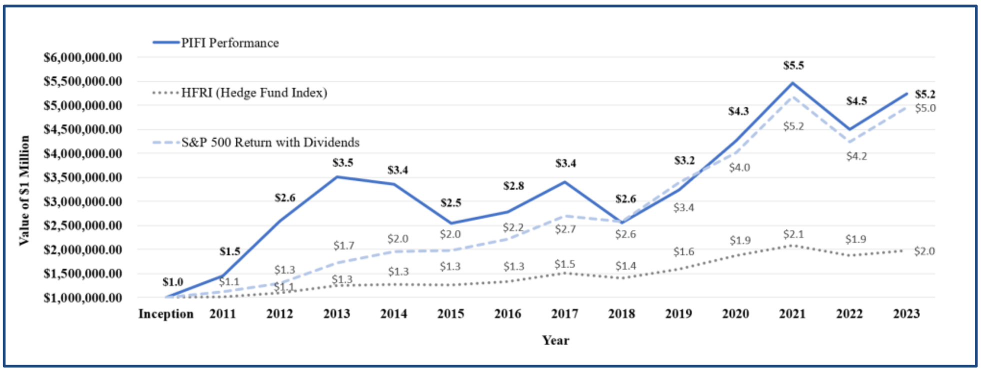
Peterson Investment Fund I

Quarter 2, 2023

"Investors often imagine there are two distinct macro environments: times when the future is clear and times when it isn't. In reality, though, these periods are all pretty much the same."

- Howard Marks

$1 million in PIFI, the Hedge Fund Index, and the S&P 500, including dividends



Period	PIFI Gross Return[1]	S&P 500 Gross Return with Dividends	Hedge Fund Index (HFRI)
2011[2]	45.2%	11.8%	1.9%
2012	78.5%	16.0%	7.4%
2013	35.4%	32.4%	14.3%
2014	(4.4%)	13.7%	1.8%
2015	(24.2%)	1.4%	(1.0%)
2016	9.1%	12.0%	5.5%
2017	22.4%	21.8%	13.2%
2018	(24.9%)	(4.4%)	(7.1%)
2019	27.2%	31.5%	13.9%
2020	31.2%	18.4%	17.4%
2021	28.2%	28.7%	11.7%
2022	(17.7%)	(18.1%)	(10.2%)
YTD 2023	16.5%	16.9%	5.6%
Cumulative	423%	395%	98%
Annualized	15.1%	14.6%	6.0%

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Primary Objectives:

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

Service Providers:

- *Auditors*: Spicer Jeffries
- *Administrators*: Yulish & Associates
- *Compliance*: Gordian Compliance Solutions
- *Legal*: Brill Law
- *Prime Broker*: Interactive Brokers Group
- *Bankers*: Wells Fargo Bank

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[1] Gross returns are represented here before expenses and fees. LP net performance is provided on your Yulish statement and may differ for partners who joined at different times.
[2] Fund inception date was October 1, 2011.

1) Performance and Overview

In U.S. financial markets, a new bull market has begun, with prices ascending over 20% since the depths of October 2022. Markets are not predestined to follow historical trajectories, yet bull markets, historically, have a lifespan of many years, during which they attain new heights with regularity.

Specifically, since the end of the World War II, the average U.S. bull market has lasted approximately 19 quarters, or 4.75 years. Notably, the longest bull market in U.S. history stretched from March 2009 to February 2020, lasting an impressive 11 years. Meanwhile, the shortest bull market, spanning from 1947 to 1948, barely extended beyond a year. Regardless of the ultimate length of this new market trend, we are at the very beginning, and this bodes well for those adding capital to equity markets today.

Bull markets are interrupted by bear markets, periods characterized by a decline in prices of 20% or more. However, a bear market is a relatively infrequent occurrence. This is not the time to sit on the sidelines waiting for lower prices.

Today, media headlines still present fear of inflation, rising interest rates, potential recessions, and the geopolitical challenges between the U.S. and China. Yet, as is often the case, these headlines can and will eventually be replaced by declarations of stocks climbing the "Wall of Worry" and expressing a fear of missing out.

The so-called "Wall of Worry" refers to the regular resilience of the stock market, even amidst adverse economic circumstances, negative investor outlooks, and threatening international events. This reflects basic human economic behavior, a mix of following the crowd, reacting to recent fears, and the drive to increase buying power out of envy.

Those who start investing early in a bull market, position themselves to gain the most. And, with a backdrop of rising prices, the risk of permanent losses are low. As quarters pass, more investors will overcome concerns, increase market exposure, driving stock prices even higher. Eventually, likely years from now, this cycle will end and the investors who buy too late will be taking the biggest risks with the smallest upside. Buying stocks at inflated prices, driven by overconfidence and envy, is certainly a suboptimal strategy. It is very beneficial to be early and patient and our portfolio is extremely well positioned for the quarters and years ahead.

We also find ourselves navigating the intricacies of a market that rewards the selective stock picker. Our unwavering commitment to a long-term, value-oriented strategy remains steadfast, underpinned by a meticulous, bottom-up, fundamental analysis of businesses. The well-governed companies in our portfolio, will continue to accrue value and market share, outpacing their competition and flourishing in the long term.

This is a favorable moment to be invested in equity markets. Cash, in the face of inflation, is depreciating, while commodities, such as gold, have a long history of barely keeping pace with inflation. Bonds, with their fixed claim on future cash, are tethered to a depreciating asset. Few asset classes possess the capacity to absorb inflation and can compound in the way that the inherent value in businesses can through equity markets.

Deploying capital into the rare opportunities that equity markets present today will pave the way for a long trajectory of gains. This is not a moment to be swayed by headlines. It is a time to lead the herd, not follow.

We welcome this new bull market. Our portfolio, with its deliberate concentration, will continue to exhibit quarterly price volatility. However, with our focus on dominant business models, superior management teams, and value-oriented prices, we are exceptionally well-positioned for gains.

Each quarter, this letter is designed to provide updated performance numbers, important announcements, and salient financial details. The Annual Report (available online) provides detailed qualitative commentary, the audit, and a postmortem analysis of exited positions.

We look forward to seeing you at our annual meeting on August 19, 2023.

Performance Highlights:

- Time since inception: 11.75 years
- $1 million is now $5.2 million (423% cumulative return)
- PIFI returned 1.07% in Q2, 16.5% YTD
- S&P 500 returned 8.7% in Q2, 16.9% YTD
- PIFI has achieved a 15.1% annualized return since inception versus 14.6% for the S&P 500

2) Investment Philosophy

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

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

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

Portfolio Characteristics:

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

Core Tenets:

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

3) Operations

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

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

Incentivizing Structure:

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

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

Future Commitments:

Our minimum commitment range for new LPs is $250,000 - $2 million and as little as $25,000 can be added to existing accounts. Accounts over $2 million have zero-management fees.

- Accepting capital from new accredited investors and existing partners quarterly (January, April, July, October)
- Email me for guidance on populating the electronic subscription document (available online)
- Subscription document and capital are required prior to next participation date (Oct 1)

Partner Communication:

We provide detailed communication through quarterly statements, quarterly letters, annual reports, and annual meetings. Review historical letters, public appearances, and legal documentation on our website.

- **Statements:** Quarterly electronic statements are delivered by administrator, Yulish & Associates
- **K-1 Tax Documentation:** March delivery by auditor, Spicer Jefferies
- **Quarterly and Annual Report:** All past letters and reports are available online
- **Audit:** Included with each Annual Report online
- **Annual Meeting:** Scheduled for August 19, 2023 at 5pm Eastern
- **Redemptions:** Zero-Fee Class annually on December 31 and Exception Class quarterly each with 60 days' notice
- **IRA, Trusts, and Qualified Capital:** Some partners use a self-directed provider to participate in the fund. These assets and their returns maintain their tax-advantaged status

Thank you for taking to time to review our quarterly letter. I am honored to work with such an esteemed group of partners and proud of what we are accomplishing together. Thank you for your continued interest, referrals, and support. You are a part of our continued success in accomplishing our mission to provide a world class capital appreciation vehicle that builds enormous wealth for our long-term partners. I appreciate you and look forward to everything we will accomplish.

Warmly,

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

Matthew Peterson, CFA

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

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

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

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

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

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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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