

CUTLER INVESTMENT FUND, L.P.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

CUTLER INVESTMENT FUND, L.P.

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Independent Auditor's Report

To the Partners of Cutler Investment Fund, L.P.:

Opinion

We have audited the financial statements of Cutler Investment Fund, L.P. (the "Partnership"), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 2024, 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 Partnership as of December 31, 2024, and the results of its operations, changes in partners' capital, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership 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 Partnership's ability to continue as a going concern for a period of within one year after the date the financial statements are available to be issued.

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 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 Partnership'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 Partnership'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.

Wolf & Company, P.C.
Boston, Massachusetts
April 14, 2025

CUTLER INVESTMENT FUND, L.P.
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2024

ASSETS

Assets:

Investments in securities, at fair value (cost \$52,634,007)	\$ 62,933,985
Cash and cash equivalents	505,792
Accrued interest and dividends receivable	<u>137,281</u>
Total assets	<u>\$ 63,577,058</u>

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:

Due to brokers	\$ 1,826,460
Capital withdrawals payable	312,778
Management fees payable	50,972
Accrued expenses	<u>68,776</u>
Total liabilities	2,258,986

Partners' capital: 61,318,072

Total liabilities and partners' capital \$ 63,577,058

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

CUTLER INVESTMENT FUND, L.P.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2024

Investment Income:		
Interest	\$ 139,443	
Dividends (net of withholding taxes of \$26,471)	2,070,355	
Other income	<u>8,607</u>	
Investment Income	<u>2,218,405</u>	
Expenses:		
Management fees	207,261	
Interest expense	57,837	
Administrative fee	68,990	
Professional fees and other	<u>64,058</u>	
Total expenses	<u>398,146</u>	
Net investment income		\$ 1,820,259
Net realized loss and net change in unrealized appreciation / (depreciation) on investments:		
Net realized loss on securities	(2,004,598)	
Net realized loss on derivative contracts	(10,618)	
Net change in unrealized appreciation / (depreciation) on securities	4,540,103	
Total net realized loss and net change in unrealized appreciation / (depreciation) on investments		<u>2,524,887</u>
Net Increase in Partners' Capital Resulting From Operations		<u>\$4,345,146</u>

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

CUTLER INVESTMENT FUND, L.P.
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
YEAR ENDED DECEMBER 31, 2024

	<u>General Partner's Capital</u>	<u>Limited Partners' Capital</u>	<u>Total Partners' Capital</u>
Beginning balance - December 31, 2023	\$ 1,392,899	\$ 60,215,904	\$ 61,608,803
Withdrawals from partners' capital	-	(4,635,877)	(4,635,877)
Net increase in partners' capital resulting from operations	110,243	4,234,903	4,345,146
Incentive allocation	<u>52,201</u>	<u>(52,201)</u>	<u>-</u>
Ending balance - December 31, 2024	<u>\$ 1,555,343</u>	<u>\$ 59,762,729</u>	<u>\$ 61,318,072</u>

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

CUTLER INVESTMENT FUND, L.P.
CONDENSED SCHEDULE OF INVESTMENTS (concluded)
DECEMBER 31, 2024

<u>Par Value (\$)</u>	<u>Fair Value</u>	<u>% of Partners' Capital</u>
Convertible Bonds		
United States REIT		
\$3,604,000 CTO Realty Growth Inc., 3.88%, due on 4/15/2025	\$ 4,986,134	8.1%
Pharmaceuticals	1,959,450	3.2
Insurance	693,900	1.1
Automobiles	580,200	1.0
Electric Utilities	130,844	0.2
Total Convertible Bonds (cost \$6,658,304)	<u><u>8,350,528</u></u>	<u><u>13.6</u></u>
Real Estate Investment Trust		
United States Real Estate (cost \$3,308,609)	<u><u>3,006,630</u></u>	<u><u>4.9</u></u>
Preferred Stocks		
United States REIT	1,940,320	3.2
Household Durables	-	0.0
Total Preferred Stocks (cost \$1,583,071)	<u><u>1,940,320</u></u>	<u><u>3.2</u></u>
American Depositary Receipt		
Netherlands Oil, Gas & Consumable Fuels (cost \$1,683,374)	<u><u>1,879,500</u></u>	<u><u>3.1</u></u>
Exchange Traded Fund		
United States Exchange Traded Fund (cost \$1,351,503)	<u><u>1,692,640</u></u>	<u><u>2.8</u></u>
Convertible Preferred Stock		
United States REIT (cost \$951,626)	<u><u>936,000</u></u>	<u><u>1.5</u></u>
Total Investments in Securities, at Fair Value (cost \$52,634,007)	<u><u>\$ 62,933,985</u></u>	<u><u>102.6%</u></u>

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

CUTLER INVESTMENT FUND, L.P.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

Cash Flows From Operating Activities:	
Net increase in Partners' Capital Resulting From Operations	\$ 4,345,146
Adjustments to reconcile net increase in partners' capital resulting from operations to net cash provided by operating activities:	
Net realized loss on securities	2,004,598
Net realized loss on derivative contracts	10,618
Net change in unrealized (appreciation) / depreciation on securities	(4,540,103)
Amortization of premiums and accretion of discounts on investments in securities, net	88,103
Purchases of investments in securities	(5,031,362)
Proceeds from sales of investments in securities	4,070,953
Proceeds from securities sold short	1,046,448
Payments to cover securities sold short	(1,001,847)
Payments to cover derivative contracts sold short	(327,198)
Proceeds from sales of derivative contracts sold short	316,580
(Increase) decrease in assets:	
Due from brokers	2,286,136
Accrued interest and dividends receivable	29,557
Increase (decrease) in liabilities:	
Due to brokers	1,826,460
Management fee payable	(1,819)
Accrued expenses	<u>10,365</u>
Net cash provided by operating activities	<u>5,132,635</u>
Cash Flows From Financing Activities:	
Capital withdrawals, net of change in capital withdrawals payable	<u>(4,634,431)</u>
Net cash used in financing activities	<u>(4,634,431)</u>
Change in cash and cash equivalents	498,204
Cash and cash equivalents - beginning	<u>\$ 7,588</u>
Cash and cash equivalents - ending	<u>\$ 505,792</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for:

Interest	<u>\$ 57,837</u>
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The accompanying notes are an integral part of the financial statements.

CUTLER INVESTMENT FUND, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(1) ORGANIZATION AND NATURE OF THE BUSINESS

Description of Business:

Cutler Investment Fund, L.P. (the Partnership), a Delaware Limited Partnership, was formed pursuant to the Agreement of the Limited Partnership (the Agreement) and commenced operations on April 1, 2004. The purpose and business of the Partnership is to operate as an investment fund with the General Partner (GP) directing the investments. The Partnership's activities are managed by Cutler Capital Management, LLC (the General Partner), a Massachusetts limited liability company.

The investment objective of the Partnership is to provide its partners with competitive, equity-like risk-adjusted returns through capital appreciation and current income. The Partnership expects to invest primarily in a diversified portfolio of common stocks and securities that are convertible into common stocks and issued by both U.S. and foreign companies. These convertible securities are typically either debt securities or preferred stocks that can be exchanged for common stock. As part of its investment strategy, the Partnership may have concentrated exposure to real estate investment trusts (REITs) and/or financial service sectors. The Partnership may invest in other types of securities, including investing directly in debt securities and common stocks, particularly dividend paying stocks, and may use a variety of investment techniques to generate profit and/or control risk, including convertible arbitrage and short selling.

Effective November 1, 2012, February 1, 2015, and April 30, 2019, the Agreement was amended and restated to reflect current practices, requirements, and regulations.

The term of the Partnership shall continue indefinitely until terminated in accordance with the Agreement. Under the Agreement, the Partnership may be terminated at the election of the General Partner.

Management and Operation of the Partnership:

Pursuant to the Agreement, the GP has exclusive management and control of the business affairs of the Partnership. The GP receives a management fee for the management and operation of the Partnership and an incentive allocation based upon investment performance (Note 8).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as detailed in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification. The Partnership is an investment company and follows the accounting and reporting guidance in FASB Topic 946.

Cash and Cash Equivalents:

Cash and cash equivalents consists of cash held at the broker financial institution. Interest is earned based on daily account balances. The Partnership, at times, maintains cash balances with the broker financial institution in excess of insured limits.

CUTLER INVESTMENT FUND, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Investments:

Investments are recorded at fair value which is defined as 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 (an exit price).

U.S. GAAP has established a hierarchal framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

Investments held by the Partnership are measured using inputs from the three levels of the fair value hierarchy. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- Level 3 – Unobservable inputs that reflect management’s assumptions about the assumptions that market participants would use in pricing the asset or liability. Management develops these inputs based on the best information available.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment.

CUTLER INVESTMENT FUND, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Contracts:

The Partnership records its derivative activities at fair value. Gains and losses from derivative contracts are included in net realized gain on derivative contracts and net change in unrealized depreciation on derivative contracts in the Statement of Operations. Derivative contracts may include options and warrants related to equity prices.

Derivative contracts, such as options and warrants, which are listed on a national securities exchange, are generally categorized in Level 1 of the fair value hierarchy.

Securities Sold Short:

The Partnership can make short sales of marketable securities, which are transactions in which the Partnership sells a security it does not own. To complete such a transaction, the Partnership must borrow the security to make delivery to the buyer. The Partnership is then obligated to replace the security borrowed by purchasing it at the market price at the time of replacement. Until the short position is closed out, the financial institutions retain the proceeds of the short sale, to the extent necessary to meet margin requirements. The ultimate cost to acquire these securities may exceed the liability reflected in these financial statements.

Security Transactions and Investment Income:

Security transactions are accounted for on the trade-date basis. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income is accrued daily. Dividend income is recorded on the ex-dividend date. Premiums and discounts are amortized over the lives of the respective debt securities.

Income Taxes:

No provision for income taxes is recorded in the accompanying financial statements as the income is allocated to the partners and included in their respective income tax returns.

The Partnership evaluates its accounting for uncertainty in income taxes. The Partnership recognizes the tax benefits of uncertain tax positions only when those positions are "more likely than not" to be sustained upon examination by tax authorities. A liability is recognized for any benefit claimed, or expected to be claimed, for tax reporting purposes that is in excess of the benefit recorded in the financial statements, along with any related interest and penalties on the excess. Management believes that there are no excess benefits, interest or penalties to be recorded in the financial statements. The Partnership files income tax returns in the U.S. federal jurisdiction and the Commonwealth of Massachusetts. The Partnership's tax returns for the years ended December 31, 2021 through 2024 are subject to review and examination by federal and state taxing authorities.

Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP 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, as well as the reported amounts of income and expenses during the reporting period. These estimates and assumptions involve the areas of security valuations, certain receivables and accruals. Accordingly, actual results could differ from these estimates.

CUTLER INVESTMENT FUND, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Partner Contributions:

Contributions to the Partnership are generally made on the last day of each calendar quarter with an effective contribution date at the beginning of the first day of the next calendar quarter.

Capital Accounts and Allocations:

The Partnership maintains separate book and tax capital accounts for each partner. The book capital account is increased by contributions and income allocations and decreased by distributions, withdrawals, expenses, and loss allocations. For purposes of maintaining the capital accounts, each item of income, gain, loss, and deduction is allocated to the partners based on their respective percentage ownership in the Partnership.

Distributions:

The GP may elect in its sole discretion to make distributions in cash or other property from limited partner capital accounts, as deemed appropriate. Distributions are subject to other limitations as defined in the Agreement.

Transferability and Redemption of Member Interests:

Limited partners may not sell, transfer, assign, or subject to a security interest all or any part of their limited partnership interests without prior written consent of the GP.

Limited partners may withdraw all or part of their capital account as of the last day of each calendar quarter by notifying the GP in writing at least ninety days prior to such date, provided that the limited partner was admitted to the Partnership at least twelve months prior to the withdrawal date (the lock-up period). Withdrawals are subject to other limitations as defined in the Agreement.

Withdrawals are recognized as liabilities, net of expenses, when the amount requested in the withdrawal notice becomes fixed. This generally may occur at the time of the receipt of the notice, or on the last day of the period, depending on the nature of the request. As a result, withdrawals paid after the end of the year, but based upon year-end capital balances, are reflected as capital withdrawals payable at December 31, 2024.

(3) INVESTMENTS

A summary of gross unrealized gains and losses of investments in securities, securities sold short, and derivative contracts at December 31, 2024 are as follows:

Gross unrealized gains	\$ 12,762,137
Gross unrealized losses	<u>(2,462,159)</u>
Net unrealized gains	<u>\$ 10,299,978</u>

CUTLER INVESTMENT FUND, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(4) FAIR VALUE MEASUREMENTS

The Partnership measures its investments at fair value using the fair value hierarchy at December 31, 2024 as follows:

<u>Assets</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in securities:				
Common stocks	\$ 45,128,367	\$ 45,128,367	\$ -	\$ -
Convertible bonds	8,350,528	-	8,350,528	-
Real estate investment trust	3,006,630	3,006,630	-	-
Preferred stocks	1,940,320	1,940,320	-	-
American depository receipt	1,879,500	1,879,500	-	-
Exchange traded fund	1,692,640	1,692,640	-	-
Convertible preferred stock	936,000	-	936,000	-
Total investments in securities	<u>\$ 62,933,985</u>	<u>\$ 53,647,457</u>	<u>\$ 9,286,528</u>	<u>\$ -</u>

During the year ended December 31, 2024, there were no purchases or transfers into or out of level 3.

(5) DUE TO/FROM BROKERS

As part of its investment strategy, the Partnership borrows under a loan agreement with its brokers using its securities as collateral. Also included in amounts due to brokers are monies owed to the Partnership for unsettled trades as well as proceeds from short sales, which amounts may be restricted to the extent that they serve as deposits for securities sold short.

In the normal course of business, substantially all of the Partnership's securities transactions, money balances, and security positions are transacted with the Partnership's broker, Cowen Prime Services, LLC. The Partnership is subject to credit risk to the extent any broker with whom it conducts business is unable to fulfill contractual obligations on its behalf. The Partnership's management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

(6) DERIVATIVE CONTRACTS

In the normal course of business, the Partnership 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 Partnership's derivative activities and exposure to derivative contracts are classified as equity price risk. In addition to its primary underlying risk, the Partnership is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contracts.

CUTLER INVESTMENT FUND, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(6) DERIVATIVE CONTRACTS (Concluded)

Volume and impact of Derivative Activities:

The Partnership wrote 60 option contracts with equity price exposure during the year ended December 31, 2024 for a realized loss of \$10,618.

(7) OFFSETTING ASSETS AND LIABILITIES

The Partnership is required to disclose the impact of offsetting assets and liabilities represented in the Statement of Assets and Liabilities to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Partnership to another party are determinable, the Partnership has the right to set off the amounts owed with the amounts owed by the other party, the Partnership intends to set off, and the Partnership's right of setoff is enforceable at law.

As of December 31, 2024, the Partnership's financial instruments are not subject to a master netting arrangement.

(8) RELATED PARTY TRANSACTIONS

At the end of each fiscal quarter, the GP is paid a management fee of .125% (.50% annually) of the aggregate balances of the capital accounts of the limited partners as of the end of such fiscal quarter. The General Partner, in its sole discretion, may agree to waive or reduce the management fee rate for certain limited partners, including limited partners affiliated with the General Partner. During the year ended December 31, 2024, affiliated limited partners paid a reduced management fee. The aggregate value of the affiliated limited partners' share of the Partnership's capital as of December 31, 2024 was \$38,437,951. The Partnership incurred management fees of \$207,261 for the year ended December 31, 2024.

The GP may earn an incentive allocation equal to 11% of the aggregate net profits (as defined by the Agreement) less the management fees paid by such limited partners. There was \$52,201 of incentive allocation for the year ended December 31, 2024. The General Partner may waive or reduce the incentive allocation at its discretion.

(9) ADMINISTRATIVE FEES

Stone Coast Fund Services LLC (the "administrator") serves as the Partnership's administrator and performs certain administrative and clerical services on behalf of the Partnership.

CUTLER INVESTMENT FUND, L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(10) FINANCIAL HIGHLIGHTS

Operating Performance:

Total return on partners' capital before performance allocation to General Partner	7.54 %
Incentive allocation to General Partner	<u>(0.09)</u>
Net return after performance allocation to General Partner	<u>7.45 %</u>

Ratios to Average Net Assets:

Total expenses before performance allocation to General Partner	0.66 %
Incentive allocation to General Partner	<u>0.09</u>
Total expenses and performance allocation to General Partner	<u>0.75 %</u>
Net investment income	<u>2.97 %</u>

Total return is a noncumulative calculation for the limited partners taken as a whole. An individual limited partner's return and expense and net investment income ratios may vary based on the timing of capital transactions, and differences in management fee and incentive arrangements.

(11) PRINCIPAL RISKS

The Partnership's investment activities expose it to various types of risk, such as market, credit and general economic risks. Due to the uncertainty related to changes in the fair value of investments associated with such risks, it is at least reasonably possible that changes in risk factors in the near term could materially affect the amounts reported in the financial statements.

Substantially all securities transactions are cleared through and held in custody by counterparties. The Partnership is subject to risk to the extent that the counterparties may be unable to fulfill its obligations either to return the Partnership's securities or repay amounts owned.

(12) SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring through April 14, 2025, the date the financial statements were available for issue. There were no subsequent events that require adjustment to or disclosure in the financial statements.