency, software development and business best practices, and achieving sustained growth will further solidify DJCO’s future.

99 Profound Insights Learned from Charlie Munger

By Alex Bossert and Matthew Peterson

November 29, 2023

I. Rational Decision Making: Core Thinking Principles

1. **Invert Always**: Avoid failure first.
2. **Avoid Stupidity**: More vital than genius.
3. **Simplify Complexities**: Break down complexity.
4. **Counterintuitive Brilliance**: Embrace unconventional wisdom.
5. **Avoiding Irrationality**: Rationality above all.
6. **Mistake Acknowledgment**: Own your errors.
7. **Be Rational**: Logic over emotion.
8. **Psychological Misjudgments**: Be aware of biases.
9. **Change Mind**: Adapt to facts.
10. **Bayesian Updating**: Revise with Evidence.

II. Psychology and Human Behavior: Understanding Mind and Behavior

11. **Understanding Human Nature**: Gain a deep understanding.
12. **Avoiding Cognitive Dissonance**: Harmony in thought.
13. **Avoiding Emotional Decisions**: Stay objective.
14. **Managing Emotions**: Embrace Equanimity.
15. **Independent Thinking**: Avoid herd mentality.
16. **Respecting Different Opinions**: Consider other perspectives.
17. **Adapting to Change**: Be adaptable.
18. **Counteracting Hubris**: Stay humble.
19. **Avoiding Ego in Decision Making**: Decisions, not pride.
20. **Self-Reflection**: Regularly assess personal growth.

III. Personal Growth and Learning: Self-Improvement and Knowledge

21. **Continuous Curiosity**: Always ask questions.
22. **Lifelong Learning**: Never stop.
23. **Read Extensively**: Knowledge compounds.
24. **Multidisciplinary Approach**: Knowledge across fields.
25. **Continuous Improvement**: Always evolve.
26. **Embrace Humility**: Acknowledge ignorance.
27. **Learn from Others**: Mistakes are lessons.
28. **Learning Joy**: Embrace the journey.
29. **Open-mindedness**: Embrace new ideas.
30. **Disruptive Thinking**: Challenge conventional norms.

IV. Health and Work-Life Balance: Well-Being and Balance

31. **Mental Fitness**: Stay sharp.
32. **Good Habits**: Foundation of success.
33. **Simplicity**: Complexity's antidote.
34. **Time Valuation**: Most precious asset.
35. **Prioritizing Important Tasks**: Focus on important.
36. **Practicing Gratitude**: Fosters contentment.
37. **Cognitive Resilience**: Bounce back from setbacks.
38. **Emotional Intelligence**: Understand and manage feelings.

V. Investment and Economic Understanding: Financial and Economic Insights

39. **Compound Interest**: Wealth's accelerator.
40. **Margin Safety**: Reduce risk.
41. **Value Investing**: Price versus value distinction.
42. **Opportunity Cost**: Choose wisely.
43. **Leverage Cautiously**: Can backfire.
44. **Avoiding Greed**: Greed blinds judgement.
45. **Financial Independence**: Reduce conflicts.
46. **Understanding Scale**: Size impacts strategy.
47. **Seize Best Opportunities**: Focus on high-value chances.
48. **Efficient Allocation**: Optimize resource usage.

VI. Business and Management Wisdom: Business Strategy and Management

49. **Circle Competence**: Know your limits.
50. **Use Checklists**: Prevent errors.
51. **Quality Focus**: Long-term value.
52. **Incentives Matter**: Understand motivations.
53. **Avoiding Disincentives**: Beware harmful incentives.
54. **Interest Alignment**: Actions match goals.
55. **Strategic Patience**: Wait for right opportunity.
56. **Sensible Risks**: Calculated chances.
57. **Innovative Mindset**: Embrace creative solutions.
58. **Forward Thinking**: Anticipate future trends.

VII. Interpersonal Skills and Ethics: Ethical Interaction and Relationships

59. **Work Enjoyably**: Choose partners wisely.
60. **Avoiding Toxicity**: Choose environments wisely.
61. **Trust**: Foundation of deals.
62. **Right Partners**: Life's crucial choices.
63. **Philanthropy**: Importance of giving back.
64. **Social Responsibility**: Ethical considerations in business.
65. **Ethics**: Non-negotiable.
66. **Admit Mistakes**: Quick course correction.
67. **Avoiding Extremes**: Avoid extreme ideologies.
68. **Take Criticism**: Learn, don't personalize.

VIII. Strategic Thinking and Problem Solving: Complex Decision-Making

69. **Relativity in Judgment**: Every decision is relative.
70. **Focus on What Works**: Stick to proven strategies.
71. **Long-Term Relationships**: Invest in people.
72. **Consistency**: Reliability breeds success.
73. **Detail and Overview**: Balance focus.
74. **Balancing Ambition with Contentment**: Ambition and happiness.
75. **Reject Mediocrity**: Pursue excellence only.
76. **Incremental Learning**: Constantly add small knowledge.
77. **Pragmatic Idealism**: Balance ideals with practicality.

IX. Wisdom in Communication: Effective Communication Skills

78. **Active Listening**: Truly understand others.
79. **Constructive Feedback**: Offer helpful, honest insights.
80. **Building Consensus**: Harmonize differing viewpoints.
81. **Empathetic Engagement**: Connect with genuine empathy.
82. **Networking Effectively**: Cultivate beneficial relationships.

X. Adaptive Leadership and Vision: Leadership and Forward Vision

83. **Visionary Leadership**: Inspire with a clear vision.
84. **Adaptive Management**: Flexibly respond to change.
85. **Empowering Others**: Foster independence in teams.
86. **Strategic Delegation**: Assign tasks wisely.
87. **Crisis Management**: Navigate challenges calmly and decisively.

XI. Ethics and Integrity in Action: Moral Principles in Practice

88. **Unwavering Morality**: Hold firm ethical standards.
89. **Transparency in Dealing**: Clear, honest communication.
90. **Fairness in Practice**: Equitable treatment of all.
91. **Integrity in Adversity**: Uphold values under pressure.
92. **Responsible Stewardship**: Care for resources judiciously.

XII. Unique Insights from Charlie Munger: Munger's Distinct Wisdom

93. **Embracing Serendipity**: Openness to unexpected opportunities.
94. **Cultivate Patience**: Long-term gains over quick wins.
95. **Harmony in Diversity**: Value diverse perspectives and skills.
96. **Being Decisive When Needed**: Act when necessary.
97. **Frugality and Prudence**: Live within means.
98. **Base Rate Analysis**: Inform decisions with statistics.
99. **Incremental Learning**: Constantly add small knowledge.

Equity	Quantity	Price	Percent of Portfolio	Current Value
Wells Fargo	1,591,800	$49	25%	$78m
Bank of America	2,300,000	$34	24%	$77m
BYD: Foreign Holding Hong Kong	2,480,000	$27	21%	$68m
Foreign Stock Holdings (incl. TCEHY)	-	-	20%	$65m
Alibaba	300,000	$75	7%	$23m
US Bank	140,000	$44	2%	$6m
Total Equity Portfolio				**$318m**
Cash				$17m
RE Value (at cost)				$16m
Total Assets				**$351m**

DJCO is not a typical firm. With $350 million in investments and cash, $105 million in mostly non-callable zero or low-interest debt and less than a $450 million market capitalization, the cost of Journal Technologies is just $250 million. In 2023, Journal Technologies saw a remarkable 35% year-over-year growth in revenues, soaring from $38 million in 2022 to $51 million in 2023. Going forward, we anticipate continued double digit revenue growth driven by increased licensing and pricing structures for existing customers, new RFP wins and go-lives, and public adoption of services like eFile-it and ePay-it. The stickiness of its government customer base ensures continued expansion for a very long time.

DEBT (Interest Rate)	Holding Value
Deferred Capital Gains Tax (0%)	$33.6m
Margin Loan (6.00%)	$70.0m
RE Mortgage (3.33%)	$1.1m
Total Debt	**$105m**

We keep a vigilant eye on the stable internal portfolio. Honoring the stewardship of Munger’s vision, we believe the portfolio should remain largely unchanged. In the spirit of Munger's candid advice, let us remember his caution to those contemplating selling their Berkshire Hathaway shares after his departure: "You will do worse."

DJCO's strategic pivot towards technology positions the company for significant future growth. With a strong foothold in a very large space with only Tyler Technologies as a viable competitor, revenues will continue to climb. As DJCO continues its transition, its adaptability, innovative prowess, and leadership will be key in navigating the evolving technological landscape, promising a bright future ahead.

Alibaba Group Holding Ltd: (NYSE ADR: BABA)

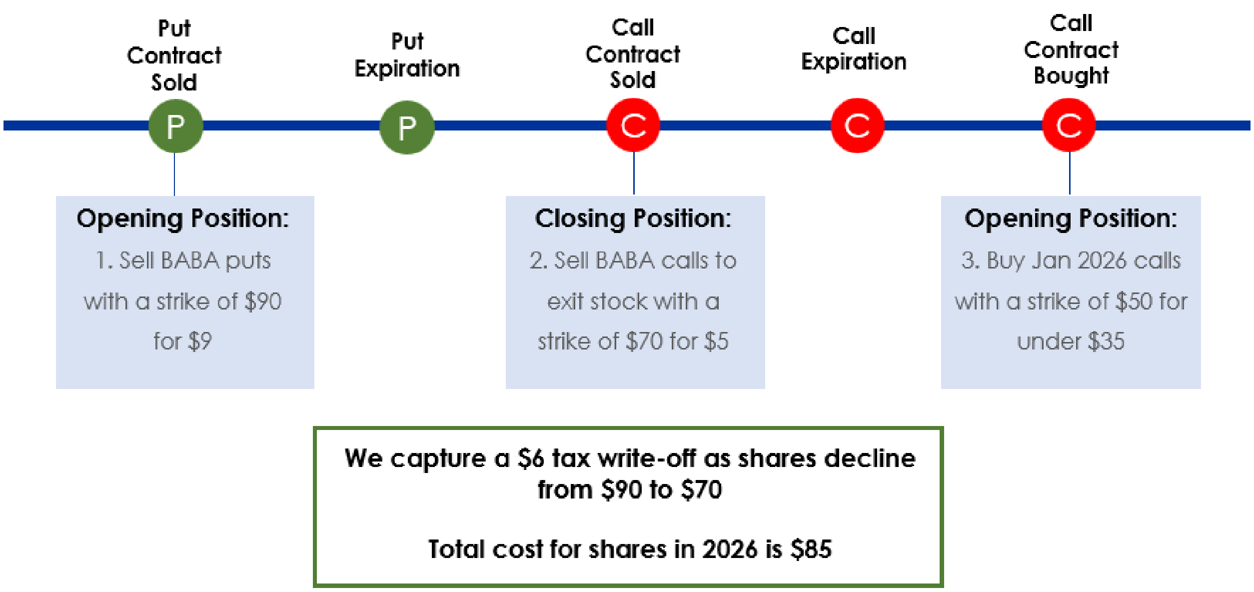
Alibaba Group, headquartered in China, is a global titan in the digital commerce arena, often likened to Amazon.com due to its vast online retail and technological footprint. With its operations strategically segmented into six core areas—Taobao and Tmall for e-commerce, Cloud Intelligence for cloud computing services, Alibaba International Digital Commerce Group for international e-commerce, Cainiao Smart Logistics Network Limited for logistics, Local Services Group, and Digital Media and Entertainment Group—it presents a multifaceted approach to harnessing the digital economy.

Alibaba's influence extends beyond its well-known business segments, weaving a complex network of subsidiaries and technology investments worldwide. This includes holding a significant 33% stake in Ant Financial, a leader in financial technology, and owning 80% of Trendyol, Turkey's leading e-commerce platform. Through this diverse and expansive ecosystem, Alibaba not only dominates the e-commerce landscape in China but also plays a pivotal role in shaping the global digital economy.

Despite Alibaba's many successful businesses, its stock price declined in 2023. This downturn, however, offered us an opportune moment to capture short-term tax losses while maintaining our exposure.

As our short puts expired and were converted to stock, we were able to construct an exit via covered calls. This execution required writing short-term covered calls while purchasing inexpensive 2026 in-the-money calls. This adjustment allowed us to capture the temporary downswing in price as a short-term tax write-off for our partners, while also repositioning us to capitalize exponentially on Alibaba's inevitable multi-term potential.

The following example illustrates our strategic approach to capturing a short-term tax loss while maintaining exposure to Alibaba and leaning into the asymmetric upside.



Ignoring the short-term noise, let's consider the projected value of Alibaba in the future. By 2030, Free Cash Flow (FCF) is expected to exceed a formidable $30 billion annually. Net cash and investments are projected to grow from approximately $90 billion to $200 billion, resulting mostly from the accumulation of their positive cashflows between now and 2030 in our conservative calculations.

Furthermore, Alibaba is executing two shareholder-friendly initiatives, an enormous $35 billion share buyback program through 2027 and consistent annual dividend payments. When we consider the maxim, "Price is what you pay. Value is what you get," Alibaba's projected fundamentals suggest a generational opportunity, while the current market price fails to reflect the company's growing value. As shown in this table, the current market price of Alibaba does not reflected their promising metrics.

Figures in Billions	Alibaba (BABA)	Tesla (TSLA)	Meta (META)	Alphabet (GOOG)	Amazon (AMZN)	Nvidia (NVDA)	Apple (AAPL)	Microsoft (MSFT)
Market Cap	183	590	1,270	1,711	1,851	2,130	2,774	3,087
Enterprise Value	131	567	1,223	1,612	1,831	2,114	2,807	3,080
Revenue	132	97	135	307	575	61	386	228
EBITDA	23	14	58	96	86	34	130	118
EBIT	16	9	47	84	37	33	119	101
Net Income	14	15	39	74	30	30	101	83
P/E Ratio	13.4x	42.2x	31.7x	23.4x	60.3x	66.4x	27.7x	37.2x
EV/EBITDA Ratio	5.7x	41.8x	21.1x	16.7x	21.4x	61.3x	21.6x	26.1x

In 2030, a projected EBITDA of $30 billion and a conservative multiple range of 10-20x implies a proper value range of $300 to $600 billion. Adding back the net invested assets of $200 billion, Alibaba's valuation spans from a conservative $500 billion to a realistic $800 billion.

Factoring in the rapid share count reduction during the upcoming three years, our 2030 value per share range is estimated between $230 and $350. Today the share price is under $75. Alibaba's competitive advantages, including its vast market presence and diverse portfolio, further support this investment thesis, providing a strong justification for its place in a well-designed value-investment portfolio.

As we continue to analyze Alibaba's journey towards 2030, it's essential to acknowledge the inherent risks associated with the company's operating environment. The company's reliance on the Variable Interest Entity structure, a common but complex legal framework for Chinese companies listed abroad, invites ambiguity, particularly in the shadow of an unpredictable Chinese legal system. In addition, the persistent gaze of Chinese regulatory bodies poses a perpetual risk. Further, unpredictable geopolitical forces and potential economic policy shifts form a labyrinth of external uncertainties that could sway Alibaba's course and valuation.

The best buying opportunities often arise during periods of distress. Many of Alibaba's current challenges are likely to dissipate in the coming years. Alibaba is a dominant player across the global tech landscape. As the market may be excessively pricing in fear, it presents a uniquely compelling opportunity for purchasing Alibaba's shares.

For under $200 billion, this firm can be purchased today. We expect the cash and investment portfolio alone to be worth this sum by the end of the decade. This recognition aligns with the broader theme that in investing, the wise move with deliberation and foresight, understanding that true value often comes to light in time.

Our infinite compounder portfolio includes approximately 20% January 2026 Alibaba call options. This holding will be both volatile and has enormous potential to climb significantly over the next 24 months.

The following section covering SDC builds on these multi-step executions providing a deep exploration of our value-based option strategies and the inherent potential within Structured Dividend Capture.

Structured Dividend Capture

Structured Dividend Capture (SDC) emerges as an innovative financial strategy within our portfolio, crafted through years of market exploration to discover niche, profitable opportunities. This method capitalizes on our capability to capture specific consecutive dividends from the market.

The genesis of SDC was driven by a pivotal realization: employing structured products to strategically buy lower and sell higher could fundamentally transform results from dividend capture strategies. Our team demonstrated the potential; however, manual analysis fell short in keeping pace with vast data analytics and the dynamic nature of price shifts. We required an automated solution and developed our Python-based software system.

This cutting-edge, proprietary software streamlines our analysis, enhances our data gathering and testing capabilities, and identifies several dozen of the most promising and imminent opportunities each quarter, positioning us to make informed, strategic decisions in real-time.

The team has been highly successful with ongoing technological development and improved results. This approach, rigorously tested and refined over the several years, aims to capitalize on market volatility and dividend payments of high-yielding, attractively priced stocks.

Our routine analysis of quarterly 13F filings in 2020 revealed a trend among value investors towards stocks with unusually high dividends as prices were falling. This trend caught our attention due to the associated share price volatility. This aligns with the Black-Scholes model, which indicates a positive correlation between volatility and the price of the options we sell.

The Structured Dividend Capture strategy aims to secure a recuring sequence of substantial dividends. This is achieved by strategically selling puts with expiration dates just before each stock's ex-dividend date, allowing the earning of premiums upfront. If we acquire the shares, we gain immediate dividend payouts, and then use covered calls to quickly exit these positions for above-market prices.

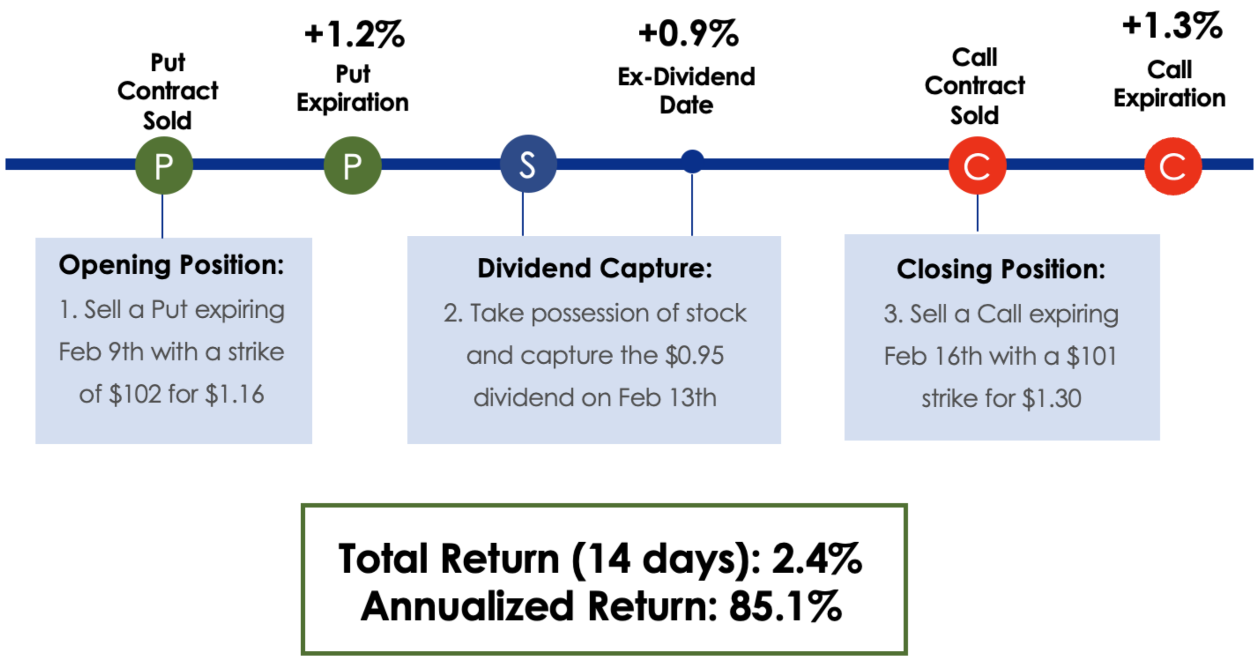
Given the distribution of ex-dividend dates throughout the quarter, our approach involves strategically reallocating capital to maximize gains from premiums and dividends. To navigate this complex landscape and identify the most lucrative opportunities, we developed an in-house software solution using Python. This tool assists in analyzing vast datasets, enabling us to refine our strategy through backtesting factors such as in-the-money versus out-of-the-money strike prices, optimal holding periods, and additional data analytics. These enhancements elevate the expected internal rate of return (IRR). We are committed to continuously optimizing our investment approach for superior performance.

Below is an Q1 2024 example on Exxon Mobil Corporation (NYSE: XOM) transactions:

1. Sell $102 strike cash-secured put on XOM, for a premium of $1.16. Hold until expiration and buy the stock for a net price of $100.84.

2. Receive a $0.95 dividend by holding equity across the ex-dividend date.

3. Sell a $101 strike covered call on XOM, for a premium of $1.30 and exit at expiration.

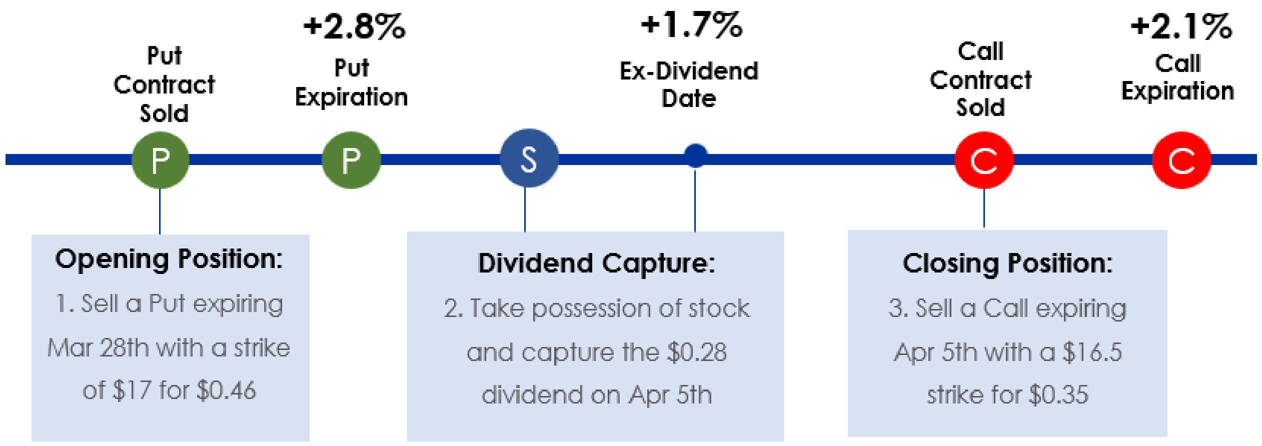


The following depicts a potential upcoming opportunity on AT&T Inc. (NYSE: T):

1. Sell $17 strike cash-secured put on T, for a premium of $0.46. Hold until expiration and buy the stock for a net price of $16.54.

2. Receive a $0.28 dividend by holding equity across the ex-dividend date.

3. Sell a $16.5 strike covered call on T, for a premium of $0.35 and exit at expiration.



Total Return (14 days): 3.6%
Annualized Return: 149.4%

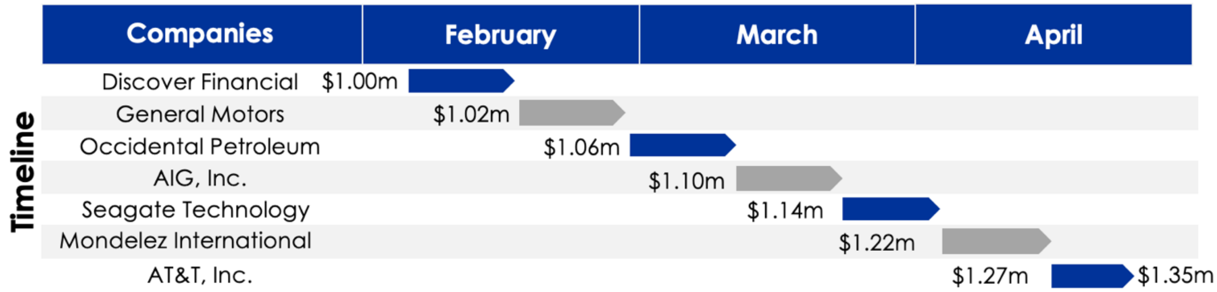
This strategy yields significant annualized returns on cash over a short period. In the case of AT&T, over 140% annualized may be achievable. However, most firms pay dividends quarterly. Therefore, achieving consistent gains requires many consecutive opportunities.

To execute this strategy successfully, we developed scripts to automate the analysis of dividend-paying stocks from over 100 top, long-term value investor portfolios globally. Each quarter, we analyze option availability, pricing, and volume, discarding risky or unstable positions based on fundamental analysis.

Previously, this effort that used to require weeks of manual analysis. Now, running the scripts requires just one afternoon. The output we receive includes three months of profitable transactions that can be executed week after week.

The diagram below illustrates how capital may flow through a series of positions in early 2024, delivering high potential quarterly returns. While not every asset will perform perfectly, the numbers are sufficient that we expect a high likelihood of satisfactory performance from this process over time. Our backtesting from 2014 to 2020 reveals that deploying one million with our specific parameters resulted in regular, impressive, high single-digit quarterly returns.

The capital flow diagram on the following page displays a series of promising opportunities. Although we use a basket approach, rather than relying on individual holdings, the concept remains the same. For those with some risk tolerance and capability, this schedule can be used to achieve strong returns right now.



Return Analysis

	Beg Balance	Put Yield	Div Yield	Call Yield	Equity Adj.	Total Yield	End Balance
Discover Financial Services	1,000,000	1.0%	0.6%	1.6%	-0.9%	2.3%	1,023,192
General Motors	1,023,192	1.6%	0.3%	2.9%	-1.3%	3.4%	1,058,231
Occidental Petroleum Corporation	1,058,231	1.8%	0.4%	3.4%	-1.7%	3.9%	1,099,336
American International Group	1,099,336	2.2%	0.5%	2.7%	-1.4%	3.9%	1,142,614
Seagate Technology	1,142,614	4.7%	0.8%	4.7%	-3.5%	6.8%	1,220,406
Mondelez International	1,220,406	2.2%	0.6%	2.9%	-1.4%	4.3%	1,273,260
AT&T Inc.	1,273,260	3.7%	1.6%	4.0%	-3.0%	6.4%	1,354,584

Concluding Portfolio Comments

Our portfolio is driven by multiple forces propelling its ascent. It consists of seven strong and fast-growing companies with superior business models, world-class management teams, and prices far below their compounding intrinsic value. Our portfolio management approach offers strong overall return potential.

Our fundamental, bottom-up, value-based approach is the most effective way to compound capital and navigate market uncertainty. Quality businesses and management teams can prosper in a variety of market conditions. We are confident that our portfolio will continue to grow substantially in the years ahead.

MARKET COMMENTARY

The 2024 investment landscape faces a complex mix of macroeconomic and geopolitical factors, including global tensions, the upcoming U.S. presidential election, declining inflation, and normalized interest rates. The rise of China as a major global player, combined with regional economic instabilities, adds layers of complexity to our strategic planning.

We do not predict an imminent recession on the horizon, while acknowledging that the future remains uncertain. The US consumer is strong, and GDP is growing. This combination bodes well for the economy. We are now just six quarters into the bull market that began in October 2022, which is akin to the early innings in a baseball game. Bull markets commonly last five years, so you should be fully invested during this critical period.

Stubborn inflation in 2023 was met with Federal Reserve Chairman Jerome Powell's rapid rate adjustments from 0.25% in March 2022 to 5.5% in July 2023. This rapid increase successfully altered inflationary trends while posing threats of an economic recession. Consumer sentiment, buoyed by a robust job market, remain critical indicators of economic strength.

Despite the uncertainties surrounding interest rates, the economy and employment are strong, and we anticipate rates to remain relatively flat throughout 2024 with the potential for a slight decline. We have no special capability of predicting the unpredictable. Macroeconomic exogenous events are inertly unknowable and may impact interest rate projections, so success of an investment thesis should not be predicated on these events.

The upcoming U.S. presidential election is also likely to stir market volatility. However, our strategy is designed to benefit from fluctuations by focusing on buying companies for temporarily inexpensive prices with long-term growing value.

The Federal Reserve's post-pandemic proactive measures have played a crucial role in preventing inflation from becoming entrenched. Despite significant fiscal expansions and a historic rise in the money supply, the Fed's actions have kept inflationary pressures in check. This adept management reinforces our positive outlook on the economy and the markets.

We are encouraged by the prospect of continued productivity improvements and effective monetary policy. Advances in AI and tools like ChatGPT boost productivity for adaptive firms. With the likelihood of a soft-landing gaining acceptance, we see a path marked by sustained growth. This optimism is rooted in the robustness of the U.S. consumer, strong labor markets, productivity enhancement and ongoing GDP growth. Ironically, if the economy is growing, rates can safely remain higher for longer.

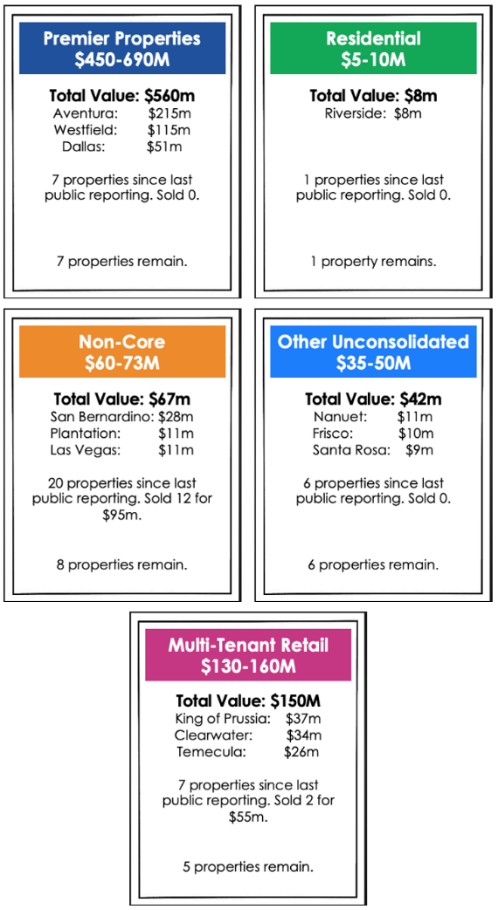
By prioritizing investments in highly diverse, economically robust businesses with significant pricing power, led by exceptional management teams, our portfolio is designed to thrive in whatever economic environment we encounter.

POST-MORTEM

Over the last year, our portfolio underwent a significant change with the sale of Seritage Growth Properties. This decision resulted in a substantial gain and marked a shift from our typical practice of holding 'infinite compounders' indefinitely. Importantly, we demonstrated our ability to skillfully adjust and respond to the dynamic market climate, striking a balance between our long-term goals and the need for nimble course-correcting.

Seritage Growth Properties (NYSE: SRG)

Seritage Growth Properties, initially conceived as an ambitious real estate investment trust (REIT) spun off from Sears, embarked on a strategic journey to rejuvenate its portfolio through a capital recycling program. This strategy aimed at divesting lower-tier properties while enhancing and retaining more valuable assets, promising a redefined landscape for its shareholders. However, facing unexpected hurdles and market dynamics from COVID-19 to a collapse in the commercial real estate market, Seritage shifted strategies to a comprehensive strategic liquidation. This pivot opens a transparent window for investors to assess the intrinsic value of each property within its portfolio, providing a clear picture of the potential returns awaiting shareholders.

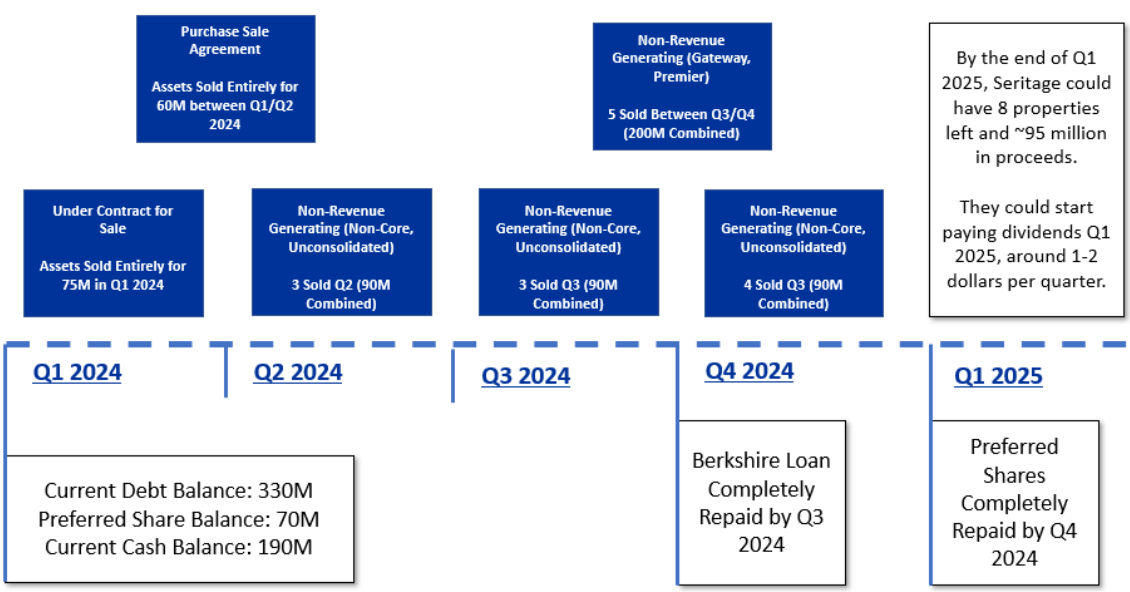


Our engagement with Seritage Growth Properties (SRG) has been a dynamic exercise in strategic insight and active management within the ever-shifting terrain of the real estate market. Throughout our investment, we diligently monitored SRG's asset liquidation progress and market activities. We also employed a proactive strategy that leveraged financial derivatives to effectively extract value from SRG's evolving market capitalization, thereby enhancing returns for our stakeholders.

With 220 malls owned by SRG, we very carefully valued each mall, incorporating feedback from local brokers and stakeholders as well as data and plans affiliated with each property and the surrounding area. Today, just 27 properties remain. Although we have exited this postion, this image contains our expectations for the most valuable remaining properties in each catagory.

Looking ahead, we anticipate that SRG will reduce its holdings to just 8-13 properties in 2025. A pivotal financial milestone on the horizon is the projected full repayment of debt and preferred shares prior to year-end 2024.

We identified some discrepencies between our valuations and the publicly reported estimates, particularly in the valuation of prime assets in locations such as Aventura, Redmond, UTC, and Dallas. Below, is our current estimate for the repayment of debt, preferred shares, and finally, dividends to shareholders.



The decision to exit was influenced by broader economic factors and the realization that the expected timeline for appreciation in SRG's share price did not align with our investment criteria, especially considering the opportunity cost of more immediate investment opportunities.

As we project into the future, our expectations for dividends suggests a payout exceeding $9 per share throughout 2025 and 2026. This projection informed our strategic decision to divest from SRG at an exit price of over $11 per share in early 2023.

Our entry was strategic, selling puts during Q2 2020 during the covid collapse allowed us to purchase stock for a net price of $6.57 per share in January 2022. Our exit in March 2023 required a keen awareness of the downward pressure on proprty valuations, recognizing upcoming negative announcements and delays to their liquidation. Selling calls and stock directly, we received an average exit price exceeding $11 per share after just 14 months. This resuted in a 67% return during our share ownership. Of course, our exposure through puts began in April 2020, giving us a anualized return of 19% during the entire priod of exposure.

Property Portfolios	NAV Estimate
Premier Mixed Use	$560m
Residential	$8m
Multi-Tenant Retail	$150m
Non-Core	$67m
Other Unconsolidated	$42m
Total Equity Portfolio	**~$827 million**
Cash	$190m
Total Assets	**~$1.0 billion**

Debt	Value
Berkshire Hathaway (7%)	$330m
Preferred Shares (7%)	$70m
Est. Remaining Cap Ex Through Liquidation	$100m
Total Debt	**~$510 million**

$517 million in net liquidation value with 56 million diluted shares equates to $9.20 in per share value, at property price estimates.

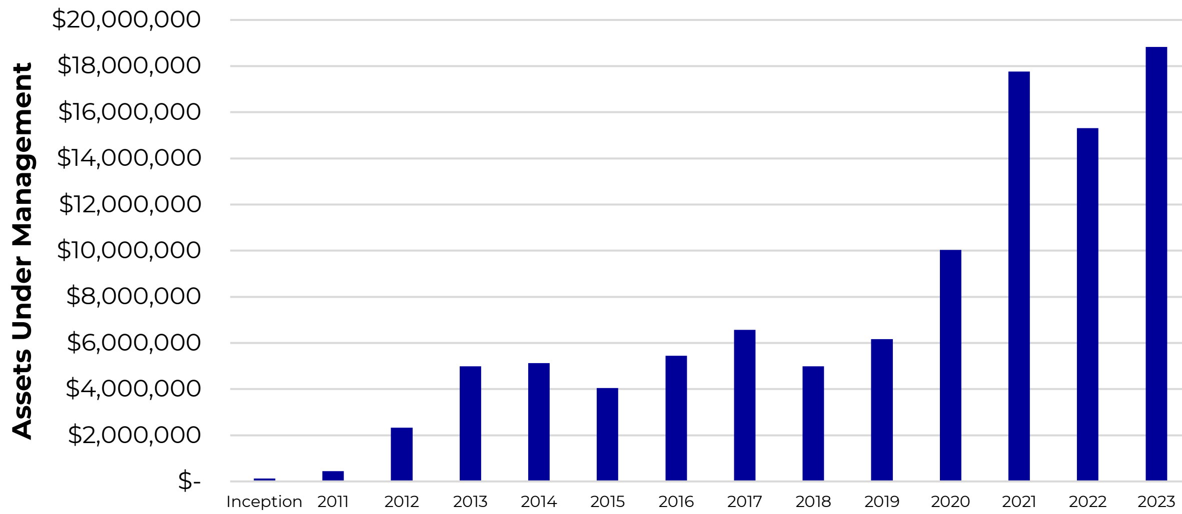
CEO Andrea Olshan and interim CFO John Garilli have navigated the very difficult economic landscape with commendable skill. There is still perhaps an opporutnity to see property price appreciation or cancel the strategic alternative and operate a few core properties.

Management's commitment to liquidating the company's portfolio, with the intention of maximizing shareholder value, stands as a testament to their leadership. The future may hold unexpected successes for Seritage and exceed our expectations.

WELCOME NEW LIMITED PARTNERS

We ended 2023 with 70 Limited Partners (LPs) in 16 states: Arizona, California, Colorado, Connecticut, Georgia, Illinois, Massachusetts, Minnesota, New Jersey, New York, North Dakota, Oregon, South Dakota, Texas, Virginia, and Washington. Additionally, we have international LPs living in Australia, Japan, 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 address our investment philosophy, our operational commitments, and our alignment of 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 in-depth, fundamental analysis to selectively buy undervalued companies run by excellent 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. We avoid excessive leverage.

Alignment of General Partner (GP) and LP interests is a top consideration in every operational decision. The fund's unique fee structure places emphasis 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 immediate family and I are among the largest partners in PIFI, with over 70% of our family's entire net worth invested in the fund alongside yours.

Finally, we strive to expand our circle of competence, maintain an open and rational 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 will enhance returns and provide significant value to our LPs.

Quarterly statements and updates that present salient quantitative information are provided to each LP. Annual letters with commentary (such as this) are distributed to deliver relevant details regarding 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 delivers all statements, audits, and tax documentation.

ALIGNMENT OF INTERESTS

As noted, alignment of GP and LP interests is a top consideration in every operational decision. The unique structure of PIFI includes an annual hurdle rate, a high-water mark provision, extremely low fees, and an emphasis on performance-based compensation to achieve alignment objectives. A shared pursuit helps avoid conflicts of interest and allows us to maintain the integrity of the fund over the long run.

Proper incentives can significantly enhance and align motivations. Specific tangible, financial enticements have particularly notable power to alter actions or desires. A high management fee-based firm will attract highly paid and very successful salespeople because raising capital can deliver significant bonuses. Similarly, compensation based on long-term performance will attract those able to deliver long-term market out-performance. PIFI is aligned with the latter.

The General Partner earns compensation only after reaching new all-time highs (high-water mark) and only on the annual returns above 5% (annual hurdle rate). The economics are simple: we only make money when you make money.

MANAGEMENT AND COMPANY NEWS

Peterson Capital Management has two share classes available for current and potential investors. Our zero management-fee class with a minimum commitment of $2 million and our 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 fee. Our theory for the zero-fee class is simple: it offers unmatched value, directly aligning our success with yours.

Our only fund revenue comes from the 25% of gains above 5% each year. And that is only earned if you are at your high-water mark or highest point.

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% every year, so Peterson Capital Management will earn nothing each year until annual performance exceeds 5%. Above 5%, 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 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 completely aligns our incentives to delivering 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 each calendar year. Please contact me or Andrew 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 each quarter. Please contact me or Andrew for details.

The exception share class represents our extended commitment to helping grow your 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 17, 2024, at 5pm Eastern Time. Please save the date.

It was a pleasure to have so many partners and guests in attendance in 2023, including those joining from all over the world. Past meetings are available on our YouTube channel and have received many thousands of views. We enjoy responding to comments and counting our views so please search YouTube for Peterson Capital Management and join our growing community.

Your invitations will be sent electronically in June. We look forward to seeing you August 17.

WELCOME BRENT GILLETT AND INVESTMENT LAW GROUP

We are delighted to welcome Brent Gillett and the Investment Law Group (ILG) to our esteemed circle of service providers. As we bid farewell to our longstanding legal advisor, Eric Brill, following his well-deserved retirement, we embrace a new chapter and the fresh perspectives Brent and his team at ILG bring to our endeavors.

Brent Gillett is highly recommended, with a track record of excellence that speaks to his profound understanding of the legal landscape. His leadership at ILG has been instrumental in navigating complex regulatory environments.

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 Jefferies.

ANNUAL AUDIT

Spicer Jefferies works hard to complete the audit as early as possible. It 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

We are currently accepting capital from new accredited investors and existing LPs.

As an investment partnership in compliance with Regulation D under the Securities Act of 1933, we are restricted to 99 partners. 29 spots remain as of year-end, and as of this writing three more spots have been taken. We are unlikely to make immediate changes to the structure and upon reaching 99 partners, we will be required to establish a waitlist.

We encourage interested parties to reach out to us at their earliest convenience if they wish to participate now or in the foreseeable future. Regulatory compliance is a strict requirement, and we expect to fill our LP allowance. Securing even a minimum commitment will reserve your position as a partner within our fund, granting you the flexibility to increase (or decrease) your investment in the future.

Given limits on capacity and the growing interest in our fund, the waitlist may extend significantly over time. Eventually we may evaluate structural adjustments or an offshore entity to continue expansion. However, to avoid a potentially lengthy wait and to secure your place in our partnership, we recommend acting promptly because we will fill these spots and it is an excellent time to participate.

Our zero-fee class is available for commitments above $2 million and has no management fee.

Our exception class has a $250,000-$2,000,000 minimum with quarterly liquidity for a low 0.9% management fee.

Quarterly commitment dates include January 1, April 1, July 1, and October 1.

All partners will benefit from an expanding capital base, as we are able to profit from new opportunities and we will immediately allocate new cash to our Structured Dividend Capture.

REDEMPTION POLICIES

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

The exception class offers quarterly redemptions with 60 days' notice.

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

Some partners use Midland IRA or other self-directed account providers to participate in the fund using tax qualified accounts such as trusts and IRAs. These assets and their returns maintain their tax-advantaged status.

LOOKING AHEAD

The landscape is packed with significant potential for our long-term compounding portfolio. We continue to discover improved execution possibilities within the Structured Dividend Capture algorithms, setting the stage for some promising years ahead.

The financial horizon for 2024 includes its share of uncertainties. Inflation, while showing signs of deceleration, remains a threat. The debate around Federal Reserve interest rate decisions and the impact of the U.S. presidential elections, alongside increasing global political conflicts, are poised to significantly influence capital market flows. While broader market growth is anticipated, expectations for index growth should be tempered because recent expansion levels are unsustainable. Our meticulously curated portfolio is designed to navigate and outperform these macroeconomic trends, focusing on securities with exceptional resilience and growth potential.

The imperative for 2024 is clear: prioritize investments in high-quality businesses characterized by growing earnings, robust pricing power, and sustainable competitive advantages. Amid an environment challenged by fluctuating interest rates and inflation, companies with little debt that can adeptly adjust pricing to maintain margins and profitability will distinguish themselves. These entities are not merely poised to withstand inflationary pressures but are also set for significant revenue, profit, and margin growth.

Our investment approach extends beyond traditional portfolio management, incorporating unique strategies that differentiate our performance from the broader market. The Structured Dividend Capture strategy exemplifies this, utilizing our liquidity to generate returns independent of market direction. Additionally, our strategic investments in emerging markets, specifically through Dhandho in India and Talas in Turkey, provide growth avenues uncorrelated to United States market swings.

Employing a structured value approach, particularly through the sale of short put contracts, allows us to acquire undervalued assets at advantageous prices. This methodology, combined with our commitment to investing in high-quality companies led by exemplary management teams and available at discounts to intrinsic value, lays the groundwork for superior returns. As 2024 unfolds, our dedication to these value-based investment principles will guide our navigation through the evolving market landscape, aiming to secure long-term value for our partners.

Our strategy is marked by a deliberate focus on quality, innovation, and value. Our portfolio is enriched with leading firms in the SaaS and IaaS sectors, distinguished by their resilience against inflationary pressures due to their inherent pricing power. These entities stand out for their lean debt profiles, sustained competitive advantages, and capacity to preserve favorable profit margins. Such strategic selection positions us to not only weather the prevailing economic challenges, but also to capitalize on emergent opportunities, including those stemming from geopolitical shifts and election-related volatilities.

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

Warmly,

Matthew Peterson, CFA
Managing Partner

PETERSON CAPITAL MANAGEMENT ANNUAL MEETING TRANSCRIPT

[Brandon van der Kolk]

Matthew Peterson is the managing partner of Peterson Capital Management, which he founded in 2011, which was quite a long time ago now. As you know, he manages a long-term, value-based fund with a very impressive 12-year annual track record that is drifting into Buffett territory, exceeding 15% [gross returns] annualized.

Matthew has been a financial professional for almost 25 years. He is a Chartered Financial Analyst and has worked for Goldman Sachs, Morgan Stanley, Merrill Lynch, American Express, and Ameriprise Financial. Most notably he is even featured on the New Money YouTube Channel.

So, without further ado, Matthew, I will hand it over to you.

[Matthew Peterson, CFA]

Brandon, thank you so much for the warm welcome and for being here. We are so pleased to have you here to host this year's Peterson Capital Management Annual Meeting.

As many of you know, Brandon's YouTube channel, New Money, is becoming quite successful. It has high quality content and is growing rapidly, with subscribers now approaching 1 million. Very few people can achieve that. He is joining us here from Australia, where it is early on Sunday morning, so we deeply appreciate you making the time. I encourage you all to explore his New Money channel; it is a wonderful place to start your investment experience.

But most importantly, I want to welcome all of you to the Peterson Capital Management Annual Meeting. We have people joining from all over the world. We have hundreds of RSVPs representing 15 countries and over 25 states. We are so pleased to have everyone here.

The fund, Peterson Investment Fund I, LP, was established 12 years ago this October. It has been a remarkable journey marked by growth, partnership, and even innovation, and it is an honor to have so many esteemed partners as part of the firm. We have many longstanding partners here today as well as many new partners who are joining every single quarter.

I very much look forward to sharing these details with you today and having the Q&A so we can address what is on your mind.

Today, we have exciting updates and some interesting items to discuss.

We will begin with our prepared remarks, [during which] we will discuss the fund's performance. We will provide an update on several wealth-building compounders within the portfolio. [Afterward], we will reveal some details on the Python software we have built to execute our Structured Dividend Capture position. This is our proprietary solution for cash management, it allows us to quickly grab dividends out of the market. As our backtesting has proven, it yields double digit annualized returns.

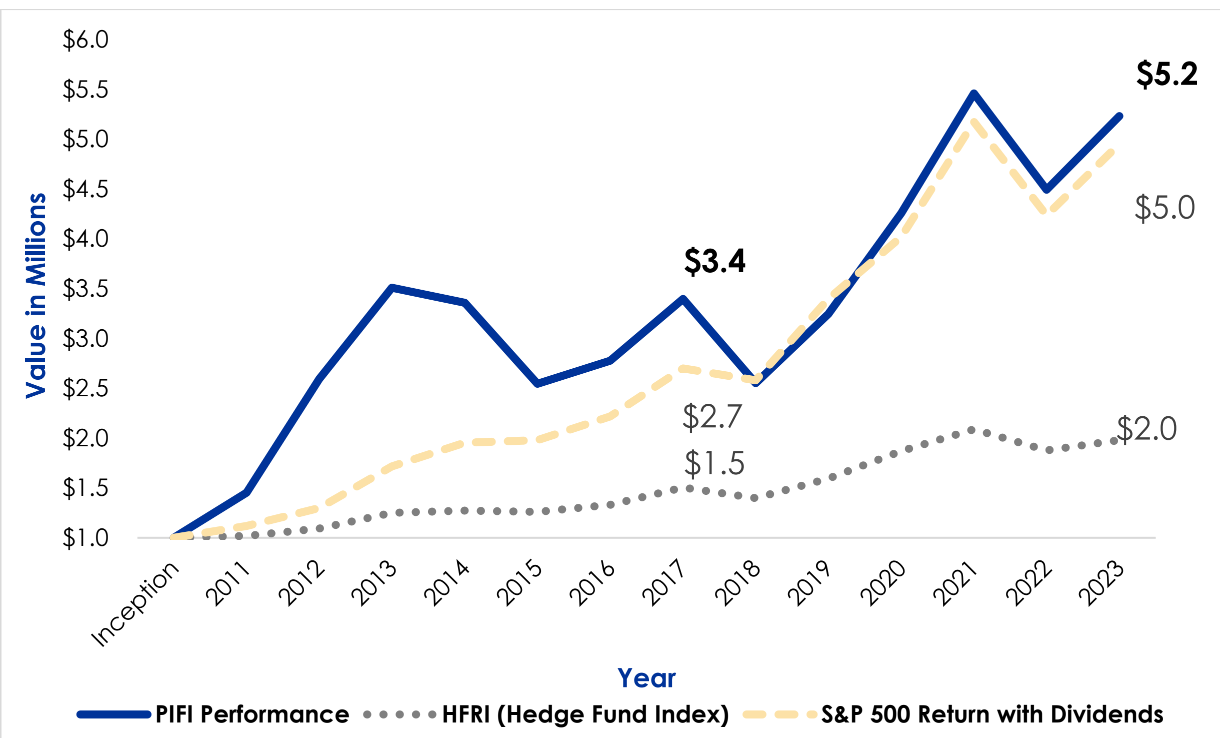
Following my initial remarks, there is a little surprise. Our team has built a treat for you using cutting edge AI tools, experimenting with the capability. As mentioned, we will move into the Q&A portion of the meeting at the top of the hour.

With many first-time attendees here today, we will begin with our mission statement.

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

Today, we are receiving much new attention regarding our research and performance. We are making robust progress toward achieving this ambitious and challenging mission.

Our Net Asset Value (NAV) has been climbing for many years and although we remain a small and nimble fund, our assets under management, which began with less than $1m in 2011, have grown to over $20m. This is the result of our compounding, with existing partners continuing to add to their position in the fund, as well as new partners joining the fund. This is a fantastic time to be involved. We have one remaining contribution date this year on October 1, 2023. If after seeing this material, you have interest in participating or adding more to your existing accounts please send a note to me or Andrew at andrew.park@petersonfunds.com so we can assist you with the process.

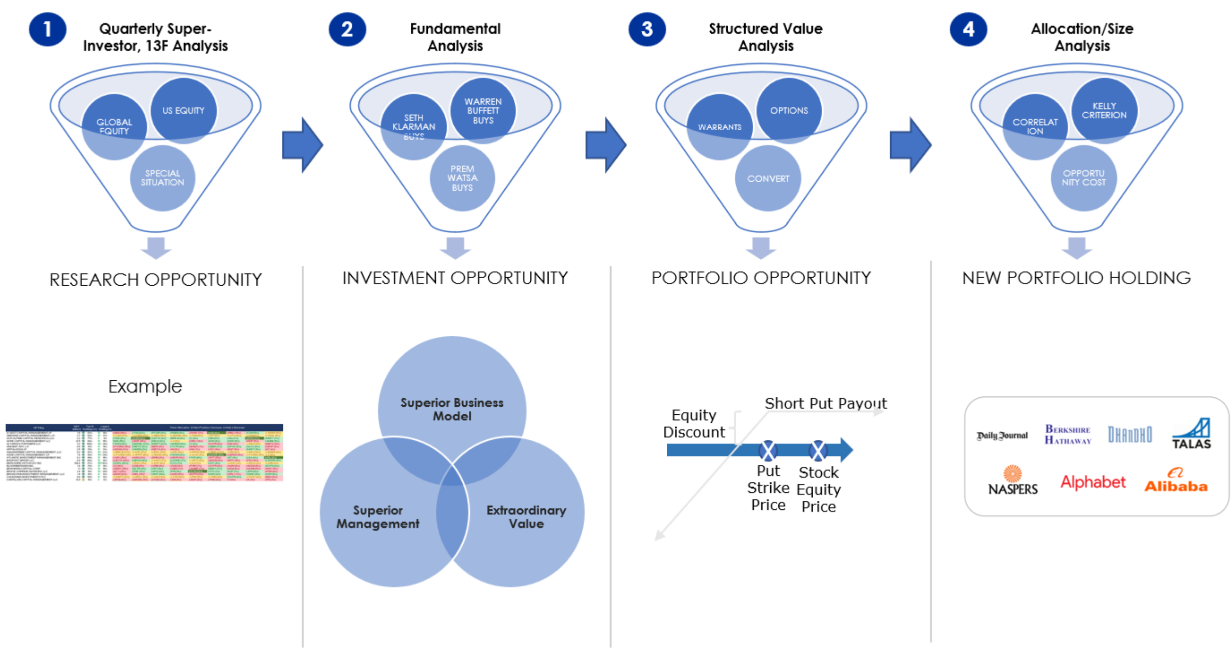


Since inception, an investment of $1 has now grown to over $5 million [gross] at an impressive 15% annualized [gross] rate of return. This is not a short-term triumph; we are talking about a 12-year period now, and our runway for future gains is highly promising.

Our performance has outperformed the S&P 500 on both a cumulative and annualized basis, placing us among the very top funds globally. Furthermore, this was achieved during outlier performance years in the S&P 500. Over 200 years, the US Markets have delivered 6.8% return, plus inflation. This fund has been operating during a period in which the S&P 500 grew at unsustainable levels nearly twice the long-term rate. Our fund maintains a low correlation with the S&P 500, because our concentrated portfolio of infinite compounders can continue their assent even when the markets face headwinds. We employ the S&P as our benchmark, not because it is correlated, but because, for many of our partners, it represents the most likely alternative to an investment in our fund.

As I describe the architecture of our portfolio, [it] may appear simple and straightforward, but designing and executing this strategy to perfection is not easy. It demands expertise, patience, and adherence to key principles and best practices.

It is essential to focus on optimizing a repeatable process. Many of you are familiar with our alpha-producing process discussed in letters, and on our YouTube Channel.



We have no control over stock prices at any given moment—no one does. We can't control the outcome at a point in time, what we can control is our process. Our process has four key alpha-producing steps:

We begin with a 13F Analysis. This is strategic. We're tracking the holdings of nearly 100 top-quality, long-term value funds. And there is wisdom in seeing where smart money is flowing. These 13Fs filter out about 95% of the markets.

Historically, this quarterly analysis was a time intensive and daunting exercise. Today we've written Python scripts to automate it all. It turns a multi-day ordeal into an efficient, streamlined process and our approach sifts through thousands of potential opportunities and provides a superset of several hundred already [present] in the portfolios of legendary value investing teams.

And this approach is far superior to screening for 'cheap' companies via their ratios or other metrics. Screens of this nature yield false positives and reject false negatives. Our approach allows for a deeper qualitative assessment of the firms, where we may identify attractive features missing from the financial statements, that may also be missed by a screen. Specifically, by using our 13F Analysis we dodge more mistakes and catch more opportunities.

Following the 13F Analysis, we dive deeply into fundamentals. This is about both reviewing the financial statements and understanding what the financial statements are missing. We are looking for extraordinary firms that satisfy our co-priorities framework: exceptional business models, extraordinary management teams, and a great price. These situations are rare.

Next, we integrate structured products into the equation and apply our Structured Value purchasing methods. This is where we determine the optimal way to obtain our ownership, often by writing put contracts as a tool to buy shares for a price below market. This is an extreme advantage. It remains today a rare and secret way to get better prices than a retail investor. Outside of the people on this call, there are only a few people on the planet putting this into practice correctly on a regular basis. The space is uncrowded and we benefit from the volatility and mispricings that correlate to higher long-term returns.

Finally, after a company passes our rigorous standards, we consider how it fits into our portfolio through our portfolio construction philosophy. This includes quantitative assessments like opportunity costs and the Kelly Criterion, where we optimize how we size our positions and allocate capital. We run a concentrated portfolio because when we bet, we do deep research and bet big with conviction. It's about optimizing diversification.

This is the process that has led to the construction of our infinite compounder portfolio. This undervalued group of holdings with the world's best business models and management teams will continue growing for decades.

<u>Infinite compounders:</u>

Here is the current list of our infinite compounders. These aren't merely holdings; they are more like partnerships from our perspective. Owning stock means we own a percent of the firm. We are fractional owners of these businesses and have no intention to sell. These are our asymmetric bets – bets with convexity: limited downside due to their inherent strength and compelling valuations, and earnings growth combined with tremendous upside potential unfolding over the coming years.

A golden thread that weaves through these firms is their 'hidden treasures'—substantial off-financial statement- values. From the latent revenues at Daily Journal to the intricate web of assets within Berkshire Hathaway, the value of these don't appear explicitly in financial statements; they don't have a line on the balance sheet. Yet, in time, these 'hidden treasures' manifest in the form of future earnings, and the stock prices grow to reflect the new reality.

Some of you will notice one of our past compounders is absent: Seritage Growth Properties. Later we will discuss the nice profit we secured. Our intention is to own these businesses for an infinite time horizon; however, we are not passive spectators. We monitor these holdings with the utmost vigilance, and to our disappointment, Seritage is shrinking. The upside became muted, and risk return inverted, and given the opportunity costs, the rational decision was to exit, and we secured over a 100% gain over a few years.

We will share internal analysis on Seritage—in just a moment.

Let's first turn to Berkshire Hathaway.

Berkshire Hathaway

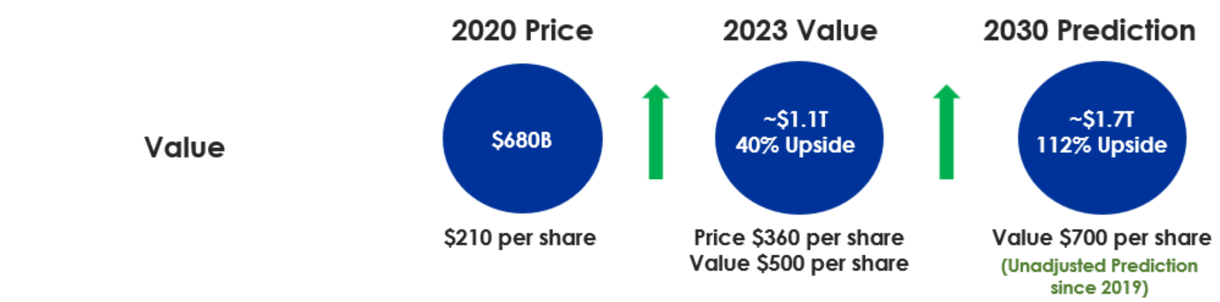
Simply put, Berkshire is thriving. With its rock-solid business model and top-tier management teams, Berkshire is able to gain market share through difficult macroeconomic periods. It stands as a beacon of corporate excellence in America.

In 2019, I shared a simplified three factor model to estimate current value: the cash, plus the market price of the current equity portfolio, plus the value of the wholly owned operating subsidiaries as a multiple of operating earnings. At the time, Berkshire was selling for just $400 billion, and we were confidently forecasting a 2030 market cap of Berkshire of $1.7 trillion. Some astute individuals challenged this projection, questioning such strong growth from this already large firm.

Yet here we stand, our 2030 figures are unchanged. And today, I am confident that Berkshire is not only on track to meet our projection, but it is poised to potentially exceed our estimates as we approach 2030. Given the share count is going down as Berkshire repurchases stock, our individual shares will appreciate more than the company as a whole.

Berkshire Hathaway ($800 Billion Market Cap)

THREE ASSET TYPES	2020 VALUE*	VALUE Today (2023)	2030 VALUE Prediction
1. Cash, Treasuries and Equivalents	$32 Billion Cash + $111 Billion US Treasury **$143B**	$45 Billion Cash + $97 Billion US Treasury **$142B**	Increasing at $25 Billion per Year and Reinvested **$400B**
2. Equity Portfolio Apple (~$178b), Coca Cola, Bank of America	$207 Billion - $61 Billion Deferred Tax **$146B**	$353 Billion - $93 Billion Deferred Tax **$260B**	Annual 10% Growth Net of 20% Deferred Tax **$480B**
3. Operating Companies 100 subsidiaries: GEICO, NetJets, Duracell, Business Wire	$22 Billion in Operating Earnings * 18 earnings multiple = **$396B**	$40 Billion in Normalized Operating Earnings * 18 earnings multiple = **$720B**	$45 Billion in Normalized Operating Earnings * 18 earnings multiple = **$810B**



So, let's break down Berkshire into its three core components: the cash, the market value of the post-tax investment portfolio and a calculated value on the growing earnings from its extensive roster of wholly-owned subsidiaries. These range from iconic brands like See's Candies to pivotal infrastructure players like MidAmerican Energy and Burlington Northern Railroad.

As of last week, in the column that we've titled 'Value Today' (in the middle), the numbers are compelling. We are looking at $142 billion in cash, a $260 billion equity portfolio, and the value of their operating businesses estimated at $720 billion. This sums to a value today over $1.1 trillion.

To put this in perspective, based on today's stock price, this suggests a substantial upside of over 40%. And, very importantly, this value is not static—it's growing. This is a key driver behind Buffett's decision to buy back billions and billions in Berkshire stock.

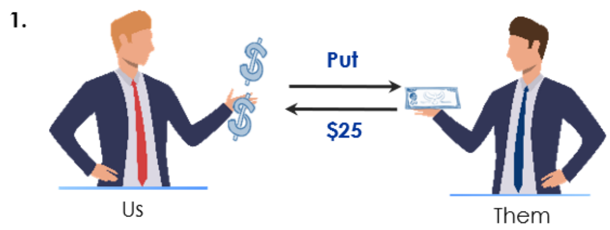
So, we are very confident and pleased with Berkshire's future prospects. But of course, that's not all.

This fund is not in the business of paying NYSE-listed prices for our shares. We are not retail investors and I don't consider those on this call retail investors either. We deploy our Structured Value method to purchase stock. In Berkshire's case, we simply sell puts when the yields become attractive.

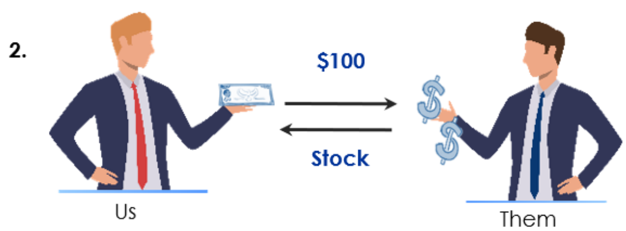
We've been systematically accumulating shares in Berkshire during price dips by writing puts since the inception of the fund. This strategy pays us a premium upfront for our commitment to buy Berkshire shares if they decline and aligns our purchases with highly favorable entry points.

Here is a quick example on how this works:

<u>Structured Value</u>



Consider an example with this outstanding and very inexpensive business selling for $100 on the NYSE that you wish to buy. Most retail investors find it convenient to buy the shares in a brokerage account for $100 for a market or limit order. But there is a much better way...



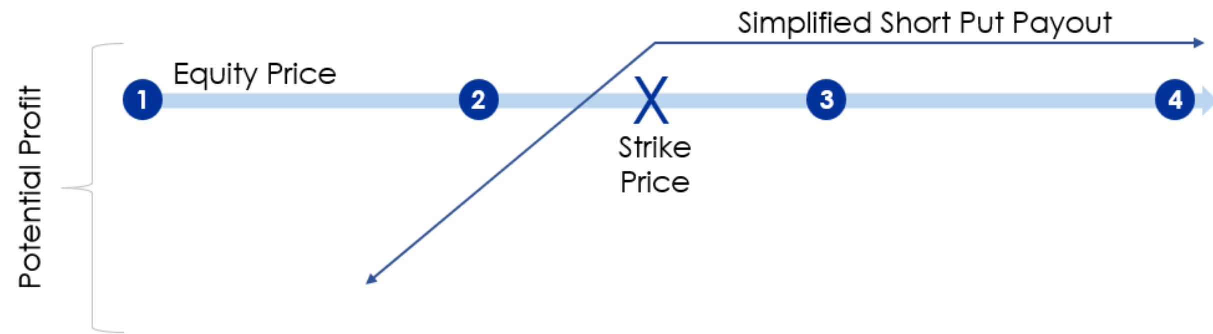
A two-step procedure: Instead of paying $100 today. We sell a put contract through the Chicago Board of Exchange that commits us to pay $100 for a share in 12 months... and we are paid for that commitment, in this case, $25.

And 12 months from now, [when] the contract expires, we have a binominal outcome. If the market price of the shares falls below $100, we purchase the shares for a net cost of $100 minus the $25 premium, or $75. If the market price is above $100, the contract is over, and we do not buy the stock but keep the $25 in premium on our $75 in collateral, earning an annualized return of 33% without even owning the stock.

So, if we purchase the shares using Structured Value vs a limit order on the NYSE, we buy for $75 instead of $100. When the shares reach $750, we have made a 10x return, while everyone else earns just 7.5x. This is the difference in turning $1m into $10m versus $1m into $7.5m. It is a significant advantage.

For further clarification – because we will be coming back to these examples:

Structured Value: Four Simplified Outcomes



1. Firm Bankruptcy: Total Loss = Strike - Premium
2. Stock Price (above zero) < Strike Price: Obtain Equity. Equity Price = Strike - Premium
3. Stock Price (slightly) > Strike Price: Earn Premium. Return (%) = Premium/Collateral
4. Stock Price (significantly) > Strike Price: Miss Gain. Return (%) = Premium/Collateral

There are 4 major outcomes. In scenario one, the analysis is wrong, and the stock goes to zero. This is a bad and unlikely outcome where the stock goes down significantly. However, if we use prices from the prior slide, instead of buying for $100 and losing $100, using Structured Value we buy with $75 and risk losing much less than a retail stock owner.

Scenario 2 is the best outcome, where the stock price declines slightly, say to $95 and the shares are put to us for a net cost of $75. Here we own the shares for a discount to the market price.

Scenario 3 is also attractive, where shares rise slightly to say $105. In this situation, we do not get the stock, but we earned 33% in a year on the premium, and we may have an opportunity to sell another put on the same shares, obtaining a new premium.

Finally, Scenario 4 occurs when shares rise significantly within the 12 months, to say $150 per share. This situation will still yield an attractive 33% gain because we keep the premium, but we did not achieve the full 50% because we did not yet own the shares.

Of course, Berkshire is among the highest quality businesses in the world with a growing intrinsic value. Although short-term price fluctuations can reach 50% or more, even on Berkshire stock, there is virtually no chance of going to zero. In situations like this, scenario 1 is off the table, and we are left with three relatively attractive outcomes.

Let's see how this applies to another holding in our portfolio, Alibaba.

Alibaba is one of the greatest business growth stories that the world has ever seen. They have a conglomerate of business models, highly capable management teams and an extremely low price. BABA, as most know, is the largest e-commerce company and cloud services provider in China. They operate major ecommerce platforms like Tmall and TaoBao.

Despite past clashes between the founder, Jack Ma, and the CCP, BABA is moving to a new stage of their business. Daniel Zhang has driven growth in ecommerce and expanded the business internationally. The intention of Alibaba is to continue their expansion into the 22nd century – 75 years from now.

Importantly, in 2024 and 2025 they are pursuing an organizational transformation where six major business groups will be formed to have independent and decentralized operations, with businesses cloud spinning out to shareholders of BABA.

So, we evaluated each business groups and found the following:

BABA Divisions cost $200b in the market have value exceeding $310b and growing

China Commerce (BABA): $276b ($200 + $28 portfolio + $48 net cash)

	Today (b)	2025	2030
Rev	85	5% / 94	3%/109
EBIT	25	29% / 28	31%/34
Value (8xEBIT)	200	224	272

- Includes $28b in stocks/private investment and $48b net cash; Freshippo IPO by May '24

International Digital Commerce: $10b (External Capital Raise)

	Today (b)	2025	2030
Rev	10	15% / 13	15%/ 26
EBIT	-1.2	-5% /-0.65	0.5%/0.1
Value (1xRev)	10	13	26

- BABA currently exploring capital raising options

Cloud: $17b (Spin Out)

	Today (b)	2025	2030
Rev	11	15% / 15	10%/ 24
EBIT	-0.75	-2% /-0.3	5%/1.2
Value (1.5xRev)	17		36

- Stock spinoff to BABA shareholders by Mar 24

Digital Media Entertainment: $5b (TBD)

	Today (b)	2025	2030
Rev	4.6	1% /4.7	1%/5.1
EBIT	-0.65	-3% / -0.14	-2% / -0.1
Value (1.2xRev)	5.5	5.6	6

- Possible listing of YOUKU/combine Alibaba Pictures

Cainiao Smart Logistics: 1.6b (IPO)

	Today (b)	2025	2030
Rev	8	15% / 10	12% / 18
EBIT	-0.5	0.5% / 0.0	3%/ 0.5
Value (0.3xRev)	2.4		5.4

- IPO spinoff by Sep 24. 67% BABA ownership

Local Consumer Services: $3.6b (TBD)

	Today (b)	2025	2030
Rev	7	10% /9	10%/ 14
EBIT	-3.4	-11% /-1	-5%/ -0.7
Value (0.5xRev)	3.6		7

- No 2 in China Food delivery and Ride hailing

Upcoming Corporate Events in 2024 will act as a catalyst to realize >50% upside to reflect current value of over $310B

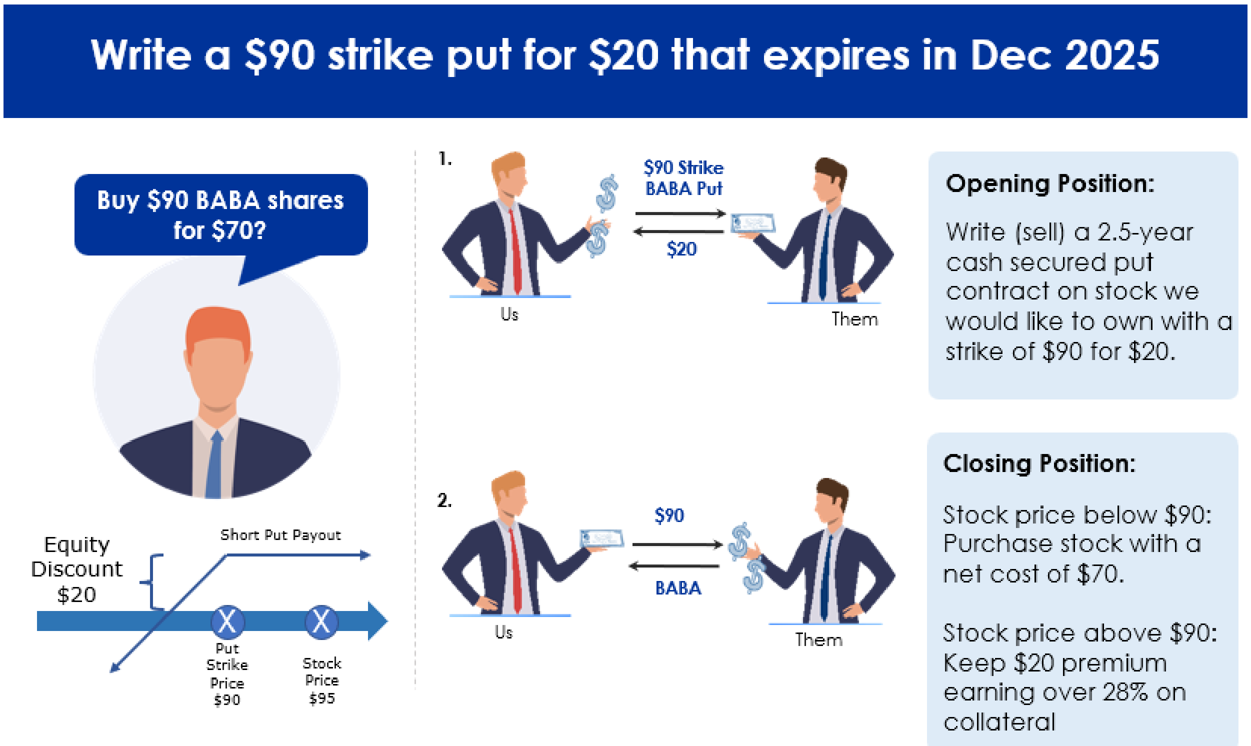
When we break down each business group, it becomes clear that these shares are very mispriced and have large upside potential.

In the dark blue, you can see estimates for each future division today (read through divisions). Now, this is a work in progress, and as the company continues to provide details, we expect these numbers to become increasingly accurate.

Today, under BABAs 1+6+n structure including BABA's investment portfolio and cash, the shares are worth $310b and growing, almost 50% higher than the $220b they are selling for today.

As these corporate events unfold over the next 24 months, value will be created, and each action will act as a catalyst, helping the market to realize Alibaba's true value.

But of course, that's not all:



We don't pay market prices for our shares. Today the shares sell for just under $90 with a total market cap of about $225 billion. Today, we can write puts committing to buy for $90 until December 2025, just over 2 years from now, in exchange for being paid a $20 premium. In just over 2 years, this simple example demonstrates on one hand you have a 30% gain from the premium, earning 20 on 70 in collateral with the potential to accumulate shares for just $70.

This puts the cost of Alibaba at $175 billion while they hold $50b in cash and $25 billion in an investment portfolio. The BABA ecommerce business is earning $25 billion in EBIT today and we have structured a way to purchase these operations for just $100 billion net of cash and investments. Those here who understand these metrics will recognize how remarkable it is to find such a robust global conglomerate available for these prices.

Furthermore, I will add that they are spinning out entities, and we will monitor those holdings closely. Should we determine a lack of future potential in a given space, we will be able to exit these spinouts, further reducing our cost to owning BABA.

We need to keep moving quickly, so let's jump into Seritage:

Seritage, the real estate spin-off of the Ex-Sears stores, is engaged in a strategic alternative to growing the firm and is selling each remaining property and mall asset. After paying down their debt, they will be issuing special dividends to the shareholders.

We essentially exited this position earlier this year and removed the assets from the infinite compounder list because the risk-reward has inverted.

We have been analyzing the 212 malls for years, and they are down to 45 remaining assets. This week, we met independently with the CFO, John Garilli, who helped confirm some of the data we are sharing with you today. If you want to understand how we are so accurately projecting the price, the theme remains, it is simple, but not easy. We just need to value every single mall. Simple, but not easy. Turns out, we can't find anyone who did the analysis we have done.

Seritage has 5 Property Types. In each box we have listed our values for the properties. On social media, there's a lot of people discussing our opinions, most are in agreement, some are in horror as these values decline. But, you know, we should be having a constructive conversation about the property values themselves.

So, let's look at what we're providing here. We have Premier properties. These are the true valuable assets that are held by Seritage. And although internally, we look at these as factors and we determine a range, we've selected the base case for a lot of these sales. Aventura, $250 million, Dallas, $50 million, Redmond, $45 million.

These are the values we're using. And this is the total remaining values associated with these properties. They are not developing new properties. These properties are not having children. This is a melting ice cube. And they are actively trying to get rid of the remaining properties.

We see Residential, a very small class, [at] $20 million, Multi-Tenant Retail, [at] $205 million. There's $180 million of Non-Core properties. You can see there are 22 properties remaining in that category. And then, we have $290 million in our Unconsolidated. This is providing a lot of transparency into what we're looking at. And if people have any questions or thoughts about these property values, I really encourage you to reach out.

Eventually, this will be up on YouTube. You can leave your comments below. We will look at them, discuss them, and evaluate your thoughts very carefully.

Let's look here for a moment at how we derive these [valuations] and how we go about this analysis. There are actually just a few key factors. However, each mall is extremely unique. So, you have to go one by one to catch all of the outliers. There are only 45 left. It doesn't seem like that daunting a task anymore.

Here we can see, Aventura of Florida, which is 65% leased today. We have rent ranges and net operating income ranges. We know the cap rate from the CBRE data, and there's an occupancy range. From this, we can derive our low-end and high-end estimates and develop our base case.

Aventura's value stands at $215 million. It's notable that we have a very wide range for this valuation. In fact, when we presented this to John this week, he remarked that they have similar ranges internally.

The market is quite uncertain right now. Demand for this type of commercial real estate has dwindled significantly. Banks were already reluctant to lend at these levels earlier this year.

There was nearly a run-on deposits at local regional banks in the US, making them much less willing to lend. So, here's what we're looking at in terms of Aventura.

If we look at UTC, a property in San Diego, 100% is leased. We have established rent ranges, NOI ranges and a cap rate estimated between 5.5% to 6%. With an occupancy rate of 100%, our low-end price estimate suggests UTC San Diego would be valued at nearly $100 million. Our base case feeds into our analysis at $112 million. We also consider a high case valued around $140 million. This is the process we've used for every single property we're evaluating.

Throughout the team, we've reached out to dozens of different brokers for each property to further validate our assessments. With all this information, we can compile a comprehensive analysis. I think it's important to highlight this today.

We have categorized the properties into five main groups: Premier, Residential, Multi-Tenant Retail, Non-Core, and Unconsolidated. Summing up all the categories, we have $1.1 billion in assets. No additional assets are being added to the firm, but they do have some cash – about 120 million. That's the total assets in our view.

Property Portfolios	NAV Estimate
Premier Mixed Use	$350m
Residential	$20m
Multi-Tenant Retail	$205m
Non-Core	$180m
Unconsolidated	$290m
Total Equity Portfolio	**~$1.1 billion**
Cash	$120m
Total Assets	**~$1.2 billion**

Debt	Value
Berkshire Hathaway (7%)	$480m
Preferred Shares (7%)	$70m
Est. Remaining Cap Ex Through Liquidation	$100m
Total Debt	**~$650 million**

Regarding their liabilities, they are servicing a debt to Berkshire, with $480 million still outstanding. On top of that, there's another $70 million in preferred shares. We estimate their cash burn will reach approximately $100 million through 2024 and into 2025. To fully liquidate, they would need to pay out around $650 million, or possibly more.

Once the liquidation is complete, with $515 million remaining, given the 56 million diluted shares outstanding, the intention is to distribute dividends. Our current calculations estimate the value today at $9.20 per share, using our base case scenario. However, this value is subject to significant downward pressure.

Delays are everywhere: in sales, entitlement acquisitions, you name it. Each review of these properties presents a dynamic situation. The trend, sadly, has been consistently negative. We don't foresee dividends being distributed in 2024; instead, we expect them to begin in 2025.

This revelation will be a shock for shareholders, given the lack of transparency from management. Their last update projected dividends of 18 to $28 per share – which is far from reality. Management's unclear messages have left shareholders clinging to outdated projections.

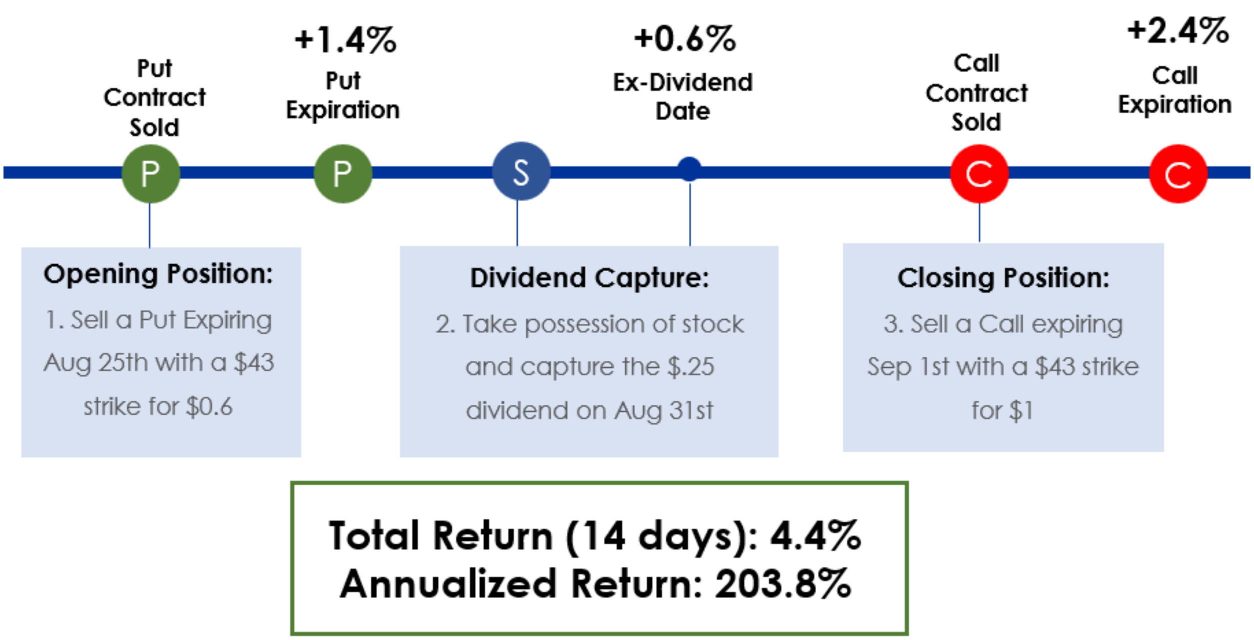
If we are looking at a return of only $9 or $9.20 per share in 2025 or 2026, we must discount that back to its value in 2023. A reasonable share price today hovers around $8. But who would pay $8 now for a potential $9 in three years? It doesn't seem like a fair price. We don't believe this is the right price. Perhaps it should be six, but this is not a compounder. This is a melting ice cube and it's for people who are looking to capture some of these potential dividends.

For those seeking potential dividends, expect a lot of downward pressure. We monitor our investments carefully, especially when interest rates fluctuate or banks tighten lending. Our decision to exit our investment at around $11 when we purchased under $6 allowed us to achieve a 100% gain in about two years.

So, with that, we're going to jump into a very exciting point of this presentation. We're going to discuss our Structured Dividend Capture. This is, again, an alternative to our cash holdings.

We are notorious for being patient and holding on to a lot of cash. Warren Buffett is sitting on $142 billion, waiting for the right opportunity. The challenge with holding all this cash, especially in previous low-interest rate environments, is it's sitting around earning nothing.

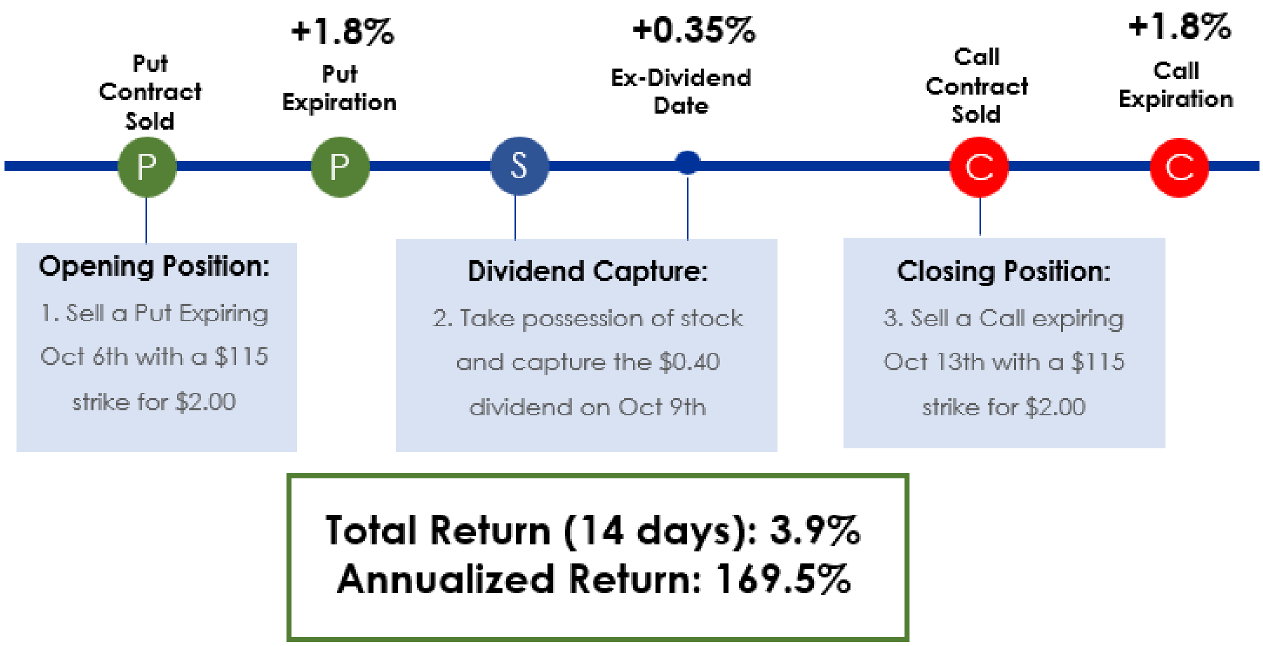
There is a significant opportunity cost. And we are constantly considering how to increase the yield on our cash. What we have found is remarkable. There is nobody else doing this. We came up with this thesis. We've tested it. Our team has implemented various backtesting strategies. And I'm going to show you this in great detail right now.



Here's an upcoming example of how we're going to capitalize on the future dividend coming from eBay. Next week, we will need to write a put that's expiring on eBay with a strike of $43 and we're asking for about sixty cents on that put. The return that we receive from that put is about 1.4%. 60 cents on our $42.40 in collateral.

Immediately after that put expires, one week later, a binomial outcome occurs: we either buy the stock or we don't. We catch a 1.4% gain. We then move on to a new opportunity. And if we do, we are immediately rewarded with a 25-cent dividend. And then we turn around, write a call and exit. Right now, we can receive about a dollar for our call.

So, what does this mean? This means over the course of 14 days in two weeks. We pick up 60 cents for the put. We pick up 25 cents for the dividend and receive a dollar for the call. And if we're able to enter for a price for a strike of 43 and exit for a strike of 43 we achieve a 4.4% return in two weeks and we are back to cash. It's truly remarkable.



Here's another example, Oracle, coming up just in a few months. We're going to sell a put that expires on October 6. We'll try to write this for about $115 given today's prices. This is what we anticipate. And perhaps we can pick up a premium of $2. So that will deliver us a 1.8% return even if we don't buy the shares.

If we do buy the shares, we will be immediately rewarded with this 40-cent dividend and then we'll sell the call. We will exit after receiving that $2 call premium. So again after 14 days we will pick up $2 to enter, 40 cents while we hold, and $2 to exit. It's a 3.9% return over a two-week period and we will immediately be back to cash. The annualized return on this trade is an astonishing 169.5% return.

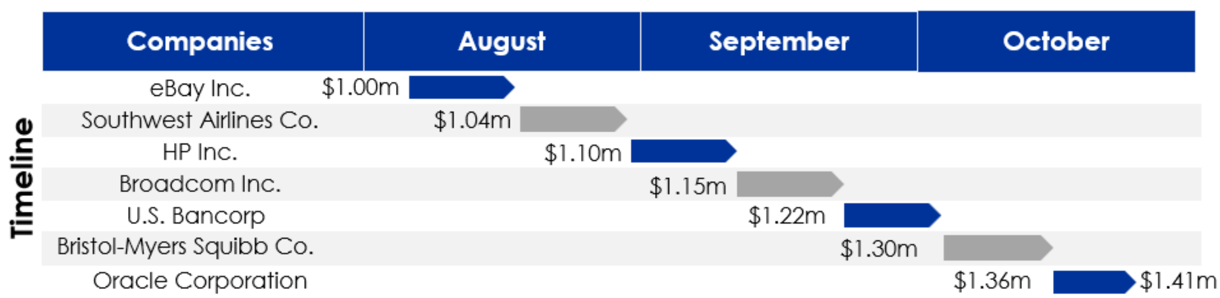
The problem is you can only do this 4 times a year for given stock because they only pay dividends 4 times a year. So, we've gone through enormous analysis to find quality high quality businesses. They don't need to be the best businesses in the world. They need to be relatively stable.

So, we have to survive and not move significantly during a small holding period of 2 weeks. That's all we need. But the analysis is enormous to find these. It's not even possible with manual processes. So, what we needed was to develop a technical solution. And that's exactly what we did.

We've been working on this for several years. We've been working with Siddharth Krishnan of UNC and some of his students to get this in order. We begin now with the same process. We do our automated 13F analysis to come up with a superset of data. And overlay it with a whole lot of financial data trying to identify red flags within the system. Situations where companies may have too much debt or there's poor earnings quality. Something that would alert us the fact that these shares may not sit at this price.

And finally, we go and download a lot of market data to understand which of these positions have dividends when those ex-dividend dates occur, which of these opportunities have options, and what the expected IRR would be. We identify a Gantt chart shown here as an example. This is our capital flow for our cash going one after the next putting our cash into companies that are about to pay an extremely lucrative dividend.

$1m allocated to 7 high-quality positions, projects a 41% gain over 3 Months



Return Analysis

	Beg Balance	Put Yield	Dividend Yield	Call Yield	Equity Adj.	Total Yield	End Balance
eBay Inc.	1,000,000	1.42%	0.58%	2.36%	0.00%	4.4%	1,043,544
Southwest Airlines Co.	1,043,544	1.31%	0.56%	1.90%	1.56%	5.3%	1,099,134
HP Inc.	1,099,134	1.11%	0.86%	1.34%	1.63%	4.9%	1,153,356
Broadcom Inc.	1,153,356	2.20%	0.57%	2.36%	0.62%	5.8%	1,219,680
U.S. Bancorp	1,219,680	2.07%	1.32%	1.79%	1.38%	6.6%	1,299,758
Bristol-Myers Squibb Co.	1,299,758	0.62%	0.96%	1.27%	1.68%	4.5%	1,358,610
Oracle Corporation	1,358,610	1.76%	0.35%	1.76%	0.00%	3.9%	1,411,267

Total Return (3 Months): 41.1%
Annualized Return: 304.3%

Here is what we have. This is a simplified forward-looking example. This is extremely valuable information. What we show here in the graph and in the chart is that if you start by selling puts on eBay and as you exit you go to Southwest and then HP, Broadcom, US Bancorp, Bristol Myers, and if you conclude with Oracle, over a 3-month period, if this all works perfectly, it will result in a 41% gain over 3 months. The annualized return there is over 300%. Obviously, we don't expect all of these to work, and this is a simplified version, as it is a single capital flow, whereas we are using a basket. So instead of just having EBAY we will have a basket of four or five firms that we're looking at every single weekend and writing new contracts for the upcoming expiration date.

The annualized returns here have truly been extraordinary, and it lowers our opportunity cost to hold cash. It allows us to be more patient before we can deploy the capital into its ideal place, which is sitting in its infinite compounder.

So, over the last several months, we have been fine tuning data and been doing a true back test over the last decade. Here we show an example from 2014 through 2020, where we have analyzed exactly what we would have done at that moment in time.

What we have determined is that the performance on this strategy will yield 18% annualized and grow a million dollars to 3.7 million over the seven-year period. It's very remarkable. We don't expect it to be consistent every year every quarter, but this is an extremely attractive rate of return on essentially a liquid cash holding.

[Brandon van der Kolk]

Regarding this dividend capture process, you have to factor in a drop in the share price after the ex-dividend date. How does that get factored into things?

[Matthew Peterson, CFA]

In our models, we use an equity adjustment factor. Actually, you can see it here in the chart. That occurs if we're selling our puts and call strikes at different prices. So that's how we practically account for that.

I think a common consideration is that given Efficient Market Hypothesis, people assume that when you pay a dividend, the shares drop by exactly that amount. I mean, that's what hypothetically should exist and should occur in theory. But in practice, it doesn't work that way. I mean, the share prices don't drop by precisely what the dividend is. A lot of times the price can stay or climb.

There can also be other factors. So, we found quite regularly that we don't see, you know, we receive a 25-cent dividend and then the prices all start declining. We're able to capture these strikes that we're presenting here.

[Brandon van der Kolk]

What happens if you sell a call and then you don't exit?

[Matthew Peterson, CFA]

Well, we just keep trying it. I mean, we'll sell a call the next week, but we just keep trying to exit. Our objective is to quickly exit the existing position and move to the next one. And as we noted, you know, if we're earning 4% on eBay, if eBay were to fall 10%, which would be a huge anomaly during our 14-day holding period, we would actually only lose 6%. And then we pick up another 4% in the next week.

Not every one of these works, we do experience some drops. And in our basket, we might have out of five, maybe one will decline. But on average, what we've seen is the results of our back testing, which are they go for too short of time.

There can be a common criticism that I'm aware of. Seven years of analysis is not wholly sufficient, although finding accurate data going back further is a very, very difficult challenge for us. But we have shown an 18% annualized gain for a series of years. And this strongly outperforms the S&P 500. In fact, it would be quite volatile at times, but this strategy alone, I think, would allow you to outperform the S&P 500. This would put you in a totally separate category from 95% of the world, because it is extremely challenging to beat the S&P 500.

And finally, our team is growing and it is very impressive. We have Andrew with us, everybody's with us here today. Andrew is extremely instrumental in the analysis and operations of our firm. It's been a real pleasure to work with our intern Balram this summer, who is getting his MBA at Columbia University. Nadeev has been a huge asset. He joins us from UCLA. Sidd, we couldn't be doing all this without him. Sidd is a professor at UNC. And he has been providing us with resources like Aidan, an expert in Python who has been able to help us develop our code efficiently. Finally, at the bottom, I do show Mesut. Mesut has been running the portfolio for our Talas Capital, but we are working together very closely and it's a benefit to have Mesut involved. It's a benefit for Peterson Capital Management to have Mesut involved.

And finally, I want to extend a nice thank you to all of our treasured service providers. These folks really keep the business running smoothly from Yulish and Associates. Josh, many of you know Josh or receive your statements from Josh from our Spicer. Spicer Jeffries, our auditor, who is providing K1s for the group, providing audits for our annual reports for all the LPs. This is a robust set of service providers and we really appreciate everything that they bring to the table.

The fund, Peterson Investment Fund I, LP, was established 12 years ago this October. It’s been a journey marked by growth, partnership, and innovation, and it is an honor to have so many esteemed partners involved, both the longstanding and the many who are new.

Our success has been meaningful, and our potential is significant. We are building a masterpiece, an entity worth more than the sum of its parts. I very much look forward to sharing these details with you today and I look forward to many decades with all of you.

INDEPENDENT AUDITORS' REPORT

PETERSON INVESTMENT FUND I, LP

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

PETERSON INVESTMENT FUND I, LP CONTENTS

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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, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 GAAS, 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.

Spicer Jeffries LLP

Denver, Colorado
February 7, 2024

PETERSON INVESTMENT FUND I, LP
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2023

ASSETS	
INVESTMENTS, at fair value (cost of $15,364,296)	$ 19,827,113
CASH & CASH EQUIVALENTS	349,505
DUE FROM BROKER (Note 4)	161,106
	$ 20,337,724
LIABILITIES AND PARTNERS' CAPITAL	
LIABILITIES:	
Derivative contracts, at fair value (premiums received of $207,056)	$ 18,066
Withdrawals payable	917,444
Subscriptions received in advance	398,000
Dividend/Interest payable	130,587
Accrued expenses	20,850
Other liabilities	1,002
Total liabilities	1,485,949
CONTINGENCIES (Note 6)	
PARTNERS' CAPITAL	18,851,775
	$ 20,337,724

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP
CONDENSED SCHEDULE OF INVESTMENTS

DECEMBER 31, 2023

	Fair Value	Percentage of Partners' Capital
Investments, at fair value:		
Private Investment Companies:		
United States:		
Talas Turkey Value Fund, LP (cost of $400,000)*	$ 837,683	4.44
Dhandho Holdings, L.P. (cost of $400,000)	382,000	2.03
Dhandho Holdings Qualified Purchaser, L.P. (cost of $222,129)	271,031	1.44
Total Private Investment Companies, at fair value (cost of $ 1,022,129)	1,490,714	7.91
Common stocks:		
United States:		
Health Care	20,160	0.11
Finance	3,566,600	18.92
Industrials	399,870	2.12
Consumer Discretionary	2,951,160	15.65
Total investments in common stocks, at fair value (cost of $ 5,765,896)	6,937,790	36.80
American Depositary Receipt		
South Africa:		
Finance (cost of $2,375,045)	3,378,000	17.92
Options:		
United States:		
Technology (cost of $2,309,839)	4,129,174	21.90
China:		
Consumer Discretionary (cost of $3,891,387)	3,891,435	20.64
Total investments in options, at fair value (cost of $6,201,226)	8,020,609	42.54
Total investments, at fair value (cost of $15,364,296)	**$ 19,827,113**	**105.17**

* Affiliated private investment company

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP
CONDENSED SCHEDULE OF INVESTMENTS

DECEMBER 31, 2023
(concluded)

	Fair Value	Percentage of Partners' Capital
Derivative contracts (liabilities), at fair value:		
Options:		
United States:		
Health Care	160	-
Finance	120	-
Industrials	4,870	0.03
Total United States options, at fair value (premiums received of $164,532)	5,150	0.03
China:		
Technology (premiums received of $42,524)	12,916	0.07
Total investments sold short, at fair value (premiums received of $207,056)	**$ 18,066**	**0.10**

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP
STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

INVESTMENT INCOME:	
Dividend and interest income	$ 244,215
EXPENSES:	
Dividend and interest expense	385,660
Management fees (Note 3)	129,918
Professional fees and other expenses	34,714
Total expenses	550,292
Net investment loss	(306,077)
NET REALIZED LOSS AND CHANGE IN UNREALIZED APPRECIATION OF INVESTMENTS:	
Net realized loss on investments	(366,422)
Change in unrealized appreciation of investments	3,944,815
Net realized and unrealized gain on investments	3,578,393
NET INCREASE IN PARTNERS' CAPITAL RESULTING FROM OPERATIONS	**$ 3,272,316**

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, 2023

	General Partner	Limited Partners	Total Partners' Capital
BALANCES, December 31, 2022	$ 146,119	$ 14,642,429	$ 14,788,548
Contributions	126,666	2,076,382	2,203,048
Increase resulting from operations:			
Net investment loss	(63)	(306,014)	(306,077)
Net realized loss	(2,255)	(364,167)	(366,422)
Change in unrealized appreciation	24,286	3,920,529	3,944,815
Performance allocation (Note 2)	54,344	(54,344)	-
Capital withdrawals	(337,120)	(1,075,017)	(1,412,137)
BALANCES, December 31, 2023	**$ 11,977**	**$ 18,839,798**	**$ 18,851,775**

The accompanying notes are an integral part of this statement.

PETERSON INVESTMENT FUND I, LP
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in partners' capital resulting from operations	$	3,272,316
Adjustments to reconcile net increase in partners' capital resulting		
Net realized loss on investment		366,422
from operations to net cash used in operating activities:		
Net change in unrealized appreciation of securities		(3,944,815)
Changes in operating assets and liabilities:		
Net purchases and sales of investments in securities		3,851,900
Due from broker		(5,307,790)
Dividends and interest payable		123,904
Accrued expenses		100
Net cash flows used in operating activities		(1,637,963)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributions, net of change in advance capital contributions		2,381,648
Capital withdrawals, net of change in capital withdrawals payable		(574,907)
Net cash flows provided by financing activities		1,806,741
NET INCREASE IN CASH		168,778
CASH, at beginning of year		180,727
CASH, at end of year	**$**	**349,505**

The accompanying notes are an integral part of this statement.

YEAR ENDED DECEMBER 31, 2023

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Peterson Investment Fund I, LP (the "Fund") is a Delaware limited partnership organized for the purpose of investing in and trading a wide range of securities and other financial instruments. The Fund commenced operations on October 3, 2011. Peterson Capital Management, LLC, a Delaware limited liability company organized in May 2010, serves as the General Partner and Investment Manager of the Fund.

The Fund has three primary objectives: capital preservation, long-term capital appreciation in excess of market indices (S&P 500), and limitation of downside risk. These objectives will be pursued with a long-term mentality rather than for temporary gain. Additionally, the Fund will seek to limit investment turnover to reduce frictional costs (such as taxes and transaction fees).

The Fund shall continue until December 31, 2099 unless, it is terminated sooner by the General Partner or otherwise as permitted under the Limited Partnership Agreement.

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 exemptions under applicable state laws. Under Rule 506 and certain state laws, the Fund 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 Fund 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 the valuation of portfolio investments are included as changes in the unrealized appreciation or depreciation of investments in the statement of operations. Dividend income and expenses are recorded on the ex-dividend date and interest income and expense are recorded on the accrual basis.

The Fund 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.

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

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

In determining fair value, the Fund 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 Fund. Unobservable inputs reflect the Fund'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 Fund has the ability to access. Valuation adjustments and blockage discounts are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments 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 investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment 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 investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments 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 Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund 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 Fund values investments in derivatives, securities and securities sold, not yet purchased 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 last business day of the year.

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 Fund's valuation policies require that fair value be within the bid-ask range. The Fund's policy for securities traded in the OTC markets and listed securities for which no sale was reported on that date are valued at their last reported "bid" price if held long, and last reported "ask" price if sold short. The Fund considers these investments as level 1 securities for active markets and level 2 securities for thinly traded markets.

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

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

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

Option Contacts

Options which are listed on major securities exchanges are valued at their last reported sales price as of the valuation date or based on the midpoint of the bid-ask spread at the close of business on the valuation date by the relevant exchange or board of trade. Over-the-counter options are valued by a third-party pricing service using techniques that consider factors including the value of the underlying instrument, the volatility of the underlying instrument and the period of time until option expiration. depending on the frequency of trading, listed options are generally classified in Level 1 or 2 of the fair value hierarchy.

The Fund may buy and sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Fund's option transactions, if any, may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

The Fund is exposed to counterparty risk from the potential that a seller of an option contract does not sell or purchase the underlying asset as agreed under the terms of the option contract. The maximum risk of loss from counterparty risk to the Fund is the fair value of the contracts and the premiums paid to purchase its open option contracts. The Fund considers the credit risk of the intermediary counterparties to its option transactions in evaluating potential credit risk.

Foreign Currency Transactions

Investment securities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not isolate the portion of the results of operations resulting from changes in foreign currencies in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arose from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid.

Cash and Cash Equivalents

The Fund considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

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

Income Taxes

The financial statements do not include a provision for income taxes because the Fund is not a taxable entity and its partners are taxed on their respective share of the Fund's earnings.

The Fund is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any tax related appeals or litigation processes, based on the technical merits of the position. The Fund files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states. The Fund is not subject to income tax return examinations by major taxing authorities for years before 2020. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Fund recording a tax liability that reduces net assets. However, the Fund's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Fund 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, 2023.

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 are allocated to all partners in proportion to their relative opening capital balances. At the end of each calendar year, the General Partner will receive a performance allocation equal to 25% of each limited partner's share of net profits for such a year, subject to a "hurdle" rate of 5% of returns each year and a high-watermark. If a limited partner makes a withdrawal of capital at a time other than the end of a calendar year, the General Partner will receive a partial performance allocation at the time of that withdrawal in proportion to the reduction in that partner's capital account balance caused by the withdrawal.

The General Partner received a performance allocation for the year ended December 31, 2023 in the amount of $54,344.

Net losses are allocated to all partners in proportion to their relative opening capital balances. If such allocation 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

Capital contributions may be made as of the first business day of each calendar month or at any other time at the General Partner's discretion. The minimum initial contribution to the Fund is $250,000. Additional contributions may be made in amounts of at least $25,000 for Peterson Investment Fund I, LP and $100,000 for the subsidiary.

NOTE 2 - LIMITED PARTNERSHIP AGREEMENT (concluded)

Capital Contributions and Withdrawals (concluded)

There is one additional share class. We have offered our zero management fee share class on contributions of $2 million and up with quarterly commitments and year end annual redemptions available following a 36 month soft lockup with annual early redemption allowance. Additional details include a 5% hurdle rate, 25% performance fee above the hurdle, and a high watermark provision. K-1 tax documents will be provided each March.

The General Partner, at its sole discretion, may waive the minimum initial contribution amount or the minimum additional contribution amount. Beginning with the twelfth full fiscal quarter after a limited partner's initial capital contribution, a limited partner may, subject to certain conditions, on at least sixty (60) calendar days prior written notice to the General Partner, withdraw all or part of its capital account as of the last day of the calendar quarter. If a limited partner redeems its capital balance prior to the twelfth quarter, the redemption shall be subject to a 3% withdrawal fee. Partial withdrawals must be at least $100,000.

Any of these conditions may be waived by the General Partner in its sole discretion. The General Partner also may suspend the limited partners' withdrawal rights under certain circumstances.

All partner classes are held to the same conditions. Withdrawal payments generally will be made within 30 days after the effective withdrawal date. The retention period generally will not exceed 90 days from the withdrawal request, though the General Partner may extend it until completion of the audit for the fiscal year in which the withdrawal occurs. If a limited partner withdraws more than 90% of its capital account during the year or at year-end, the Fund will distribute 90% of the limited partner's estimated capital balance. The remaining 10% will be distributed after completion of the audit of the Fund for the year in which the withdrawal took place.

NOTE 3 - RELATED PARTIES

The Fund pays a management fee to General Partner equal to 0.225% per quarter in advance (0.9% per annum) of the balance in each limited partner's capital account. Limited Partners who have made a commitment of $2,000,000 can elect to join the zero fee class, where they are not charged management fees. Limited partners who are permitted by the General Partner to contribute capital on a date other than the first day of the quarter are charged a prorated management fee as to that contribution. The General Partner, in its sole discretion may agree to waive or reduce the management fee rate for certain limited partners and may agree with any limited partner to change the fee rate.

The General Partner has agreed to allow a limited number of non-accredited Limited partners to be charged a 2% management fee and not be charged a performance allocation. The Fund incurred management fees of $129,918 for the year ended December 31, 2023.

Certain limited partners are affiliated with the General Partner. The aggregate value of the General Partner's and affiliated limited partners' share of the Fund's capital as of December 31, 2023 was $1,343,137.

NOTE 4 - DUE FROM BROKER

Amounts due from brokers may be restricted to the extent that they serve as deposits for securities sold short. In addition, margin borrowings are collateralized by certain securities and cash balances held by the Fund. The Fund is subject to interest on its margin balances. In the normal course of business, substantially all of the Fund's securities transactions, money balances and securities positions are transacted with Interactive Brokers LLC. At December 31, 2023, the amount due from this broker is $161,106 which is reflected in the statement of financial condition as due from broker.

PETERSON INVESTMENT FUND I, LP
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS

The Fund'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 Fund's policies.

The following table presents information about the Fund's assets and liabilities measured at fair value as of December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Balances as of December 31, 2023
Assets:					
Private investment companies:					
Talas Turkey Value Fund, L.P.	$ -	$ -	$ -	$ 837,683	$ 837,683
Dhandho Holdings, L.P.	-	-	-	382,000	382,000
Dhandho Holdings Qualified Purchaser, L.P.	-	-	-	271,031	271,031
Common stocks:					
Health Care	20,160	-	-	-	20,160
Finance	3,566,600	-	-	-	3,566,600
Industrials	399,870	-	-	-	399,870
Consumer Discretionary	-	2,951,160	-	-	2,951,160
Consumer Cyclical	-	-	-	-	-
Consumer Defense	-	-	-	-	-
Health	-	-	-	-	-
Utilities	-	-	-	-	-
Basic Materials	-	-	-	-	-
Energy	-	-	-	-	-
Communication	-	-	-	-	-
American Depositary Receipt:				-	
Finance	-	3,378,000	-	-	3,378,000
Options:				-	
Technology	4,129,174	-	-	-	4,129,174
Consumer Discretionary	3,891,435	-	-	-	3,891,435
	-	-	-	-	-
Total assets	**$ 12,007,239**	**$ 6,329,160**	**$ -**	**$ 1,490,714**	**$ 19,827,113**
Liabilities:					
Options:					
Health Care	(160)	-	-	-	(160)
Technology	(12,916)	-	-	-	(12,916)
Finance	(120)	-	-	-	(120)
Industrials	(4,870)	-	-	-	(4,870)
Consumer Discretionary	-	-	-	-	-
Total liabilities	**$ (18,066)**	**$ -**	**$ -**	**$ -**	**$ (18,066)**

The Fund did not have any significant transfers between Level 1 and Level 2 during the year ended December 31, 2023.

NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS (continued)

The Fund holds security positions that are in excess of 5% of partners' capital. The following is a schedule of these positions as of December 31, 2023:

	Number of Shares/Contracts	Fair Value	Percentage of Partners' Capital
Investments, at fair value:			
Common stocks:			
Berkshire Hathaway Inc.	10,000	3,566,600	18.92
Daily Journal Cp	8,659	2,951,160	15.65
Options			
Alibaba Group Holding ADR	250	1,071,948	5.69
Alphabet Cl C	400	2,872,595	15.24
American Depositary Receipt:			
Naspers Ltd.	100,000	3,378,000	17.92
Total investments in excess 5% of partners' capital		13,840,303	73.42
Total investments not in excess 5% of partners' capital		5,986,811	31.76
Total investments, at fair value		**$ 19,827,113**	**1.05**

In the normal course of business, the Fund 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 part of an investment. The primary underlying risk of the Fund's derivative activities and exposure to derivative contracts is equity price risk. In addition to this primary underlying risk, the Fund is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contracts.

NOTE 5 - SUPPLEMENTAL DISCLOSURE OF INVESTMENTS (continued)

Volume of Derivative Activities

The Fund considers the notional amounts at December 31, 2023, categorized by primary underlying risk, to be representative of the volume of its derivative activities during the year ended December 31, 2023.

	Long exposure		Short exposure	
Primary underlying risk	Notional amounts	Number of contracts	Notional amounts	Number of contracts
Equity Price				
Options	$ 20,772,830	1,980	$ 5,841,774	1,414

Notional amounts presented are based on the fair value of the underlying shares as if excercised at December 31, 2023.

The following table identifies the fair value amounts of derivative instruments included in the statement of financial condition as derivative contracts, categorized by primary underlying risk, at December 31, 2023.

Primary underlying risk	Derivative assets	Derivative liabilities
Equity Price		
Options	$ 8,020,609	$ 18,066

The following table identifies the realized and unrealized gain and loss amounts included in the statement of operations, categorized by type of contract, for the year ended December 31, 2023.

Primary underlying risk	Derivative assets	Derivative liabilities
Equity Price		
Options	$ 8,020,609	$ 18,066

Primary underlying risk	Realized profit (loss)	Unrealized profit (loss)
Equity Price		
Options	$ 5,952,157 a	$ 2,178,697 b

a The above amount is part of Net realized loss on investments on the Statements of Operations

b The above amount is part of Change in unrealized appreciation of investments on the Statement of Operations

NOTE 6 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS AND CONTINGENCIES

In the normal course of business, the Fund 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 Fund records securities transactions on a trade-date basis and, therefore, is exposed to credit risk in the event that the Fund'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 and options are subject to market and interest rate risk. 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, 2023, all assets and liabilities of the Fund were denominated in United States dollars.

The majority of the securities transactions of the Fund are cleared by one United States registered broker-dealer pursuant to a customer agreement. At December 31 2023, a majority of the investments and due from broker are positions with this broker and the Fund has all its individual counterparty concentration with this broker.

Cash includes cash balances maintained with financial institutions that may exceed FDIC limits. In the event of a financial institution's insolvency, recovery may be limited. At December 31, 2023, the Fund held cash in an FDIC insured account in excess of the FDIC insured limit of $250,000 by $99,505.

The Fund's financial instruments, including cash and cash equivalents, due from broker, subscriptions received in advanced, accrued expenses, dividend/interest payable, other labilities, and due to investors 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.

NOTE 7 - FINANCIAL HIGHLIGHTS

The information presented below represents the financial highlights for the year ended December 31, 2023, applicable to the Fund taken as a whole.

Operating Performance:	
Total return before performance allocation to General Partner	21.88 %
Performance allocation to General Partner	(0.41)
Net return after performance allocation to General Partner	**21.47**
Ratios to Average Net Assets:	
Total expenses	3.00 %
Performance allocation to General Partner	0.30
Total expenses and performance allocation to General Partner	**3.30**
Net investment loss	**(1.67)**

An individual's total return and ratios may vary from these returns and ratios based on the timing of capital transactions and variations in management fees and incentive arrangements from those set forth in the Limited Partnership Agreement.

NOTE 8 - SUBSEQUENT EVENTS

The Fund has performed an evaluation of subsequent events through February 7, 2024, which is the date the financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.

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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.

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

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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.

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