April 16, 2008

Subject: Cedar Creek Partners 2008 First Quarter Results

Dear Partner:

The first quarter of 2008 was another difficult quarter in the market. Since July of 2007 the market has been in a general downward trend, with most of the major indices down more than 12%. The partnership has performed better than the indices during this time period, but is still down. A general sell off in the market tends to impact nearly all equities, and typically smaller companies the most, which is reflected in the fact that the Russell 2000 index has been the worst performer.

In the first quarter, the fund declined by 8.0%, net of fees and expenses, which was better than three of the four major indices, but still was a bit disappointing. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods.

	Q1 2008	Since 6/07	Prior 12 Mo.	Inception *
Cedar Creek Partners	**-8.0%**	**-3.8%**	**-0.9%**	**58.5%**
DJIA	-7.6%	-8.5%	-0.7%	11.9%
S&P 500	-9.9%	-12.0%	-6.9%	2.7%
Wilshire 5000	-10.0%	-12.4%	-7.5%	3.0%
Nasdaq	-14.1%	-12.5%	-5.9%	-1.6%
Russell 2000	-9.9%	-16.7%	-13.0%	-0.3%

* fund inception January 15, 2006.

In our opinion, the market prices of most of our investments have been dragged down by the overall pessimism in the market rather than company specific issues. In other words, when we analyze our holdings we come to the conclusion that for most of them, their respective businesses look as, or more, attractive now than they did three months ago, yet for most their stock prices are lower.

The fund still has a significant exposure to oil and gas via its holdings in a couple of micro-cap names. Both companies continue to perform well and both oil and gas prices have risen sharply. Oil ended 2007 around $92 per barrel and currently trades over $110 per barrel. Natural gas ended 2007 around $7.50 per mcf and currently is nearly $10.00 per mcf. Yet both companies saw their stock prices decline during the quarter. We are convinced that value is continuing to be created at both companies and that it will eventually be reflected in their respective stock prices, even if oil and gas prices fall modestly.

We wish we could say that it was clear that value was created at each and every company in the portfolio during the quarter, but that would not be true. A couple of the fund's holdings in the asset management industry (Charlemagne Capital (L: CCAP) and Highbury Financial (otc: HBRF), in particular) saw a definite decline. This is a natural occurrence when stock prices decline. Lower stock prices naturally result in decreased assets under management (AUM) for most firms. In addition, when the market declines some people pull money out of funds leading to further erosion in AUM and revenues. Since firms normally charge fees based on a percentage of AUM, it consequently reduces their level of revenues and their earnings.

Obviously if we had foreseen how events would unfold during the quarter we would have sold those two positions. Looking at where things stand today, we believe their stock prices have fallen much more than the decline in the value of their businesses. In Highbury's case the shares are currently around $2.50 per share and we think fair value is closer to $5.00 per share. Thus we will continue to hold them, and opportunistically consider adding to our position. Both companies are continuing to repurchase their own shares, which in our minds, confirms our analysis that they are worth more than their current market prices.

We want to reiterate that we think we own some companies of exceptional value. No one can predict daily market price movements, so each day when we analyze the portfolio we ask ourselves "What do we want to own over the next few years that will most likely result in maximum overall returns for the fund?" We don't see better alternatives than what we currently have. The most telling statistic that supports this is that the fund's overall weighted average price-to-earnings multiple for its equity positions is just over 6, where as the indexes all sport P/E multiples between 15 and 25.

As we all know, stock prices can move up or down in an unpredictable manner. Our belief is that the market is efficient in the long run and will eventually recognize the value in our holdings and price them appropriately such that our overall returns will exceed those of the general market indexes. That is essentially what our approach to value investing is all about.

Since we have some new investors we think it would be helpful to repeat something we wrote in our June 2006 letter regarding diversification and volatility –

> We would like to once again take the opportunity to remind our investors of one important fact. We, at Cedar Creek Partners, are not subject to the diversification requirements of mutual funds, and thus are able to take concentrated positions in securities we like. Our thinking in the matter is that it makes no sense to put nearly equal amounts in what you feel is your best idea and your 10th best idea. If we are convinced that our best idea is significantly more undervalued than our 10th best idea, then it only makes sense to invest significantly more funds in that security. We believe in the short-term it will likely result in greater fluctuations in the value of the fund, but in the long run we believe it will result in superior returns.

We do have a few "housekeeping" items to note. We have enclosed our updated Form ADV Part 2, which includes our privacy statement, and your quarterly management fee calculation statement. Lastly, we are in the process of completing our audit for 2007, and will be sending out the audited financials as soon as the process is completed. In future years, it should be completed much sooner.

Should you have any questions about the holdings or any other matter relating to the fund, please don't hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC

enclosures

July 15, 2008

Subject: Cedar Creek Partners 2008 Second Quarter Results

Dear Partner:

In the second quarter, the fund increased by 5.8%, net of fees and expenses. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods:

	Q2	YTD	Prior 12 Mo.	Inception*
Cedar Creek	**5.8%**	**-2.6%**	**1.7%**	**67.7%**
DJIA	-7.4%	-14.4%	-15.4%	3.6%
S&P 500	-3.2%	-12.8%	-14.9%	-0.6%
Russell 2000	1.4%	-8.6%	-15.5%	1.1%
Nasdaq	0.6%	-13.5%	-11.9%	-1.0%

* fund inception January 15, 2006.

The second quarter of 2008 was another difficult quarter in the market. According to Barron's magazine, it was the stock market's worst June in 78 years, and the worst first half of a year in 38 years. It is difficult to make much progress when facing such a strong headwind. While we would have preferred to have achieved higher returns over the last twelve months we are pleased that we continue to beat the market.

We came across a quote from one of the legendary investors, John Templeton, who died last week at the age of 95. In a 1978 *Forbes* cover story, Templeton said, "I never ask if the market is going to go up or down because I don't know, and besides it doesn't matter. I search nation after nation for stocks, asking: 'Where is the one that is lowest-priced in relation to what I believe it is worth?' Forty years of experience have taught me you can make money without ever knowing which way the market is going." We agree and try to do the same.

Enclosed you will find your account statements for the last quarter and your quarterly management fee calculation statement. Our audit for 2007 is almost completed and we should be able to send the results to you shortly.

As a reminder, the fund is open to new investments at the beginning of each month. If you wish to add to your account please give us a call and we will walk you through the simple process. We are also open to new investors, so if you know someone who may be interested, let us know. We can take funds from accredited individuals or any 501(c)(3) organization, such as a private school endowment.

Should you have any questions regarding the fund, please don't hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC

October 14, 2008

Subject: Cedar Creek Partners 2008 Third Quarter Results

Dear Partner:

As you are well aware, the markets have been experiencing quite a sell-off in recent months. Most of our holdings were not immune to that sell-off. In the third quarter, the fund declined by 10.2%, net of fees and expenses. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods:

	Q3	YTD	Prior 12 Mo.	Inception*
Cedar Creek	**-10.2%**	**-11.8%**	**-1.9%**	**52.0%**
Russell 2000	-1.1%	-10.4%	-14.5%	-0.8%
Dow Jones Industrial Ave.	-4.4%	-18.2%	-21.9%	-1.0%
S&P 500	-9.0%	-20.7%	-23.7%	-9.5%
Nasdaq	-9.2%	-21.5%	-22.9%	-10.1%

* fund inception January 15, 2006.

While we are pleased that the fund has held up better than the market in 2008, we are never pleased with negative performance. Our oil and gas positions, which led to outperformance in the first half of the year, caused underperformance in the third quarter. We are trimming our exposure to the sector since we expect further declines in oil and gas prices due to a weakening global economy. We will use the cash opportunistically to buy positions in companies that we believe are undervalued, and there are many to choose from. In fact, the list gets longer nearly every day.

The recent sell off in the market brings to mind the importance of not letting emotions determine our investment decisions. Emotions lead us to sell when things have been going bad and to buy when things keep looking better. History has shown this to result in selling at lows and buying near highs, the exact opposite of what successful investing is all about. The market may go lower in the next few months, but when you have the opportunity, for example, to buy shares in large companies such as Microsoft for 11 times earnings, you are very likely to see positive returns over a five year time horizon.

Enclosed you will find your account statements for the last quarter and your quarterly management fee calculation statement. As a reminder, the fund is accepting additional investments. If you wish to add to your account please give us a call and we will walk you through the simple process. We are also open to new investors, so if you know someone who may be interested, let us know. We can take funds from accredited individuals or any 501(c)(3) organization, such as a private school endowment.

Should you have any questions regarding the fund, please don't hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC

CEDAR CREEK PARTNERS, LLC

January 5, 2009

Subject: Cedar Creek Partners 2008 Fourth Quarter and Year-end Unaudited Results

Dear Partner:

As you are well aware, the markets had a horrible year in 2008 as general economic conditions deteriorated. Very few sectors, or stocks for that matter, were immune to the sell-off. We tried to be proactive by increasing cash and only keeping stocks that we believed had a strong margin of safety and little or no net debt. Despite that, we experienced similar results to the general market conditions. In the fourth quarter, the fund declined by 26.7%, net of fees and expenses. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods:

	Q4 '08	2008	2007	2006*	Inception*
Cedar Creek	**-26.7%**	**-35.3%**	**14.4%**	**50.6%**	**11.4%**
DJIA	-19.1%	-33.8%	6.4%	13.7%	-19.9%
Russell 2000	-26.1%	-33.8%	-1.6%	12.5%	-26.7%
S&P 500	-22.5%	-38.5%	3.5%	10.1%	-29.9%
Nasdaq	-24.3%	-40.5%	9.8%	4.2%	-31.9%

* fund inception January 15, 2006.

One of our goals is to outperform the general market each year. While we were successful in achieving this goal in 2006 and 2007 we fell just short of a few of the indexes in 2008. We would have slightly outperformed all the indexes but for a decision by the fund's auditors on how to value its largest holding, Trek Resources (pink: TRKX). Trek Resources is a small oil and gas exploration company, which has been the fund's largest position since the fall of 2007. Like all oil and gas companies, Trek's share price has suffered as oil and natural gas prices have fallen over the last six months. The market bid price for the stock, which is how the fund values unlisted stocks, was $150 per share at the end of the year, while the asking price was $200 per share. Trek is willing to repurchase shares from shareholders at $160 per share, but the auditors felt that using the lower $150 bid price was more appropriate.

It is our contention that either price is significantly lower than what Trek is worth. Trek has no debt, an accounting book value of approximately $425 per share and more than $200 per share of cash on the books. Yes, you read that right, the stock sells for less than its net cash. The market is essentially ascribing a negative value to Trek's oil and gas reserves, which we think makes the stock cheap. We believe that Trek is approximately worth its accounting book value based on current prices for oil and natural gas. We had purchased the position in hopes that the company would be sold, which we felt would have resulted in a 100 to 200% gain. Unfortunately, Trek only sold a small portion of its reserves and failed to lock in the high prices for oil and natural gas, thus bringing about a near worst case scenario.

We look for positions like Trek, where we believe our upside potential is significantly more than our downside risk. While the current economic conditions have caused the market, and thus some of the fund's holdings to experience a substantial decline, it has also resulted in some great opportunities. For example, during the fourth quarter we were able to build a position in Calamos Asset Management (nasdaq: CLMS), an asset manager, that was also selling for less than its net cash. The end result was a 75% gain on the holding by quarter's end.

Obviously, we had negative returns in 2008, which we are never pleased about, even if the market was down the same or more. While many economists are predicting the economy to improve in the second half of 2009, we remain cautious. We have increased our cash position in the fund to over 30%. We believe the cautious approach is more prudent at this time, and are willing to risk that the market goes up in the short term and we underperform. Of course, we will continue to look for companies that have attractive risk/reward scenarios and are willing to buy if we find a stock that meets our investment criteria.

Enclosed you will find your account statements for the last quarter and your quarterly management fee calculation statement. As a reminder, the fund is accepting additional investments. If you wish to add to your account please give us a call and we will walk you through the simple process. We are also open to new investors, so if you know someone who may be interested, let us know. We can take funds from accredited individuals or any 501(c)(3) organization, such as a private school endowment.

Should you have any questions regarding the fund, please don't hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC

April 07, 2009

Subject: Cedar Creek Partners 2009 First Quarter Results

Dear Partner:

The first quarter of 2009 was another difficult quarter in the market. The markets continued their slide that began late in 2007 and picked up steam in the fall of 2008. Thankfully, we were able to buck the general trend during the quarter by increasing our cash level at the beginning of the quarter and then starting to buy near the market bottom. In the first quarter, the fund increased by 5.05%, net of fees and expenses; which was significantly better than the performance of the major indices. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods.

	Q1 09	2008	2007	2006*	Inception*
Cedar Creek	**5.1%**	**-37.5%**	**14.4%**	**50.6%**	**13.2%**
DJIA	-13.3%	-33.8%	6.4%	13.7%	-30.6%
Nasdaq	-3.1%	-40.5%	9.8%	4.2%	-34.0%
S&P 500	-11.7%	-38.5%	3.5%	10.1%	-38.0%
Russell 2000	-15.0%	-33.8%	-1.6%	12.5%	-37.7%

* fund inception January 15, 2006. Index Returns as reported on Yahoo! Finance.

You may notice that our performance for 2008 is a few percentage points worse than what was first reported in January. The reason for that was the decision by the auditors to require the write-off of organizational costs, which we had been amortizing over five years. The net result was an increase in costs for 2008 with an offsetting decrease in costs for 2009 and 2010.

Update on Trek Resources

In our January letter, we detailed more information about our position in Trek Resources (pink: TRKX). We noted how the fund valued the position at $150 per share at year end even though the company has a standing offer to purchase shares at $160 per share. More importantly we noted that the company had zero debt and more cash per share on its books than what the company was offering to repurchase shares at. Trek's book value was nearly $450 per share at the end of 2008. We believe that figure approximates what the company would currently be worth in a sale, based on current depressed prices of $45 per barrel oil and $4 per mcf for gas. Of course, once the economy improves, we would expect oil and natural gas prices to rise, which should increase the intrinsic value of Trek even further.

During the quarter, Eriksen Capital Management, the Managing Member of Cedar Creek Partners, made an offer to purchase all outstanding shares of Trek Resources it did not already own for $240 per share. Trek's largest shareholder, who is also the CEO, rejected the offer. The rejection confirms our analysis that the company is worth considerably more than what the occasional shares trade for and more than the $160 per share price the company has been offering. We are committed to doing all we can to push the process of unlocking the value of the company further along.

Trek Resources held its annual meeting on April 1, 2009. We flew out to Dallas to attend, ask questions, and to make sure that the company is focused on creating value for its shareholders. We were pleased with how proactive management is being in cutting costs in order to try to remain profitable during this period of low oil and gas prices.

If you are one who looks into buying companies that we mention, we do want to point out that the stock does not trade very often. The current bid is $45 and the current asking price is $200, although those numbers don't necessarily reflect reality. For many months we have had a bid at $125 per share and not been able to purchase any shares, nor had our bid price show up on the system. Trek is a stock that should be owned only by people who are willing to hold it for a number of years. The bottom line for us is that we think within three to five years the company will be sold, and that we will have a return superior to what the general market indexes will have over the same time frame.

Diamond Hill Investment Group

During the quarter we purchased a position in Diamond Hill (nasdaq: DHIL), a company we have owned shares of in the past. They are an asset manager, and like most of them their stock price has fallen significantly over the last year as the market has gone down. We felt it was selling at an attractive price based on its current cash position and earning ability once the market stops falling. The company's earnings have been lackluster due to losses from its investment portfolio, which is marked to market at the end of each quarter. Excluding this impact the company was temporarily trading at just over $30 per share, or about twice its cash level and under 10 times normalized earnings (assumes a flat or slightly positive stock market performance). Adjusting for its cash and investments, the company was trading at six to seven times earnings, which we felt was an attractive entry point.

This past week we sent a letter to the company notifying them of our intent to nominate two members, myself and Harry Long, a portfolio manager I am friends with, to its Board of Directors. We think the company should be able to increase its operating profits by controlling expenses, particularly bonuses to portfolio managers and management. If successful, we do not feel that the time spent on Board activities will hurt the fund or its performance, rather we think it should be a net positive. We will keep you informed of how the process turns out.

Current Outlook

We are not market timers, or really top down investors, but we do look at the current economy when we analyze what is likely to happen to specific companies over the next few years. While we thought stock prices were attractive enough in early March to start buying, the market jumped before we finished, thus our cash level is still near 30%. We still see some selective opportunities, but we are not bullish in general. There are still significant loan problems in housing and commercial real estate that have to be worked through over the next year or so. In addition, there are some industries, such as auto, that are likely to continue to reduce personnel, which should lead to higher unemployment. More importantly, we also see a change in the mindset of many consumers toward spending and debt levels that are positive for their financial well-being, but may mean slower growth over the next few years once the recession ends. Too many people had been spending beyond their means.

Other Items of Note

We do have a few "housekeeping" items to note. We have enclosed our updated Form ADV Part 2, which includes our privacy statement, your monthly statements for the first quarter, and your quarterly management fee calculation statement. You will also find Cedar Creek's audited financials for 2008. If you are in a taxable account and did not receive your K-1, please give us a call and we can send another copy to you.

Should you have any questions about the holdings or any other matter relating to the fund, please don’t hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC

enclosures

CEDAR CREEK PARTNERS, LLC

July 12, 2009

Subject: Cedar Creek Partners 2009 Second Quarter Results

Dear Partner:

The U.S. market rebounded strongly in the second quarter of 2009, led by technology companies and small caps. Despite starting the second quarter nearly 30% in cash, the fund increased by 18.7%, net of fees and expenses. We are pleased that we have substantially outperformed the market during the first half of the year. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods.[1]

	Q2 09	1H 09	2008	2007	2006*	Inception*
Cedar Creek	**18.7%**	**24.7%**	**-37.5%**	**14.4%**	**50.6%**	**34.4%**
DJIA	11.9%	-2.0%	-31.9%	8.9%	16.5%	-15.4%
Nasdaq	20.0%	16.4%	-40.5%	9.8%	4.2%	-20.8%
S&P 500	15.7%	2.8%	-37.0%	5.5%	12.3%	-23.3%
Russell 2000	20.7%	2.6%	-33.8%	-1.6%	12.5%	-24.8%

* fund inception January 15, 2006. Index Returns as reported on Yahoo! Finance, Morningstar and Russell.

Current Outlook

We noted in our first quarter letter that we were not bullish in general, but that we did see selective opportunities. Our view hasn't changed much, other than we strongly feel that the market is fairly valued, if not overvalued, based on the current economic environment. Unemployment continues to rise and credit is tight. After being too liberal with credit, the pendulum has swung the other way, and banks are now erring on the side of caution and being conservative.

The fund started the second quarter with a cash level of nearly 30%. We found a number of attractive opportunities during the quarter to put our cash to use. By quarter's end the fund's cash level was about 10%. We would not be surprised to see our cash level rise during the third quarter. Thus, if the market moves up strongly over the summer, the fund may underperform the general indices.

Our best performers during the quarter were Highbury Financial (otc: HBRF) and a couple of Chinese otc stocks. During the first quarter we began purchasing shares in Highbury, a company we had owned in the past, and by quarter end, it was nearly 10% of the fund. We had been buying at just over the company's net cash on the books, 40% of book value, and around six times cash earnings. The price of the shares doubled during the quarter as another company, Peerless Systems (PRLS) began acquiring shares.

We invested in a couple of Chinese otc stocks that were trading at what we felt were ridiculously cheap valuations. Due to the risk of investing in a Chinese-based over-the-counter stock we limited the fund's

[1] While, no single index is directly comparable to Cedar Creek Partners, we believe that it is important to compare our performance to a passively managed approach. At the core of our investment philosophy is the belief that we can generate superior risk-adjusted returns by holding a more concentrated portfolio of undervalued securities, than an index holding a far greater number of securities.

total exposure to 10% of the fund. One of the companies, was Longwei Petroleum (otc: LPIH), which rose from a bid price of 20 cents per share to 98 cents during the quarter. Longwei is a regional distributor of oil and gas. We had paid around 45 cents for our shares in the first quarter, which was about 33% of book value and only one and a half times trailing earnings. Even after the recent run up, the company trades at less than two times expected earnings for next year.

We have mentioned in the past that the fund tries to take tax considerations into mind when selling a holding, but it is not the primary factor in the decision making process. With all the uncertainty in the market this year we have taken gains as some of our holdings traded up to our estimate of fair value. This means that we are currently on pace to have a fairly large percentage of the fund's gains for the year being short-term realized gains. While less than ideal, we felt it was prudent to focus more on preserving gains and current capital than worrying over tax impact. With six months left in the year, much of this can change before year end, but we will keep you updated as the year progresses.

Diamond Hill Investment Group

In our April letter, we mentioned that we had re-opened a position in Diamond Hill Investment Group (nasdaq: DHIL), a company we have owned shares of in the past. We mentioned that we had sent a letter notifying them of our intention to nominate two people to its Board of Directors. We ended up nominating three people to their board, but due to the cost of the process, and the lack of time before their annual meeting, we focused on communicating our concerns to institutional shareholders. The process was more complicated and time-consuming that we envisioned. To be honest, we were disappointed in the passivity of most of the institutional owners. We got tired of hearing how they agreed with our points but did not want to vote against management. Even though we were not successful in gaining any board seats, we do feel that our efforts were beneficial for shareholders and it gave us the opportunity to present our concerns and suggestions to management.

This was our first effort at any form of activism. We do not expect it to be the norm. It is has always been our practice to communicate with management, in order to get to know them, the company, and to present our suggestions or concerns. That will not change. That said, we prefer to focus our energy on finding excellent investment opportunities, rather than trying to solicit shareholders for votes. We do want to stress that our reason for purchasing shares in Diamond Hill was based on its merits, and not on our likelihood of winning board seats. Time will tell if our analysis is correct.

Other Items of Note

We do have a few "housekeeping" items to note. We have enclosed your monthly statements for the second quarter, and your quarterly management fee calculation statement. We are also in the process of updating our offering documents. State regulators require us to send the revised documents to you for signature approval, which we will do upon completion.

Should you have any questions about the holdings or any other matter relating to the fund, please don't hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC

enclosures

October 16, 2009

Subject: Cedar Creek Partners 2009 Third Quarter Results

Dear Partner:

In the third quarter of 2009 the U.S. market continued its strong rebound from its March lows with all the major indices up over 15% in the quarter. Despite a 10-20% cash position and the introduction of a few short positions, the fund was able to keep pace with indexes, and finished the quarter up 19.1%, net of fees and expenses. We are pleased that we have substantially outperformed the market during the first nine months of the year, and more importantly that we have substantially outperformed the market since our inception. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods.[2]

	Q3 09	2009 YTD	2008	2007	2006*	Inception*
Cedar Creek	**19.1%**	**48.5%**	**-37.5%**	**14.4%**	**50.6%**	**60.0%**
DJIA	15.8%	13.5%	-31.9%	8.9%	16.5%	-2.0%
Nasdaq	15.7%	34.6%	-40.5%	9.8%	4.2%	-8.4%
S&P 500	15.4%	19.1%	-37.0%	5.5%	12.3%	-11.1%
Russell 2000	19.3%	22.4%	-33.8%	-1.6%	12.5%	-10.3%

* fund inception January 15, 2006. Index Returns as reported on Yahoo! Finance, Morningstar, Dow Jones and Russell.

With the fund having been in operations for over three and one half years, it is a long enough timeframe to begin to make a proper analysis about whether our belief that a more concentrated fundamental value-based portfolio will outperform a passive (or index) approach to investing. A quick glance of the Since Inception returns strongly validates our approach.

Current Outlook

We noted in our past few letters that we were not bullish in general, but that we did see selective opportunities. Our view hasn't changed much, we still believe that the market is fairly valued, if not overvalued, based on the current economic environment. Unemployment continues to rise and credit is understandably tight. Our biggest concern is the ballooning of the size of the federal deficit and the potential impact it may have on both interest rates and income tax rates in the future.

Time will tell if having the government borrow from the future to minimize current pain will prove wise or just as foolish as it was for consumers to have been borrowing from the future through home equity loans and credit cards to have greater enjoyment in the present.

[2] While, no single index is directly comparable to Cedar Creek Partners, we believe that it is important to compare our performance to a passively managed approach. At the core of our investment philosophy is the belief that we can generate superior risk-adjusted returns by holding a more concentrated portfolio of undervalued securities, than an index holding a far greater number of securities.

Third Quarter Highlights

The fund started the second quarter with a cash level of nearly 10%. We found a few new opportunities during the quarter to put our cash to use, but for the most part re-allocated to some of the holdings we thought were strongest. By quarter's end the fund's cash level was about 20%, but much of that was due to proceeds from some short positions we entered into in securities that we thought were either overpriced or able to provide a measure of protection for some of our larger positions.

Our best performers during the quarter continued to be our asset managers, Diamond Hill (ndq: DHIL) and Highbury Financial (otc: HBRF) along with a handful of Chinese otc stocks. In a strong market is not surprising that asset managers would do well. A rising market provides a strong tailwind via new investors feeling more confident to invest in mutual funds and from the increased assets under management from generally higher stock prices. As Highbury and Diamond Hill moved up in price it resulted in them becoming a larger percentage of the overall portfolio, so we decided to hedge against the market falling by shorting a few asset managers that we thought were over-priced.

During the quarter Highbury announced a special dividend of $1.50 per share. Since we started purchasing shares of Highbury at near $1.70 in February, it is nice to have nearly our whole purchase price on those early share purchases returned via dividends. What is even better is that we continue to own a company that currently trades for about $4 per share and has current annualized earnings power of around 40 cents per share. This is a perfect example of what can happen when we buy a profitable company at near its cash levels.

We continued to hold a half dozen Chinese otc stocks that were trading at what we felt were ridiculously cheap valuations. Due to the risk of investing in a Chinese-based over-the-counter stock we limited the fund's total exposure to 10% of the fund. In our last letter, we mentioned the performance of Longwei Petroleum (otc: LPIH), which has continued to perform well. In the third quarter, we doubled our money in Gulf Resources (otc: GRUS), a manufacturer of bromine and crude salt. We paid around 2-3 times earnings and had a good margin of safety due to their high level of cash, and sold at around 6 times earnings. We appear to have sold too early, but we were content to make the easy money and leave the higher risk money to others.

High Risk Investments

As you know, we believe that holding a concentrated value-based portfolio will result in higher returns over time than a highly diversified portfolio. So far we have easily achieved that (which is not the same as saying it was easy to achieve). Obviously the key to our success is not just in being concentrated. The key is our disciplined approach of looking for highly undervalued opportunities and then based on risk/reward analysis determining what allocation is best.

Having a concentrated approach does not mean that we do not take small positions. We do. Some small positions are just companies we want to keep a close eye on. Others are due to our desire to gain a greater understanding of the company or its industry over time in order to avoid making a painful mistake. A third type of small position are ones in which there is the possibility of total loss.

Nobody wants to lose all their money in an investment, but that is not the same as saying that all investments where one could suffer complete loss are unsuitable; rather, it is to say that they are unsuitable as a *significant* percentage of one's portfolio. That is why we limit our overall exposure to these occasional ideas individually and aggregately. We do not want to see the fund experience any permanent loss let alone a significant permanent loss, but there are some opportunities where our analysis of the risk/reward relationship is such that we want to be involved.

Let me give you a current example. First let me say that the idea did not come through hours of painstaking research, or from a complex analytical screen. We actually read it on a message board. We readily admit that message boards are not the best source of quality ideas, but occasionally one finds a gem. In this case, the poster was singing the praises of his investment in TM Media & Entertainment warrants, a company I had never heard of. His analysis got my attention. It sounded like a proposition where there was a chance for total loss, but also a reasonable chance of substantial return. What got my interest was that the probabilities of the different outcomes did not seem to match the way the warrants were priced.

TM Entertainment & Media warrants were issued in relation to a special purpose acquisition company, commonly termed a SPAC, or blank check company. What happens is that a company conducts a stock offering with the purpose of finding a suitable company to buy, if it fails to do so within a specified time period, oftentimes two years, they must return the money to the shareholders. In this case, the SPAC, TM Entertainment & Media, had agreed to buy a Chinese-based advertisement company.

What got our attention were the details about the target company, China Media Entertainment (CME). CME is China's largest television advertising operator on inter-city express buses. CME has grown revenues from $4 million in 2006 to $25.8 million in 2007, to $63 million in 2008. They were projecting revenues of $104 million for 2009 and $196 million for 2010, with earnings of $42 million and $83 million, respectively. While it is hard to predict the exact number of shares outstanding in a SPAC transaction since shareholders have the option of voting against the transaction and asking for their money back, it looked like first half 2009 earnings were about $14 million, or between 40 and 50 cents per share. Thus there was the real possibility that the company could earn $1 per share in 2009 and possibly earn $2 per share in 2010.

We could have purchased the common shares with little downside risk, but a less attractive upside potential. By purchasing the warrants, which gave us a two year option to purchase shares at $5.50 while the stock was trading at $7.60, we had the potential for a five-fold return if the stock price remained unchanged after approval (Assuming the warrants traded at their intrinsic value) and a fifteen-fold return if the transaction was approved and the stock rose to above $11.50 (which would only be 11 times 2009 estimated earnings and 5-6 times 2010 company estimates), at which point the company could force the warrants to be converted.

If approved, the warrants gave us a two year option on a very interesting business transaction. If the deal was turned down by shareholders the warrants would have been worthless. Thus we had the risk of complete loss but also the potential for substantial gains. For this reason we limited the total cost of our position to no more than 2% of the fund.

We started buying in October based on what we believed was a high probability that the deal would be approved. Recent SPAC's had been willing to do most anything in order to get their transactions approved by shareholders because if the deal is voted down the initial seed investors get little in return, but if the deal is approved they get a nice payoff.

Our cost basis to put just over 1% of the fund in the warrants was 41 cents per share. Why we only bought just over half of what we intended to buy I'll never know.

On October 15th the shareholders approved the transaction and the next day the warrants spiked to over $2, before ending the day at $1.81. In two weeks the investment has returned over 4 fold. If everything plays out under the optimistic scenario we will have to sell on the way up since a potential 15-fold increase would make a 1% position nearly a 15% position, which we believe would be way too high for a single Chinese-based security.

We would note that this was unusual in terms of how well the investment has performed so far. Most of these opportunities that we encounter have less upside potential and are based on buying a call option near the time a company we follow is reporting earnings that we expect to surpass expectations. Additionally, we would also point out that this means our returns for October are looking good so far.

Taxes

We have mentioned in the past that the fund tries to take tax considerations into mind when selling a holding, but it is not the primary factor in the decision making process. With all the uncertainty in the market earlier this year we took gains as some of our holdings traded up to our estimate of fair value. At this point in time the fund expects to report some long term losses and a high level of short term gains, the opposite of what is ideal. Most of this stems from early in the year when we thought it was prudent have cash available if the market retested its March lows, which did not occur. With nearly three months left in the year, much of this can change before year end, but we will keep you updated as the year progresses.

Other Items of Note

We do have a few "housekeeping" items to note. We have enclosed your monthly statements for the third quarter, and your quarterly management fee calculation statement. We are still in the process of updating our offering documents. State regulators (Washington Department of Financial Institutions) require us to send the revised documents to you for signature approval, which we will do upon completion. They have also informed us that they require all investment partnerships to quarterly send a copy of the fund's brokerage statements and a list of all trades. This means that you will get at least thirty pages of information that you probably don't care to look at every quarter. We will see if we can make it available on line to save trees, time, and mailing costs.

New Address

We have relocated our office. Our new address is 855 Hinotes Court, Lynden, WA 98264.

New Members

We currently have twelve members in the partnership. We have plenty of room for others to join. Please consider referring friends of yours who may be potential new investors. The basic requirements are 1) that each invests a minimum of $50,000 and 2) that new members are accredited (high net worth) individuals.

Should you have any questions about the holdings or any other matter relating to the fund, please don't hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC

enclosures

DISCLAIMERS

Fund Performance

The financial performance figures for 2009 presented in this report are un-audited estimates based on the best information available at the time of the letter, and are subject to subsequent revision by the Fund's auditors. Past performance may not be indicative of future results and no representation is made that an investor will or is likely to achieve results similar to those shown. All investments involve risk including the loss of principal.

Index Returns

The S&P500 Index returns are reported using the S&P500 Depository Receipt Trust (SPDR) which trades under the ticker symbol SPY. Reinvested dividends are included in these figures. A spreadsheet showing the SPY performance versus the fund since inception is available upon request.

Nasdaq performance excludes dividends, which are generally immaterial to the total return of that index.

Russell 2000 performance is from data reported on Russell's website, and includes reinvested dividends.

DJIA is from Yahoo! Finance and Dow Jones and includes dividends.

Index returns are provided as a convenience to the reader only. The Fund's returns are likely to differ substantially from that of any index, and there can be no assurance that the Fund will achieve results that are superior to such indices.

January 15, 2010

Subject: Cedar Creek Partners 2009 Fourth Quarter and Year-end Unaudited Results

Dear Partner:

As you are well aware, the markets recovered from a horrible start to post one of its strongest years in quite awhile. The increased volatility and early year sell-off created numerous opportunities for the fund to purchase securities at a large discount to our estimate of their intrinsic value. As conditions improved during the year, many of these holdings rose significantly. The fund returned 87.3%, net of fees and expenses for the year. For the fourth quarter the fund returned 26.1% net of fees and expenses, as we benefited from two of our holdings agreeing to be acquired. Below is a chart comparing Cedar Creek's results to the major indices over recent time periods:[3]

	Q4 '09	2009	2008	2007	2006*	Inception*
Cedar Creek	**26.1%**	**87.3%**	**-37.5%**	**14.4%**	**50.6%**	**101.9%**
DJIA	7.4%	22.7%	-31.9%	8.9%	16.5%	5.9%
Nasdaq	6.9%	43.9%	-40.5%	9.8%	4.2%	-2.1%
S&P 500	6.1%	26.4%	-36.8%	5.1%	11.5%	-6.4%
Russell 2000	3.9%	27.2%	-33.8%	-1.6%	12.5%	-10.3%

* fund inception January 15, 2006. Index Returns as reported on Yahoo! Finance, Morningstar, Dow Jones and Russell. S&P 500 is measured by the S&P 500 Depository Receipt Trust (SPDR) which trades under the ticker symbol SPY

Our primary goal is to outperform the general market indices over a normal market cycle, which we would estimate as four to five years. Having completed nearly four full years we feel we can examine the fund's performance fairly. Below is the average annual return for the fund in comparison to the general market indices.

	Ave Annual Return
Cedar Creek	**19.41%**
DJIA	1.46%
Nasdaq	-0.53%
S&P 500	-1.45%
Russell 2000	-1.76%

Since Inception on 1/15/06.

We are very pleased with our results in 2009 and our average annual returns since inception in relation to the general market. Additionally, one of our goals is to average absolute returns greater than 18% annually. Here we did okay, but our performance in 2008 prevented us from significantly surpassing this goal. In a sense, every dollar lost in 2008, cost us $1.87. That is extremely painful. This is why

[3] While, no single index is directly comparable to Cedar Creek Partners, we believe that it is important to compare our performance to a passively managed approach. At the core of our investment philosophy is the belief that we can generate superior risk-adjusted returns by holding a more concentrated portfolio of undervalued securities, than an index holding a far greater number of securities.

legendary investor Warren Buffett says "Rule No. 1 in investing is to never lose money. Rule No. 2 is to never forget Rule No. 1." Down years result in having to spend a lot of effort just to get back the losses.

We spent a great deal of time thinking about what went wrong for value investors, and ourselves, in 2008. Hopefully the adjustments we have made, and the risk management policies we have implemented, will significantly reduce the frequency and severity of negative return years.

Fourth Quarter Highlights

As we stated earlier, the fund returned 26.1%, net of fees and expenses in the fourth quarter. Nearly all our holdings did well in the quarter. One position, China Media Entertainment warrants, we had detailed in our third quarter report. We invested just over 1% of the fund in the warrants knowing it was a high risk, high return proposition. We purchased the warrants for around 40 cents each and sold them later in the month for around $3 each. It may be a long time before we see that type of return on an investment.

Other significant contributors during the quarter were our asset managers – Diamond Hill, Highbury Financial and Epoch Holdings. Diamond Hill paid a special $10 dividend during the quarter and its stock price rose from $58 to $64 per share. Highbury Financial also paid a special dividend of $1.50 per share, and agreed to be acquired by Affiliated Managers Group. Its share price rose from $5.40 per share to $5.50 per share, and we received $1.55 in total dividends during the quarter. Lastly, Epoch Holdings, a smaller holding in the fund, paid a special $0.30 dividend, and its share price rose from $8.75 to $10.45 in the quarter.

In addition to Highbury Financial agreeing to be acquired, another position in the fund, Clear One Health Plans (otc: CCHN), agreed to be purchased for $26 per share, a significant premium to our $11 cost. We started purchasing shares in Clear One in October. The company is an insurance provider in the Northwest, operating in the Medicare, Medicaid, and Commercial Health insurance markets. During its first ten years of operation the stock was held by local hospitals. In 2007 it started trading over-the-counter. The company has a book value of nearly $30 per share, which primarily consists of cash and investments.

Our analysis led us to believe that in a sale the company would be worth $30 to $40 per share. We had a significant margin of safety in that the company had no debt and $23 per share in cash and investments, more than twice what we were paying for the shares. Importantly, Clear Choice had been profitable up until its most recent quarter. This stock was a bargain; it just didn't have much liquidity. What we did not know, and could not know, was how long until the share price would reflect its true value. Would it be months or years? We were willing for it to be a few years based on the price we were paying and the likelihood that the company would continue to be profitable. As it turned out, on December 31, 2009, the company agreed to be acquired for $26 per share in cash.

Expectations

Having realistic expectations is important in any relationship or endeavor. We believe this holds true in investments as well. With that in mind, we present a brief list of unrealistic expectations:

1. A return of 50% plus in the coming year. While the fund has achieved 50% or greater returns twice in its four years, that fact does not make it a realistic expectation for the coming year, or any year for that matter.

2. The fund will outperform the general indices by 18% annually over time. We certainly believe that we can outperform the general market over time, or else we would just invest passively in an index fund; however, we would be surprised if we are able to maintain an 18% annual outperformance.

3. The fund will not have losing years barring a major meltdown. While we would hope to avoid losing years, it is bound to occur. The key, as we said above, is to minimize the frequency and severity.

Great Investment Years

Great years have much to do with timing. A value investor seeks to purchase securities at a significant discount to their estimate of the securities intrinsic value. The investor cannot control how quickly the market will correctly value that investment. In our high return years, it has happened quickly and we have often had the proceeds from one successful investment roll over into a subsequent investment that also quickly moved up in price as well, thus the end result was a strong year.

Let me give you an example. As we have mentioned in the past, we started purchasing shares in Highbury Financial early this year at $1.70 per share, nearly equal to the amount of cash on the company's books. In our analysis we concluded that the company was still profitable despite the market turmoil. By October the investment had played out to near perfection. The markets had recovered, profits for Highbury were strong, an activist investor showed up pushing management to unlock value, and the company paid out much of its excess cash. Thus, by October we had received $1.60 in dividends and owned a stock trading at $4 per share. While we had made numerous buys and sells through the year, we started taking profits and looking for other opportunities.

In October we used the proceeds from the special dividend to make other purchases. One of those purchases was Clear One Health Plans, which we detailed above. On December 31, 2009 the company agreed to be acquired for $26 per share in cash. A nice 150% return for the fund, but if it happened a day later it would have been in 2010 results and not 2009. Thus, great years are due to the benefits of timing that is often beyond our control.

Just as great years occur when we have done our analysis correctly and then in short order the market appropriately prices the securities we purchased; flat, or negative, returns occur when the market continues to misprice the investments we have made for a long period of time, or worse, when we have made an error in our analysis. The former typically causes flat results, it is the latter that causes the most damage, and what we diligently seek to avoid.

Importance of Avoiding Permanent Losses

The key component of value investing is buying a security for less than it is worth, or in other words, having a margin of safety. If we were to buy, for example, what the market calls a growth stock, and the expected growth does not happen, the stock will likely fall precipitously as growth investors abandon it. This happens regularly in trendy items. Recent examples are Crocs and Heelys. Both companies made good products, but management and investors assumed substantial growth would continue into the future, and when it did not materialize, their stocks plummeted.

Some investors try to buy securities that have plummeted to prices below a dollar, hoping for large returns if the security returns to prior levels. Unfortunately many fail to properly analyze the quality of the security and soon find the security worthless as the company files for bankruptcy. Both of these types of losses result in permanent capital loss. The broken fad stock is unlikely to ever return to its peak levels. On the other hand, the value investor by demanding a margin of safety, has a greater level of protection should unfortunate events occur. The stock may fall, and sometimes, significantly, but if it does not fall beyond its intrinsic value, the investor has only suffered temporary loss and not permanent loss.

Trek Resources

In 2008, the fund took what we felt was a large temporary loss in Trek Resources (pink: TRKX), the fund's largest position, as the bid price declined from $290 per share to start the year, to $150 at the end. At the end of 2008 we wrote the following about Trek:

> Trek Resources is a small oil and gas exploration company, which has been the fund's largest position since the fall of 2007. Like all oil and gas companies, Trek's share price has suffered as oil and natural gas prices have fallen over the last six months. The market bid price for the stock, which is how the fund values unlisted stocks, was $150 per share at the end of the year, while the asking price was $200 per share. Trek is willing to repurchase shares from shareholders at $160 per share, but the auditors felt that using the lower $150 bid price was more appropriate.
>
> It is our contention that either price is significantly lower than what Trek is worth. Trek has no debt, an accounting book value of approximately $425 per share and more than $200 per share of cash on the books. Yes, you read that right, the stock sells for less than its net cash. The market is essentially ascribing a negative value to Trek's oil and gas reserves, which we think makes the stock cheap. We believe that Trek is approximately worth its accounting book value based on current prices for oil and natural gas. We had purchased the position in hopes that the company would be sold, which we felt would have resulted in a 100 to 200% gain. Unfortunately, Trek only sold a small portion of its reserves and failed to lock in the high prices for oil and natural gas, thus bringing about a near worst case scenario.

If you think this is where I show how the decline in Trek's share price in 2008 was just temporary, it isn't. Despite the fund being up 87% for the year, surprisingly little of the gains were due to any change in the pricing for Trek, yet the company had another terrific year. In fact, the year end valuation price for the shares was $160 per share, just $10 more than where it started the year, despite oil prices rising from the low $30's per barrel to over $75 by year end.

This brings to mind something that I mentioned back in 2007:

> There are two ways to measure the performance of our portfolio. The easiest is to use the prices of the securities and calculate their change during the quarter… A more difficult way is to look through to the underlying companies to see if they are creating value at the company level, whether or not it is reflected in the stock price. While it is a less precise measurement, it is more important on a long-term basis than short-term share price movement. The reason is that over time that creation of value at the company level will get recognized in the market. (Q3 2007 letter).

This may be a strange concept since we are so used to measuring investment performance by return figures. Over a long period of time (three years or more) I would say that is the proper way to do it. In the short-term; however, performance figures changes don't matter as much. We believe it is the process that will ultimately give us the desired results. Thus short-term price movements are not as important as the process. This is one reason why we will not present figures such as number of months fund showed a positive return, or % of months the fund exceeded the general market. It is often said that "you get what you measure." We don't have, and don't want to have, a mindset that is short-term oriented. Investing has to be treated like a business.

In 2009 Trek only went up a few percentage points in how we value the security. When we look at what occurred at the company level we see that Trek's book value rose to approximately $600 per share by the end of the year. In November 2009 they sold their oil producing assets in Ochiltree County, Texas, which accounted for approximately 20% of the company's production, for $12.8 million ($276 per diluted share before taxes). Trek intends to reinvest the funds into other oil properties in order to defer paying taxes on the sale.

If you were paying close attention to the numbers you will have noticed that we value Trek at only $160 per share. Their net cash balance is likely near $300 per share, and they still have significant producing properties that we think bring the total value of the company to around $600 to $800 per share if it were sold. We believe that Trek's management is continuing to build value. What we don't know is when that value will get recognized in the market. It may not be until the company is sold, but we are willing to wait, and feel we have a significant margin of safety while benefitting from the potential rise in oil and natural gas prices.

The Elephant in the Room

In general we do not spend much time thinking about how much the economy will grow in the next quarter or year, what unemployment levels will be, and even less on what the market will likely be trading at. That is not to say that we don't survey the scene for general understanding of current economic realities. We do. And when we do, we have one over-riding concern, the level of debt being accumulated by the federal government.

In fiscal 2009, the federal government had receipts of $2.1 trillion and outlays of $3.5 trillion, resulting in a deficit of $1.4 trillion. No one can spend 70% more than they take in for very long. I initially thought that 2009 had some one-time items such as TARP, which the government would recoup and would help future years. Unfortunately, the government, while intent on recouping the funds from TARP, does not look like it will use them to repay the debt. For fiscal 2010, the government is projecting receipts of $2.2 trillion and outlays of $3.7 trillion, resulting in a deficit for the year of $1.5 trillion.

Currently the federal government is benefiting from very low interest rates, but that will not last forever. As the level of debt increases, and the income or revenue of the borrower stagnates, the credit worthiness of the borrower will decrease, forcing up interest rates. Consequently, the percentage of the budget allocated to paying interest on existing debt will continue to rise. While the government will surely pay off its debt, the question is how valuable will those future dollars be. In other words, will it be in an inflated currency.

My sister-in-law recently returned from a trip to Africa. She was able to stop in Zimbabwe and one of the gifts she brought back for one of my four children was a ten trillion dollar Zimbabwean note. It was of course worthless. What is amazing is that back in 1980, one Zimbabwean dollar was worth US $1.47. To be clear, I do not think we will experience the level of hyperinflation that Zimbabwe has. It has been reported that in Zimbabwe inflation rose to 100% per day for a while. What I am saying is that over the last twelve to eighteen months, the likelihood of higher inflation and higher interest rates has risen substantially.

How does this affect the investor? In general, periods of higher inflation mean weak performance for financial assets and stronger performance for physical assets. Thus, it makes us leery of owning any long-term Treasury bonds or securities of any lending institution (i.e. banks). One of the primary reasons banks struggled in the late 1970's and early 1980's was due to having fixed loans on their books at 6% only to see short term interest rates zoom to over 10%. Thus we expect to spend more time analyzing companies that own large amounts of physical assets, such as real estate, gold, oil, etc., yet ever mindful that demand for many physical assets is somewhat dependent on a strong economy.

Sometimes there are decades like the 1980's and 1990's where "a rising tide lifts all boats." It results in many thinking they are better investors than they really are. Other times there are difficult decades like the 1970's and whatever we call the first decade of this century, where only selective issues and a few investors do incredibly well while the many do not. We believe our value approach and relatively small size will serve you well regardless of how this decade evolves.

Other Items of Note

We do have a few "housekeeping" items to note. Enclosed you will find your monthly statements for the fourth quarter, and your quarterly management fee calculation statement. The revision to our offering documents has been completed, including the revised fee structure. State regulators (Washington Department of Financial Institutions) require us to send the revised documents to you for signature approval, which we will do under separate cover. In February we will be sending out via email a copy of the fund's brokerage statements for the fourth quarter.

Our auditors will be working on completing their work by the end of March. While I always want to get the audit done as soon as possible, it may take longer due to a few of our holdings paying out substantial distributions during the year that will likely involve a portion of the amount being treated as a return of capital. The actual breakdown will affect the level of dividends and short-term capital gains that are passed through to you. Hopefully those companies will get their information to the brokers in a timely matter so the process can go smoothly.

New Members

We currently have twelve members in the partnership. We have plenty of room for existing partners to increase their investment and for others to join. We expect to have five or six new members coming in over the next few months. Please consider referring friends of yours who may be potential new investors. The basic requirements are 1) that each invests a minimum of $50,000 and 2) that new members are accredited (high net worth) individuals.

Should you have any questions regarding the fund, please don't hesitate to call me at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC
tim@eriksencapital.com