

PETER PARTNERSHIP FUND

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**

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PETER PARTNERSHIP FUND

STATEMENT BY THE MANAGER

In our opinion, the accompanying financial statements of Peter Partnership Fund (the “Trust”) are drawn up in accordance with the Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the financial position of the Trust as at 31 December 2022, and of the financial performance, changes in net assets attributable to unitholders and cash flows of the Trust for the financial year ended 31 December 2022.

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Lim Cheng Teik
Director

8 June 2023

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Tan Shu-Yin
Director

PETER PARTNERSHIP FUND

Trust Information

Registered Office

8 Cross Street
#23-06, Manulife Tower
Singapore 048424

Legal Counsel

Chan & Goh LLP
50 Craig Road
Singapore 089688

Manager

Peter Partnership Limited
Jayla Palace, Wickhams Cay 1
Road Town, Tortola
British Virgin Island

Trustee

Amicorp Trustees (Singapore) Limited
8 Cross Street
#23-06, Manulife Tower
Singapore 048424

Administrator

Intertrust Singapore Corporate Services Pte. Ltd.
77 Robinson Road,
Singapore 068896
(with effect from 1 January 2022)

Prime Broker

Interactive Brokers LLC
Two Pickwick Plaza
Greenwich, CT 06830

Maybank Kim Eng Securities Pte. Ltd.
50 North Canal Road
Singapore 059304

CIMB Securities (Singapore)
CGS-CIMB Securities (Singapore) Pte. Ltd.
50 Raffles Place #01-01,
Singapore Land Tower
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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF PETER PARTNERSHIP FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Peter Partnership Fund (the "Trust") as set out on pages 6 to 25, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Trust as at 31 December 2022 and of the financial performance, changes in net assets attributable to unitholders and cash flows of the Trust for the financial year ended 31 December 2022.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Manager is responsible for the other information. The other information comprises the Statement by the Manager and Trust Information as set out on page 1 and 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF PETER PARTNERSHIP FUND (cont'd)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with FRSs, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Trust's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.



**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
PETER PARTNERSHIP FUND (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Baker Tilly

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Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

8 June 2023

PETER PARTNERSHIP FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	1.1.2022 to 31.12.2022	1.4.2021 to 31.12.2021
		US\$	US\$
Investment (loss)/income			
Net (loss)/gain in fair value on financial assets at fair value through profit or loss	4	(3,195,363)	7,038,194
Net loss on foreign exchange		(518,805)	(450,905)
Dividend income		398,070	285,593
Interest income		11,267	–
Other income		420	3,020
Net investment (loss)/income		(3,304,411)	6,875,902
Expenses			
Administration fee	8	(27,150)	(38,034)
Contract for difference finance charges		–	(4,923)
Trustee fee	7	(20,507)	(11,012)
Interest expense		(64,493)	(7,374)
Transaction cost		(3,014)	(9,499)
Other operating expenses		(16,397)	(17,408)
Total operating expenses		(131,561)	(88,250)
(Loss)/profit before tax		(3,435,972)	6,787,652
Withholding tax		(30,764)	(26,058)
(Loss)/profit after tax and total comprehensive (loss)/income		(3,466,736)	6,761,594
Changes in net assets attributable to unitholders		(3,466,736)	6,761,594

The accompanying notes form an integral part of the financial statements.

PETER PARTNERSHIP FUND**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 US\$	2021 US\$
Assets			
Financial assets at fair value through profit or loss	4	37,850,513	40,265,303
Cash and cash equivalents		31	115,179
Due from brokers	5	500,903	72,610
Other receivables		1,288	2
Total assets		38,352,735	40,453,094
Liabilities			
Due to brokers	5	813,149	288,487
Subscriptions received in advance	6	—	114,698
Administration fee payable	8	12,000	8,603
Other payables		14,583	8,866
Total liabilities (excluding net assets attributable to unitholder)		839,732	420,654
Net assets attributable to unitholder	9	37,513,003	40,032,440
Net asset value per unit			
Elite class (based on 130,255.7759 (2021: 121,950.5276) shares outstanding)		121.7048	133.2831
Ordinary class (based on 1,716,146.9244 (2021: 1,720,310.3858) shares outstanding)		12.6214	13.8222

The accompanying notes form an integral part of the financial statements.

PETER PARTNERSHIP FUND**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Number of units	US\$
At 1 January 2021	1,821,403.3910	33,123,281
Issuance of units	133,447.5602	1,930,243
Redemption of units	(110,324.7518)	(1,782,678)
Conversion from Elite Class	(783.1042)	(100,000)
Conversion to Ordinary Class	7,551.2226	100,000
Equalisation deficit from unitholders	(9,033.4044)	(111,102)
	<hr/> 1,842,260.9134	<hr/> 33,159,744
Equalisation to Manager	—	111,102
	<hr/> 1,842,260.9134	<hr/> 33,270,846
Increase in net assets attributable to unitholders	—	6,761,594
At 31 December 2021	1,842,260.9134	40,032,440
Issuance of units	118,180.3187	1,573,066
Redemption of units	(42,161.0044)	(601,598)
Conversion from Ordinary Class	8,113.7051	1,042,777
Conversion to Elite Class	(78,237.8785)	(1,042,777)
Equalisation deficit from unitholders	(1,753.3540)	(24,169)
	<hr/> 1,846,402.7003	<hr/> 40,979,739
Decrease in net assets attributable to unitholders	—	(3,466,736)
At 31 December 2022	<u>1,846,402.7003</u>	<u>37,513,003</u>

The accompanying notes form an integral part of the financial statements.

PETER PARTNERSHIP FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	1.1.2022 to 31.12.2022	1.4.2021 to 31.12.2021
	US\$	US\$
Cash flows from operating activities		
Changes in net assets attributable to unitholders	(3,466,736)	6,761,594
Adjustments for:		
- Interest expense	64,493	7,374
- Interest income	(11,267)	-
- Dividend income, net of withholding tax	(367,306)	(285,593)
Operating cash flows before working capital changes	<u>(3,780,816)</u>	6,483,375
<i>Changes in operating assets and liabilities:</i>		
- Financial assets at fair value through profit or loss	2,414,790	(5,937,834)
- Other receivables	(395)	48,031
- Due (to)/from brokers	96,369	(1,021,779)
- Administration fee payable	3,397	3,564
- Other payables	6,073	(1,536)
Cash used in operations	<u>(1,260,582)</u>	(426,179)
Interest received	10,376	-
Interest paid	(64,849)	(6,930)
Dividend received	367,306	285,593
Net cash used in operating activities	<u>(947,749)</u>	(147,516)
Cash flows from financing activities		
Proceeds from issuance of units	1,458,368	1,930,243
Payments for redemptions of units	(625,767)	(1,782,678)
Subscriptions received in advance	-	4,722
Net cash generated from financing activities	<u>832,601</u>	152,287
Net (decrease)/increase in cash and cash equivalents	(115,148)	4,771
Cash and cash equivalents at beginning of the financial year/period	<u>115,179</u>	110,408
Cash and cash equivalents at end of the financial year/period	<u>31</u>	115,179

The accompanying notes form an integral part of the financial statements.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

Peter Partnership Fund (the “Trust”) is an open-ended unit trust established under the Trust Law of Singapore on 28 June 2017 by Peter Partnership Limited (the “Manager”) (Company No. 177889), a company incorporated in British Virgin Island and having its registered office at Jayla Palace, Wickhams Cay 1, Road Town, Tortola, British Virgin Island and Amicorp Trustees (Singapore) Limited (the “Trustee”) (Company Registration No. 200517338W), a company incorporated in Singapore and having its registered office at 8 Cross Street, #23-06 Manulife Tower, Singapore 048424. The address of the Trust’s registered office is 8 Cross Street, #23-06 Manulife Tower, Singapore 048424. The Trust has commenced its operations on 28 June 2017.

The Trust seeks to achieve a long-term performance record superior to S&P 500 index on an annualised basis over 3 to 5 years’ time horizon.

There is no guarantee that the Trust will achieve its objective. The Trust may experience negative return and capital investment in the Trust is at risk.

The Trust seeks good long-term financial returns by investing in listed companies that are expected to have a high growth in its operating income while selling at a reasonable price in relation to its income. The Fund will pick stocks without regard to the geographical or sector weightings of indices or competitors, while ensuring diversification and balance.

The Manager may also invest in derivatives like Contract For Difference (“CFD”), which give exposure to Berkshire Hathaway Inc (“BRK”), and may employ the use of margin in the acquisition of such BRK stocks or derivatives. Other than BRK’s Class A and Class B stocks and derivatives, the Manager may not invest more than 40% of Net Asset Value of the Trust in any one single stock.

The Trust may engage in investment strategies that constitute leverage should the Manager consider this necessary or desirable. Such strategies may include the borrowing and short selling of securities and the acquisition and disposal of certain type of derivative securities and instruments.

The maximum level of leverage that the Manager may utilise is three (3) times the Net Asset Value of the Trust.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the Trust have been prepared in accordance with Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of 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 financial period. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no significant judgements and estimates made during the financial year.

The carrying amounts of cash and cash equivalents, due from/(to) brokers, administration fee payable, other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Trust has adopted all the new and revised FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for the current financial year. Changes to the Trust’s accounting policies have been made as required in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Trust.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Trust.

2.2 Foreign currency translation

The measurement and functional currency of the Trust is the United States Dollar (“US\$”) and all financial statements are presented in United States Dollar. Assets and liabilities denominated in currencies other than US\$ are translated into US\$ at the exchange rates ruling at the end of the reporting date. Transactions in foreign currencies are translated into US\$ at the rates prevailing at the date of the transactions. Exchange differences, if any, resulting from translation of investments and translation of other assets and liabilities are presented separately in the profit or loss.

The Trust does not isolate the portion of gains and losses on investments at fair value through profit or loss which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realised and unrealised gains and losses from investments.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Significant accounting policies (cont'd)

2.3 Financial instruments

Classification

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Trust classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss.

The classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Trust classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss ("FVPL") if:

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding;
- b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Trust includes in this category equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

In applying that classification, a financial asset is considered to be held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Trust reclassifies financial assets when, and only when, its business model for managing those assets changes.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Trust includes in this category cash and cash equivalents, other receivables (excluding prepayments) and due from brokers.

Financial liabilities measured at amortised cost

The Trust includes in this category administration fee payable, due to brokers and other payables.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Significant accounting policies (cont'd)

2.3 Financial instruments (cont'd)

Recognition and initial measurement

Financial assets at fair value through profit or loss are recognised initially on the trade date, which is the date that the Trust becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Financial assets at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in profit or loss. Financial assets not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are attributable to their acquisition or issue.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Trust has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Trust measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Trust measures instruments quoted in an active market at the last traded price.

If there is no quoted price in an active market, then the Trust uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without any modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income and expense, are recognised in profit or loss as part of net changes in fair value on financial assets and liabilities at fair value through profit or loss.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Significant accounting policies (cont'd)

2.3 Financial instruments (cont'd)

Impairment

The Trust recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL").

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

If the Trust has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Trust measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Trust recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at Fair Value through Other Comprehensive Income ("FVOCI"), for which the loss allowance is recognised in other comprehensive income, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in such transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Trust enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include securities lending and repurchase transactions.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Significant accounting policies (cont'd)

2.3 Financial instruments (cont'd)

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses on financial instruments at amortised cost.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash held in banks with original maturities of three months or less.

2.5 Taxation

Income tax assets and liabilities for the current financial period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax law used to compute the amount are those that are enacted substantively enacted by the end of the reporting period, in the countries where the Trust operates and generates taxable income.

2.6 Interest income and expense

Interest income/expense from financial assets and liabilities at fair value through profit or loss is recognised in the profit or loss within net changes in fair value on financial assets and liabilities at fair value through profit or loss/other expenses when the Trust's right to receive and payment is established.

2.7 Dividend income

Dividend income from financial assets and liabilities at fair value through profit or loss is recognised in the profit or loss within dividend income when the Trust's right to receive payment is established.

2.8 Redeemable units and net assets attributable to holders of units per unit ("net asset value per unit")

The Trust issues two classes of units, which are Elite Class and Ordinary Class. In Elite Class, Minimum Investment of US\$1,000,000 (or equivalent) and in Ordinary Class, Minimum Investment of US\$100,000 (or equivalent) is required.

Ordinary Class units will be converted to equivalent Elite Class units when the account net asset value ("NAV") reaches US\$1,000,000 or more (or other amount as the manager deemed fit).

Should partial redemption from Elite Class units causes the account NAV to be below US\$1,000,000 (or other amount as the manager deemed fit), the Elite units will be converted to equivalent Ordinary units if the account is below US\$1,000,000 after 6 months from the date of the redemption.

The manager may change the minimum investment amount to qualify for Elite Class units, giving 30 days' notice to the investors. However, this entry requirements will only affect the new Elite Class investors, and not to existing Elite Class investors.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Financial risk management

The Trust's activities expose it to a variety of financial risk, including but not limited to market risk (including price risk, interest rate risk and currency risk), credit risk, liquidity risk and political risk. The Manager is responsible for the implementation of overall risk management programme, which seeks to minimise potential adverse effects on the Trust's financial performance. Specific guidelines on exposures to individual securities and certain industries and/or countries are in place as part of the overall financial risk management to reduce the Trust's risk exposures to these risks.

The financial instruments are held in accordance with the published investment policies of the Trust and managed accordingly to achieve the investment objectives.

3.1 Market risk - Price risk

Price risk is the risk that the value of an investment instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the markets.

The following table lists the Trust's investments in equities by geographical and industrial coverage.

	Fair value US\$	% of the Trust's investment
As at 31 December 2022		
By Geography		
Hong Kong	4,223,615	11.16
Japan	3,370,912	8.91
Cayman Islands	641,215	1.69
United States	29,614,771	78.24
	37,850,513	100.00
By Industry		
E-Commerce/Products	1,229,215	3.24
Apparel Manufacturers	1,264,075	3.34
Computers-Integrated Sys	2,305,777	6.09
Medical-Drugs	653,763	1.73
Real Estate Mgmt/Servic	3,370,912	8.91
Bldg&Construct Prod-Misc	315,666	0.83
Finance-Auto Loans	638,542	1.69
Home Furnishings	435,243	1.15
Internet Content-Entmnt	421,190	1.11
Retail-Auto Parts	20,537,119	54.26
Web Portals/ISP	6,679,011	17.65
	37,850,513	100.00

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Financial risk management (cont'd)

3.1 Market risk - Price risk (cont'd)

	Fair value US\$	% of the Trust's investment
As at 31 December 2021		
By Geography		
Canada	486,666	1.21
Great Britain	1,638,515	4.07
Hong Kong	2,369,084	5.88
Japan	4,796,959	11.91
United States	30,974,079	76.93
	<u>40,265,303</u>	<u>100.00</u>
By Industry		
Communications	3,581,280	8.89
Consumer, Cyclical	16,132,758	40.07
Financial	9,517,267	23.64
Investment funds ("IFs")	7,989,342	19.84
Technology	1,253,162	3.11
Consumer Discretionary	884,514	2.20
Industrials	420,314	1.04
Diversified	486,666	1.21
	<u>40,265,303</u>	<u>100.00</u>

As at 31 December 2022, the Trust had the following investment in equities positions.

	Quantity	Fair value US\$	% of the Trust's investment
As at 31 December 2022			
Equity investment			
Alibaba Group Holding Ltd	58,000	641,215	1.69
CSPC Pharmaceutical Group Lt	622,000	653,763	1.73
Jnby Design Ltd	1,057,000	1,264,075	3.34
Pax Global Technology Ltd	2,665,000	2,305,777	6.09
Open House Group Co Ltd	91,700	3,370,912	8.91
Alphabet Inc-Cl A	75,700	6,679,011	17.65
Amazon.Com Inc	7,000	588,000	1.55
Autozone Inc	2,981	7,351,683	19.42
O'Reilly Automotive Inc	15,622	13,185,437	34.84
Patrick Industries Inc	5,209	315,665	0.83
Credit Acceptance Corp	1,346	638,542	1.69
Meta Platforms Inc-Class A	3,500	421,190	1.11
Sleep Number Corp	16,753	435,243	1.15

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Financial risk management (cont'd)

3.1 Market risk - Price risk (cont'd)

As at 31 December 2021, the Trust had the following investment in equities positions.

	Quantity	Fair value US\$	% of the Trust's investment
As at 31 December 2021			
Equity investment			
Alibaba Group Holding Ltd	58,000	884,514	2.20
Alphabet Inc. - CL A	427	1,237,036	3.07
Amazon.com Inc	350	1,167,019	2.90
Autozone Inc	3,811	7,989,342	19.85
Berkshire Hathaway Inc - Class B1	10,307	3,081,793	7.65
DR Horton Inc	19,142	2,075,950	5.16
JNBY Design Ltd	145,500	231,409	0.57
LGI Homes Inc	19,225	2,969,878	7.38
Meta Platforms Inc - Class A	3,500	1,177,225	2.92
Open House Co Ltd	91,700	4,796,959	11.91
O'reilly Automotive Inc	13,554	9,572,241	23.77
Patrick Inds Inc Cmn	5,209	420,315	1.04
Pax Global Technology Ltd	1,770,000	1,253,161	3.11
Plus500 Ltd	89,000	1,638,515	4.07
Senvest Capital Inc	1,500	486,666	1.21
Sleep Number Corp (US)	16,753	1,283,280	3.19

The table below summarises the sensitivity of the Trust's net assets attributable to unitholders to price movements at the end of the reporting period. The analysis is based on the assumptions that the prices of the investments increased by 5% and decreased by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the prices of investments increased. The impact below arises from the reasonable possible change in the fair value of investments.

	2022 US\$	2021 US\$
Effect on net assets attributable to unitholders		
Increase in price of investments	1,892,526	2,013,265
Decrease in price of investments	(1,892,526)	(2,013,265)

3.2 Market risk - Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All assets and liabilities of the Trust are non-interest bearing.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Financial risk management (cont'd)

3.3 Market risk - Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

To minimise currency risk, the Trust mainly holds its excess cash in its functional currency. To enhance the returns of the Trust from its US\$ exposure, the Manager may seek to establish foreign exchange positions in US\$ vis-a-vis various currencies as may be determined by the Manager from time to time.

The Trust's exposure to fluctuations in foreign currency exchange rates at 31 December 2022 and 31 December 2021 was as follows (expressed in US\$):

	Investments at fair value	
	2022 US\$	2021 US\$
British pounds	—	1,638,515
Canadian dollar	—	486,666
Hong Kong dollar	4,864,830	2,369,084
Japanese yen	3,370,912	4,796,959

Financial assets at fair value through profit or loss, which is a significant item in the statement of financial position, is exposed to currency risk and price risk. The Manager has also considered the impact of currency risk sensitivity on non-monetary assets as part of the price risk sensitivity analysis.

The following table shows the Trust's sensitivity to major foreign currencies exposure with all other variables held constant. Changes in foreign exchange rate are revised annually depending on management's current view of market volatility and other relevant factors.

% change	Effect on net assets attributable to unitholders	
	2022 US\$	2021 US\$
British pounds	10	—
Canadian dollar	10	—
Hong Kong dollar	10	486,483
Japanese yen	10	337,091

3.4 Credit risk

The Trust takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk arises on trading in equity, cash and cash equivalents and credit exposures to brokers arising from outstanding and committed transactions. The Trust is also exposed to the risk that its assets held with the custodian may not be recoverable in the event of default by the custodian.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Financial risk management (cont'd)

3.4 Credit risk (cont'd)

The Trust limits its exposure to credit risk by undertaking transactions with approved and reputable financial institutions. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Trust has received payment. All purchases and sales of securities will carry counterparty risk until the transactions have settled.

The table below analyses the Trust's investments by credit ratings as rated by Standard & Poor's and/or Moody's:

	Percentage of financial assets (%)	S&P's credit rating	Moody's credit rating
31 December 2022			
CIMB Securities (Singapore) Pte Ltd	22	A-	A3
Interactive Brokers	60	A-	NA
Maybank Kim Eng Securities Pte. Ltd.	18	A-	A3
 31 December 2021			
CIMB Securities (Singapore) Pte Ltd	24	A-	Baa1
Interactive Brokers	58	BBB+	NA
Maybank Kim Eng Securities Pte. Ltd.	18	A-	A3

3.5 Liquidity risk

Liquidity risk is the risk of loss arising from the inability of the Trust to meet its obligations as and when they fall due without incurring unacceptable cost or losses.

A lack of liquidity of investments in the portfolio of the Trust may affect the ability of the Trust to generate cash to satisfy redemption requests. In certain exceptional circumstances, the treatment of redemption requests may be postponed.

Maturity analysis for financial liabilities

Financial liabilities of the Trust comprise administration fee payable, amount due to brokers and other payables. These payables have no contractual terms but are typically settled within 30 days. Net assets attributable to participating unitholders are redeemable monthly, subject to restrictions on redemption outlined in Note 9 and in the Trust's offering memorandum.

3.6 Political risk

The Trust is exposed to political risk to the extent that it's Manager, on its behalf and subject to its investment guidelines, trade securities that are listed on various foreign exchanges and markets. The governments in any of these jurisdictions could impose restrictions, regulations or other measures, which may have a material adverse impact on the Trust's investment strategy.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Financial risk management (cont'd)

3.7 Fair value estimation

The Trust classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The following table analyses within the fair value hierarchy the Trust's financial assets measured at fair value at 31 December 2022 and 31 December 2021:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Equity investments	<u>37,850,513</u>	—	—	<u>37,850,513</u>
31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- Equity investments	<u>40,265,303</u>	—	—	<u>40,265,303</u>

The fair value of equity investments is based on quoted market prices in active markets, which are classified within Level 1. The Trust does not adjust the quoted price for these instruments.

The carrying amount of other financial assets and liabilities approximate their fair values as at the statement of financial position date due to the relatively short-term maturity of these financial instruments.

There were no transfers between Levels for the financial year ended 31 December 2022.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Financial assets at fair value through profit or loss

	Fair value US\$	% of Trust's Investment %
2022		
Financial assets at fair value through profit or loss		
- Equity	<u>37,850,513</u>	<u>100.00</u>
2021		
Financial assets at fair value through profit or loss		
- Equity	<u>40,265,303</u>	<u>100.00</u>
	2022 US\$	2021 US\$
Net changes in fair value on financial assets at fair value through profit or loss:		
- Realised gain	3,482,518	2,101,077
- Unrealised (loss)/gain	(6,677,881)	4,937,117
	(3,195,363)	7,038,194

5. Due from/(to) brokers

Due from/(to) brokers include cash collateral held with the brokers to meet the margin requirement for the Trust investment operations, and receivable for securities sold and payable for securities purchased that have been contracted for but not settled or delivered at the end of the reporting date respectively.

6. Subscriptions received in advance

The subscriptions received in advance relate to amounts received from investors to invest in the Trust but pending allotment of units as at 31 December 2021. Subsequent to the financial period end, 6,743.5942 of Ordinary Class units 161.2130 of Elite Class units were issued in respect of the subscriptions received in advance.

7. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

Performance fee

Performance fee is charged by the Manager. The terms of performance fee of the Trust are specified in the Trust Deed and Term Sheet of the Trust.

The Manager is entitled to a performance fee of 16% (for Elite Class units) or 20% (for Ordinary Class units) of the returns in excess of the high watermark plus hurdle rate computed on a monthly basis.

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. Related party transactions (cont'd)

Performance fee (cont'd)

The high watermark of the Trust is defined as the higher of the initial offer price; or adjusted highest net asset value per unit of such Class on which a performance fee was paid on the last day of any previous calculation period or the previous month's high water mark plus hurdle rate. The hurdle rate is 6% annualised.

There are no performance fee and performance fee payable for the financial year/period ended 31 December 2022 and 31 December 2021.

Trustee fee

The Trustee shall be paid an annual fee for the provision of their services in accordance with the Trust Deed.

Total trustee fees for the financial year ended 31 December 2022 amounted to US\$20,507 (2021: US\$11,012). There is no fee payable to the trustee as at 31 December 2022 and 31 December 2021.

Related party shareholdings

As at 31 December 2022, the Manager and directors of the Manager including their close family members holds 44,653.3850 Elite Class units and 42,575.1172 Ordinary Class units (2021: 44,886.7286 Elite Class units and 43,748.1192 Ordinary Class units) in the Trust.

8. Other key contracts

Administration fee

With effect from 1 January 2022, the Trust appointed Intertrust Fund Services (Singapore) Pte Ltd to act as Administrator. Intertrust Fund Services (Singapore) Pte Ltd will be entitled to a fee in respect of the portfolio accounting at a minimum fee of US\$2,000 per month (i.e. US\$24,000 per annum) in respect of the Trust or the below annual fee as set out in the table, whichever is greater.

The portfolio administration fee (monthly valuation) is as follows:

<u>Assets Under Management</u>	<u>Fee</u>
First US\$50 million	5.5 bps per annum
Next US\$50 million	4 bps per annum
Thereafter	3.5 bps per annum

Total administration fees for the financial year ended 31 December 2022 amounted to US\$27,150 (2021: US\$38,034). As at 31 December 2022, total administration fee payable is US\$12,000 (2021: US\$8,603).

PETER PARTNERSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Unit transactions

The Trust is authorised to issue one or more classes of unit. The Trust initially issue two classes of units, namely Elite Class and Ordinary Class. Each of this class is not a separate and distinct trust from the other. The Trust may issue fractional units so that subscription funds may be fully invested.

1) Elite Class units:

Elite Class units are available to all investors who invest in (and continue to hold) units with a purchase price of a minimum of US\$1,000,000 (or equivalent).

2) Ordinary Class units:

Ordinary Class units are available to all investors who invest in (and continue to hold) units with a purchase price of a minimum of US\$100,000 (or equivalent).

Elite Class units and Ordinary Class units are initially offered at a price of US\$100 and US\$10 respectively. Thereafter classes of units will be offered at a price equal to their net assets value per unit on the relevant valuation date. Subscriptions and redemptions will be processed as of the first business day of each calendar month and such other days as the Manager, in its sole discretion, may permit provided that a fully completed subscription agreement and funds are processed within 15 business days.

Classes of units may be subscribed and redeemed at their net asset value per unit for the applicable classes of a units on any valuation date, provided that the request for subscriptions and redemptions are submitted at least five business days prior to the dealing day. Requests to issuance and redemption of units that are received on less than five-day prior to the dealing date will, unless waived by the Manager, be redeemed on the next valuation date.

Classes of unit may be converted from one class unit to other class unit. Ordinary Class units will be converted to Elite Class units when the Ordinary Class unit NAV held by a unitholder reach US\$1,000,000 or more (or other amount as the manager deemed fit). Similarly, Elite Class units held by a unitholder will be converted to equivalent Ordinary Class units if his Elite Class unit NAV holdings drop below US\$1,000,000 due to partial redemption of units, after 6 months from the date of the redemption. The manager may change the minimum investment requirement amount of the Elite Class units giving 30 days notice to the investors. However, this entry requirement will only affect the new Elite class investor and not to the existing one.

The movements in Elite Class units and Ordinary Class units are as follows:

	No. of participating units	US\$
Elite Class		
At 1 January 2021	122,933.0736	13,615,183
Issued	2,300.0156	283,676
Equalisation deficit from unitholders	(12,3710)	(1,491)
Conversion to Ordinary Class	(783.1042)	(100,000)
Redeemed	(2,487.0864)	(310,479)
Equalisation to Manager	—	1,491
Increase in net assets attributable to unitholders	—	2,765,570
At 31 December 2021	121,950.5276	16,253,950
Issued	833.8157	105,135
Conversion from Ordinary Class	8,113.7051	1,042,777
Redeemed	(642.2725)	(77,307)
Decrease in net assets attributable to unitholders	—	(1,471,801)
At 31 December 2022	130,255.7759	15,852,754

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Unit transactions (cont'd)

The movements in Elite Class units and Ordinary Class units are as follows (cont'd):

	No. of participating units	US\$
<u>Ordinary Class</u>		
At 1 January 2021	1,698,470.3174	19,508,098
Issued	131,147.5446	1,646,567
Equalisation deficit from unitholders	(9,021.0334)	(109,611)
Conversion from Elite Class	7,551.2226	100,000
Redeemed	(107,837.6654)	(1,472,199)
Equalisation to Manager	–	109,611
Increase in net assets attributable to unitholders	–	3,996,024
At 31 December 2021	1,720,310.3858	23,778,490
Issued	117,346.5030	1,467,931
Equalisation deficit from unitholders	(1,753.3540)	(24,169)
Conversion to Elite Class	(78,237.8785)	(1,042,777)
Redeemed	(41,518.7319)	(524,291)
Decrease in net assets attributable to unitholders	–	(1,994,935)
At 31 December 2022	1,716,146.9244	21,660,249

10. Subsequent events

Based on the most recent available net asset value summary prepared by the Trust's administrator, the Trust had received subscriptions of US\$523,277, redemptions for US\$335,300 for the financial period from 1 January 2023 to 30 April 2023.

11. Comparative figures

In the previous financial period, the Company changed its financial year end from 31 March to 31 December.

The previous financial statements covered the financial period from 1 April 2021 to 31 December 2021 whereas this set of financial statements cover the financial year from 1 January 2022 to 31 December 2022. As such, the statement of comprehensive income, statement of cash flows, statement of changes in net assets attributable to unitholders and related notes for current financial year and previous financial period are not comparable.

12. Approval of financial statements

The financial statements were approved and authorised for issue by the Manager on 8 June 2023.