

Peter Partnership Fund's (PPF) return vs. benchmarks

Year (ending 31st December)	Peter Partnership Fund *	in Per-Share Market Value of BRK Class B	in S&P 500 with Dividends Included
Fund inception to 2017 **	10.6%	9.4%	8.8%
2018	8.2%	3.0%	-4.4%
2019	34.5%	10.9%	31.5%
2020	-39.7%	2.4%	18.4%
2021	42.4%	29.0%	28.7%
2022	-8.7%	3.3%	-18.1%
2023	4.6%	15.5%	26.3%
2024	-15.8%	27.1%	25.0%
2025	22.6%	10.9%	17.9%
Compounded Annual Gain	3.8%	13.0%	14.9%
Overall Gain	36.3%	177.4%	217.8%

* All returns refer to the Ordinary Units of Peter Partnership Fund. Due to lower performance fees for the Elite Units, the returns from Elite Units would be equal or higher than the Ordinary units during the same period.

** From inception of our fund at end of August 2017, giving it 4 months instead of the usual 12 months.

Peter Partnership's composite results of all managed accounts during the period before our fund's inception vs. selected benchmark.

Year (ending 31 st December)	Peter Partnership (after fees) (in USD)	Benchmark ¹ (in USD)	Difference
From 31 st March 2008	-21.1%	-32.4%	11.30%
2009	64.5%	49.9%	14.60%
2010	56.2%	36.0%	20.20%
2011	-0.9%	1.0%	-1.90%
2012	29.5%	17.4%	12.10%
2013	12.5%	5.9%	6.60%
2014	15.1%	13.5%	1.60%
2015	-18.6%	1.2%	-19.80%
2016	47.0%	12.0%	35.00%
2017	21.6%	21.1%	0.50%
Compounded Annual Gain	17.7%	10.7%	
Overall Gain	390.2%	169.6%	

¹ KLCI + 3% a year from Inception until year 2013. S&P 500 Total Return Index thereafter.

Peter Partnership Fund 2025 annual letter

To the investors of Peter Partnership Fund:

Thank you for your patience and continued support for our fund and me. My wife tells me that I have the best job in the world, and I couldn't agree more.

Our fund's change percentage wise during the last 12 months (from 1st Jan 2025 to 31st December 2025) was 22.6%. During the same period, Berkshire Hathaway's Class B (BRK.B) stock gained 10.9% while the S&P 500 (with dividends included) gained 17.9%. Over the last 7.3 years, our fund's ordinary class NAV has increased from \$ 10.00 to \$ 13.63, a rate of 3.8% compounded annually.

In my 2022 annual letter, I split our fund's performance in 3 parts, namely a) Before Covid-19 Pandemic, b) The 3 months of 2020 Stock Market Crash, and c) After the 2020 Stock Market Crash). The full letter can be found [here](#). In this letter, I will continue to update the performance after the 2020 Stock Market Crash.

Performance of our fund after 2020 stock market crash (31st March 2020 till 31st December 2025, 5.7 years)

Year (ending 31st December)	Peter Partnership Fund *	in Per-Share Market Value of BRK Class B	in S&P 500 with Dividends Included	In S&P 500 equal weighted Index (with Dividends Included)
From 31st March 2020	55.3%	26.8%	47.3%	51.6%
2021	42.4%	29.0%	28.7%	27.5%
2022	-8.7%	3.3%	-18.1%	-13.1%
2023	4.6%	15.5%	26.3%	11.6%
2024	-15.8%	27.1%	25.0%	10.9%
2025	22.6%	10.9%	17.9%	9.3%
Compounded Annual Gain	14.5%	19.2%	20.3%	15.3%
Overall Gain	118.0%	174.9%	188.9%	127.1%

After the 2020 stock market crash, our fund gained 118% in 5.7 years, or 14.5% annualised return. During the same period, BRK.B and S&P 500 with dividends included earned 174.9% and 188.9%, or an annualised return of 19.2% and 20.3% respectively.

On performance of S&P 500

It's been a remarkable run for the S&P 500 Index (the "Index"), and 2025 was no exception. After surging 26.3% in 2023 and 25.0% in 2024, the Index followed up with a total return of 17.9% in 2025—capping three consecutive years of exceptional performance.

Two of the Magnificent 7 stocks earned outsized returns, namely Alphabet and Nvidia earns 61.7% and 35.3% respectively for the year 2025 (while the other 5 earned between 2.5% to 12.6%). Due to their behemoth size, both stocks contributed nearly 3/10 of S&P 500's 2025 returns. [Source](#)

Our fund owned both Alphabet and Nvidia. However, our fund did not earn the full returns because I trimmed our position from time to time as the valuation rises during the year of 2025. At current valuation, I don't see much margin of safety for these two stocks.

In 2023, only 26.9% of stocks outperformed the S&P 500 Index, making it the narrowest market since at least 1995. The trend continued in 2024, with just 27.7% of stocks beating the Index—marking the second narrowest year in nearly three decades. Such extreme concentration hasn't been seen since 1998 and 1999. However, after that period in the late '90s, the market broadened out significantly over the following years. In 2025, 30.5% of members outperformed the overall Index. A little better, but still the fourth narrowest year since 1995. [Source](#)

Right now, the S&P 500 is more top-heavy than at any point in modern history, with the top 10 mega-cap stocks accounting for roughly 40% of the entire index's market value, while the bottom 450 companies combined contribute only a few percentage points. This extreme concentration means the index no longer represents the "broad U.S. economy" the way it once did. Instead, it behaves more like a tech/AI-driven mega-cap portfolio dominated by Nvidia, Apple, Alphabet, Microsoft, Amazon, Meta and a few others. As a result, the performance of hundreds of smaller constituents barely moves the needle, making S&P 500 returns disproportionately dependent on the fate of a tiny group of giants.

As the S&P 500 gets higher and higher, I'm getting more and more fearful because (1) The top 10 largest companies in US currently represents more than 40% of the entire index, which is more than the concentration during the peak of dot-com bubble and also during nifty-fifty and (2) Open-AI (the owner of ChatGPT) have spent tens of billions of dollars so far and target to spends a few hundred billion dollars more over the next few years to a few big tech giants like Nvidia, Amazon, Broadcom, etc. And the thing is, they are yet to be profitable. In fact, Internal OpenAI documents predict the AI specialist is set to bleed fully \$14 billion in losses for 2026 according to a new report. It's also claimed that OpenAI will continue to make huge losses totalling \$44 billion until 2029. [Source](#). With capital spending of tens to hundreds of billions of dollars, I'm not sure if they can ever be profitable. All I know, is at the end of the day, this musical chair funding will eventually stop if they can't get back their money. After all, which company would continue to lend/give tens or hundreds of billions to a company that continually bleed cash? Perhaps that's why Berkshire is sitting on close to \$400 Billion in cash, which is highest both in amount and as a percentage of the company's net worth (or book value, which is the same thing). [Source](#)

Having said the above, I am not predicting the stock market's direction as I have no idea where the stock market's direction will be in the short or medium term. However, I simply aim to be prepared, invest less in such companies above, and more in companies that have much more predictable earnings (like Visa, Mastercard and Berkshire).

An alternative to S&P 500 index is the S&P 500® Equal Weight Index. It is the equal-weight version of the widely used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at

each quarterly rebalance. Last year, the equal weighted index gained 9.3%, which shows that large gains come from a few big tech-AI giants. I've added the yearly returns of equal weighted index (since pandemic) to the above table for your reference and comparison.

Our portfolio

The table on the last page shows our fund's portfolio as of 31st December 2025.

Description	Listed in	Revenue from Countries	Market Value (in USD '000)	Market Value as a % of NAV
Visa Inc - CI A	US	US (39%)	\$3,846.59	10.5%
Mastercard Inc - A	US	US (30%)	\$3,315.10	9.1%
Evolution Gaming Group AB	Sweden	Asia (37%), Europe (36%), North America (15%)	\$2,561.17	7.0%
MSCI Inc	US	US (41%), EMEA (22%), UK (17%)	\$1,663.24	4.5%
Meta Platforms Inc - CI A	US	US & Canada (29%), US (27%), Asia (20%), Europe (17%)	\$1,554.51	4.2%
Jet2 Plc	UK	UK	\$913.03	2.5%
Pacific Current Group Ltd	Australia	US (98%)	\$777.41	2.1%
Arch Capital Group Ltd	US	North America	\$763.52	2.1%
Halyk Savings Bank Gdr	UK	Kazakhstan	\$633.44	1.7%
Jsc Kaspi Kz Gdr	UK	Kazakhstan	\$472.37	1.3%
Corpay Inc	US	US (65%), Brazil (18%), UK (17%)	\$358.11	1.0%
Nvidia Corp	US	US (47%), Singapore (18%), Taiwan (16%), China+Hong Kong (13%)	\$320.03	0.9%
Kinsale Capital Group Inc	US	US	\$255.01	0.7%
Oriental Kopi Holdings Bhd	Malaysia	Malaysia (90%)	\$243.91	0.7%
Adobe Systems Inc	US	US (59%), EMEA (26%), APAC (14%)	\$214.89	0.6%
Betsson Ab	Sweden	CEECA (43%), Latin America (23%), Western Europe (17%), Nordics incl. Sweden & Denmark (16%)	\$160.36	0.4%
Tatton Asset Management Plc	UK	UK	\$123.45	0.3%
Cash & Others			\$18,438.15	50.4%
TOTAL			\$36,614.30	100.0%

Note: EMEA stands for Europe, Middle East, and Africa, while APAC stands for Asia Pacific.

The largest contributor of returns last year is Virtual Gaming Worlds, a private company in Australia (though its main revenue is in US). The company was privatised somewhere in July 2025 at about 6 times earnings, which I think is fair value, which I've tendered all our shares. This single stock earns about 100% during the 7 months period last year and it contributes more than 40% of our returns last year while utilising less than 10% of our fund's capital.

Evolution AB continues to be a drag to our portfolio, as the company's revenue growth rates continue to decline (and for the first time in the company's 11-year history), records negative growth in the 2 quarters ending 2025. The stock dropped 12% last year (in USD terms with dividends included), but since I gradually trimmed our positions from 29.3% to 7% of our fund portfolio, the impact to our portfolio is reduced.

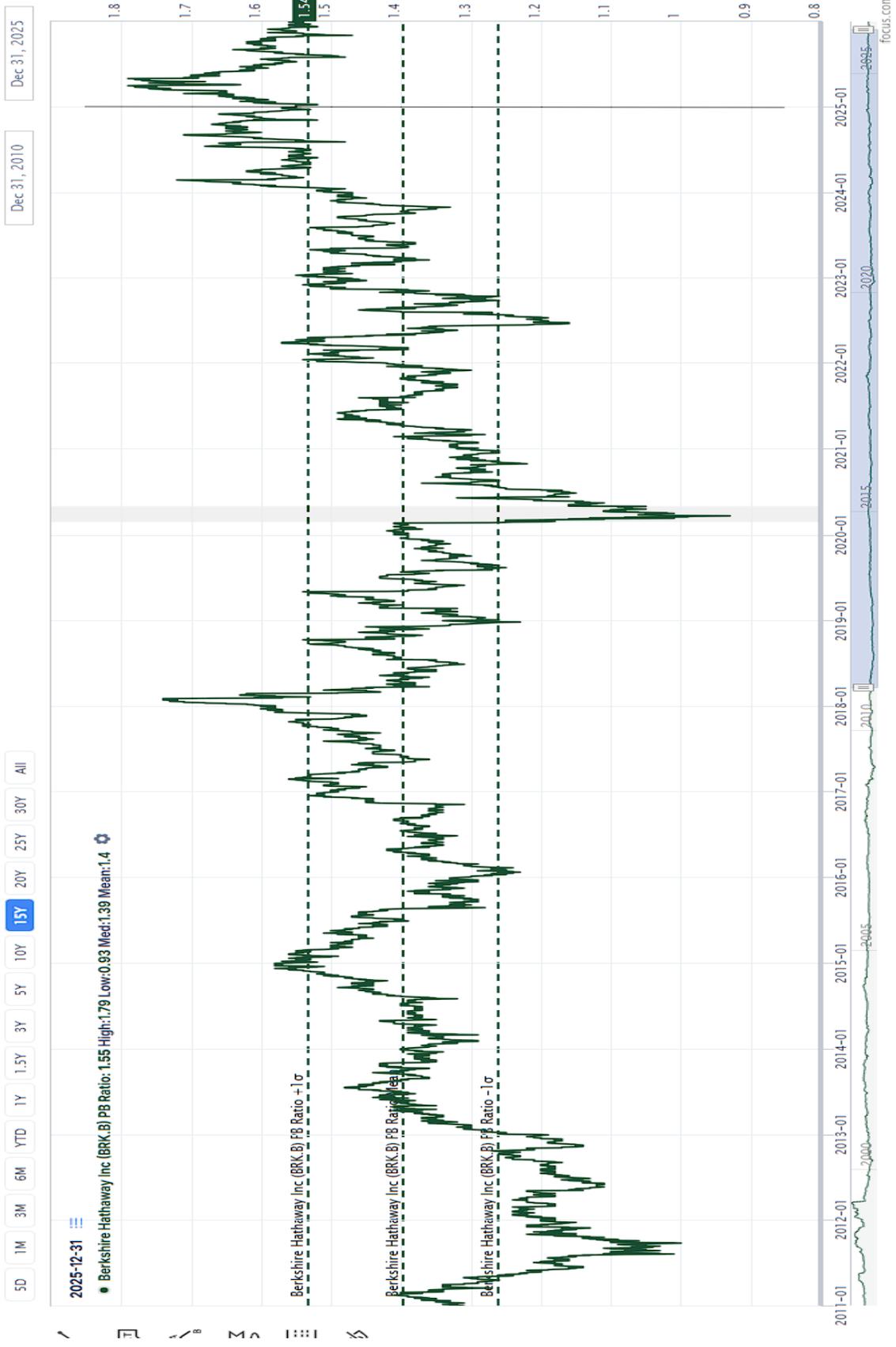
It's not easy to sell a losing position emotionally. But the market doesn't care about our emotions or our cost price. What's important in decision making is the (market) Price vs. (intrinsic) Value (or what it is worth). Later in this letter, I will explain why cost is not included in our report. Moving forward, the fund will invest not more than 10% in a single company to reduce the downside impact of an individual stock to the overall portfolio, other than Berkshire, Visa and Mastercard.

As of 31st December 2025, the fund's largest holdings are not Visa and Mastercard. It is Cash, which represents slightly more than 50% of the fund's value. Our fund is on positive cash position since second half of last year and fluctuates between 10% to 40% of the fund's value. It took me more than 20 years of my investing career to understand that it is ok to have cash in the fund from time to time. Back then, I always thought cash is a drag to performance (which is true), but having cash allows us to deploy when there's opportunities and not simply settle for lesser quality companies. The key is not keeping cash for the sake of keeping cash but having the conviction to put it to invest when opportunities come.

Luckily, the fund did use the cash to invest from time to time, especially in Berkshire (where the fund can invest big amounts at the right valuation). One example is when Berkshire reported its Q3 results on 1st November last year. The stock price opened at a lower price (while the company's net worth increases), which makes the stock selling at slightly below 1.5 times its book value. I invested around 25% of our fund's NAV when the market opens, and should the price drop further, I will buy more. Sadly, Berkshire's stock price rises over the next few days, and I sold off our position due to valuation (currently I set 1.54 times its book value which I will exit Berkshire entirely). The nett gain during that one week earns us 1% of our fund's NAV. Measured on time horizon and capital deployed, it is a high return, but should Berkshire's valuation continue to stay high, our fund's cash holdings will be a drag to our performance.

Berkshire continues to be priced on the high end compared to its book value most of the time last year. Due to this, our fund hardly invests in Berkshire last year (other than one or two short periods). See the graph on the next page which shows Berkshire's P/B ratio in the last 15 years. Both its stock price and its P/B peaked just before Buffett's retirement announcement on 3rd May 2025. Since then, Berkshire's stock price (and its P/B) have dropped, which will provide opportunity for us to own Berkshire (at a more reasonable valuation). As of this writing (Feb 2026), we've managed to deploy our cash meaningfully to my 3 favourite holdings, namely Visa, Mastercard and Berkshire.

One of the nicest things about owning these 3 companies, is that I'm happy if the stock price of these companies dropped, as that would mean I get to buy more of these company's shares at a cheaper price. I'm also happy if these company's stock price rises, as that would mean I would realise my gains by trimming my holdings partially. The only times I would not be happy, is when these company report that they are earning less than the previous year, which is not something that happens often.



Berkshire's historical stock price in relation to its book value (P/B) in the last 15 years.

The vertical line on the right refers to the year starting 2025.

Reason why cost is not shown in the Portfolio table

Some of my investors might wonder why cost (the fund's purchase cost for each investment) is not shown in the table. Below is my reasoning:

1) It might anchor us towards that to decide whether to buy or to sell

Back in my early years of investing, I do keep track of the cost for each stock. And I noticed that whenever I need to sell a stock for something else, I tend to choose the ones that shows gains rather than losses. This makes me tends to sell winners too fast while holding losers too long in the portfolio. Peter Lynch (one of the greatest investors in the world) called this "Selling your winners and holding your losers is like cutting the flowers and watering the weeds." [Source](#) . Since then, I've removed cost from my spreadsheet and never looked at it for decision making. What matters is Its Price I can get if I sell it now, vs what it is worth.

2) Not meaningful figure in decision making

Imagine if the fund invested in NVIDIA with a cost of \$10 per share, and now the market value is \$180 per share. The cost of \$10 per share is economically irrelevant today. When investor top-up or redeem their investments tomorrow, it is based on value of \$180, and not \$10 per share. Professional investors think in terms of opportunity cost "If I had the cash today, would I buy at this current price?". The historical cost doesn't answer that question.

3) Funds constantly trade

Our fund buys more shares if its valuation becomes cheaper (which in the short term, means its stock price becomes cheaper), and trims that position if its valuation becomes more expensive. Imagine if our fund buys 100 shares of ABC company at \$10 per share, and the following week, buys another 100 shares at \$5 per share, and the week after that, sells 100 shares at \$8 per share. Now, do we record the sale as a loss of \$2 per share or do we record it as profit of \$3 per share? The truth it, it doesn't matter because (1) there is no tax on capital gains/loss, and (2) What matters is not cost (or how cost is counted for multiple purchase/sale over the period), but its market value of our holdings currently vs what it is worth.

4) Showing cost can distort perception

Example:

Stock	Cost	Market Value	Gain
A	\$500k	\$1 Million	+100%
B	\$900k	\$1 Million	+11%

Both are worth \$1 Million today. Economically, they contribute equally to portfolio risk. Psychologically, investors may think Stock A is "safer" because it has a large gain. But that is a sunk cost fallacy.

5) It didn't show the time invested, annualised return as well as dividends

Using example of Stock A and B above, Stock A might have been bought 30 years ago (and hence much, much lower cost), while Stock B might have been bought just recently. Also, if dividends aren't included in the cost, it can show our cost as a "loss" when compared to the

market value of our holdings. One example is our holdings in Virtual Gaming World. Back on 31st December 2024, our cost is higher than the market price. This would show as if we have lost money, but it is misleading because we receive huge dividends during the year. If include dividends, it would be profitable. And if we record dividends as reduction of capital, our capital will shrink over time, and in the long run, the profits percentage would look enormously high when measured against our much smaller capital.

Final words

Although we start off 2026 with more than 50% of the fund's money "sleeping", but market have presented us opportunities to increase our holdings in my 3 favourite holdings (Visa, Mastercard and Berkshire) and a few other smaller positions. And when we own these companies, I feel comfortable to buy more should the price of these companies dropped further.

Though I can't promise results, but I can promise you that my wife and I will continue to invest virtually all our net worth in this fund alongside you. It is our only vehicle for investments and will continue to do so into the foreseeable future. Not only we eat our own cooking, but our cooking is the only one we eat.

As ever, it is an absolute pleasure running this fund. I thank you for the opportunity to do so under my own autonomy and for your patience and confidence in me.

Thank you.

28th February 2026

Peter Lim
Fund Manager
Peter Partnership Fund