CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC*

February 13, 2012

Subject: Cedar Creek Partners January 2012 Unaudited Results

Dear Partner:

The market rose sharply in January, led by technology (Nasdaq) and small caps (Russell 2000). The fund rose 6.1%, net of fees and expenses, which exceeded the performance of the S&P500 and DJIA, but was slightly less than the Nasdaq and Russell 2000.[1]

	Jan '12	2011	Inception	Ave. Annual
Cedar Creek	**6.1%**	**-1.2%**	**166.6%**	**17.6%**
DJIA	3.5%	8.4%	35.6%	5.2%
Russell 2000	7.1%	-4.2%	21.3%	3.2%
Nasdaq	8.0%	-1.8%	21.4%	3.3%
S&P 500 (SPY)	4.6%	1.9%	15.4%	2.4%

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

January Month Details

The fund's top two positions had nice gains in January. Mind CTI (MNDO) an Israeli-based billing and software provider to the telecommunications industry rose 32%. Monument Mining (MMY.TO), a Canadian gold mining company with low cost operations in Malaysia, rose nearly 24% in the month. Other notable gains were achieved from Janus Capital (JNS) up 25%, Gravity (GRVY) up 23%, Sandstorm Gold (SSL.TO) up 20%, and Dell (DELL) up 18%.

The most notable decliners in January were Aberdeen International (AAB.TO) and Teton Advisors (TETAA.PK) each down 6%, and CTM Media (CTMMB.PK) and Butler National (BUKS.PK) down 5% respectively for the month.

[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Cash Levels and New Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 16%, which is significantly above our general target of 10%. We expect this to be transitory; it is not based on our judgment of short term market expectations (we have none). We did decide to play a little less defense and more offense; so we reduced or eliminated some minor positions that while attractive, were not as attractive as other positions in the portfolio, and increased our positions in the most attractive opportunities.

The biggest uses of cash were additional purchases of Monument Mining (MMY.TO) and Fieldpoint Petroleum (FPP) along with the initiation of two new positions, one of which is a major position, and is detailed below. Sources of cash were the elimination of our positions in Armanino Foods (AMNF), Asta Funding (ASFI), Goldgoup Mining (GGA.TO), and Microsoft (MSFT), along with minor reductions in a number of positions.

Poseidon Concepts – How to Value a Better Mouse Trap?

During January, we came across an interesting company named **Poseidon Concepts (PSN.TO)**. We built it up to a 5% position in the fund and it rose in price by 8% to $14.79, from our average purchase price of $13.68. Poseidon is essentially the maker of a better mouse trap. Not literally of course. Poseidon manufactures above ground fluid storage tanks for the oil and gas industry. Essentially they make very large above ground swimming pools that the drillers store water used in fracture drilling.

Poseidon manufactures three basic models which it leases to customers - the Triton, Poseidon, and Atlantis, with capacities of 9,000 bbls., 18,000 bbls., and 41,000 bbls., respectively. Prior to Poseidon developing the above ground storage most drillers used numerous 500 bbl. steel tanks which were expensive to transport and heat, or a lined open pit, which many states ban due to the risk of leaks going undetected.

It would seem that anyone could produce similar tanks and that it would be a commodity business. This is largely true; however, Poseidon was the first to bring the product to market and has a process that is already patented in Canada and pending approval in the U.S. that is boltless. This saves significant time and cost in mobilization. They rented their first tank in the summer of 2010. Growth has been phenomenal as they ended 2011 with 240 tanks. Management, which has consistently exceeded their projections, has announced a target of 400 tanks by the end of June 2012.

We believe that management is approaching the business intelligently. They are taking advantage of being first in the space. They are locking in multi-year deals and making as many tanks as they can in order to lock in customers before anyone else can come to market with a similar product. To date, the company has enjoyed incredible economics. Management has priced the new system at nearly the same as what steel tanks were costing. This allowed the drillers to save the setup costs. A 41,000 bbl. Poseidon tank takes two truckloads and 4-12 hours to set up. A comparable 80 steel tank farm (at 500 bbls. each) takes 50 truckloads and a 3-5 day set up time.

Poseidon's tanks are reported to cost approximately $200,000 to $300,000 to manufacture and rent for $600,000 to $1 million per year, depending on size. Due to minimal operating costs, the company is currently enjoying EBITDA margins of 90%. Eventually pricing will fall. The questions are how quickly and by how much? We assumed pricing would steadily fall from a conservative $600,000 per year per tank to

$360,000 by 2017. Based on industry margins, we think the steel tank option would lose money on a cash basis at the $360,000 figure. By 2015 Poseidon should have a fleet of 1,150 tanks, which would give it a market share of 35%, and stabilize pricing.

Obviously competition could prove stronger and pricing may fall further and faster. By taking advantage of its first mover status the company should be able to make tons of money before that might happen. Our estimate of future earnings results in the company earning more over the next six years than what we paid for the stock. In addition the company has chosen to pay a healthy nine cent monthly dividend which means shareholders will retain some of the profits along the way minimizing overall return risk.

Is this the perfect business? Of course not. You may recall the four metrics we use to determine whether a business is in an attractive industry - pricing power, minimal capital requirements, high margins, and sales growth. Poseidon scores exceptionally well over the next few years in terms of high margins and sales growth; however, within a few years sales growth will fall back to industry levels, and margins will compress. While there is obviously a capital requirement to build the tanks, it is currently very low in relation to the rental rates the tanks generate. Where Poseidon scores lowest is pricing power. It is exceptional right now, but that will only serve to attract other entrants, and it is certain to decline.

For many value investors the company would be placed in the too risky pile. Our opinion is just because we cannot be precise as to where the business will be in five years, doesn't mean we should forgo purchasing it. At the price the market was offering we feel we were more than being compensated for the associated risks. We paid less than eight times our estimate of 2012 earnings for a business growing at over 100% annually.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be a minimum of $10,000.

Should you have any questions regarding the fund, please don't hesitate to call me at my home office (360) 393-3019, or on my cell at (360) 354-3331.

Sincerely,

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

CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC*

March 9, 2012

Subject: Cedar Creek Partners February 2012 Unaudited Results

Dear Partner:

The market continued its strong start to the year as all the major indices rose, led by technology (Nasdaq) and large caps (S&P 500). The fund rose 2.9%, net of fees and expenses in the month, and has risen 9.2%, net of fees and expenses, year to date, which is line with the average performance of the major indices.[1]

	Feb '12	2012	Inception	Ave. Annual
Cedar Creek	**2.9%**	**9.2%**	**174.4%**	**17.9%**
DJIA	2.9%	6.6%	39.5%	5.6%
Nasdaq	5.4%	13.9%	28.0%	4.1%
Russell 2000	2.4%	9.6%	24.2%	3.6%
S&P 500 (SPY)	4.3%	9.2%	20.4%	3.1%

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

February Month Details

Our best performing stock during February was Gravity (GRVY), which rose 33%. The stock has risen sharply so far this year. It started the year at $1.45 and closed February at $2.39. We have written about Gravity in the past, but will remind you of a few items. The company, based in Korea, primarily develops on-line multi-player games. The company has no debt and over $2 per share in cash and investments. More importantly they are profitable, having earned $0.26 per share over the trailing twelve months. Thus it is trading at just over one times earnings net of cash. What is potentially exciting to us is that Gravity is expected to release an update of their popular Ragnarak Online game in the next few months.

Other notable gains were derived from Mastech Holdings (MHH), Sandstorm Gold (SSL.TO), and Janus Capital (JNS) which were up 20%, 16%, and 12%, respectively.

[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Notable decliners in February were Revett Minerals (RVM) down 6% and Mind CTI (MNDO) down 5%.

Cash Levels and New Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 14%, which is noticeably above our general target of 10%. We expect this to be transitory; it is not based on our judgment of short term market expectations (we have none). In fact, as we write this letter, cash has already been reduced to just under 10%.

The biggest uses of cash in February were additional purchases of Monument Mining (MMY.TO), Revett Minerals (RVM), and Mastech Holdings (MHH), along with the initiation of two new positions, one of which is an arbitrage play and is detailed below. Sources of cash were the elimination of our small positions in Rouse Properties (RSE), BNS Holdings (BNSSA), and CTM Media A (CTMMA).

Bullion Monarch Minerals – Missed the Buyout Bounce but Still Thankful

During February, we saw a news release that Bullion Monarch Minerals (BULM) had agreed to be purchased by Eurasian Minerals (EMX) for a 50% premium to Bullion's share price on February 7. Unfortunately we had sold the fund's small position in Bullion in late December at $0.71 per share due to our disappointment in the speed in which management was unlocking value. The offer by Eurasian valued the shares at $1.24 per share based on the current stock price of Eurasian. The deal consists of 0.45 shares of Eurasian and $0.11 for each Bullion share.

Over the years we have found that new information is not always immediately reflected in a micro cap stock's share price. We hoped this might occur with Bullion. Sure enough the following day, the share price of Bullion remained at a fairly steep discount to the agreed to offer price of $1.24, so we built up a 5.5% position at an average cost of approximately $1.10 per share. The deal announcement noted that over 40% of the shares had agreed to vote in favor of the transaction, so there seems to be little risk that the deal will not be consummated. The deal is expected to close in the second quarter. If the deal closes on the last day of the quarter, it would result in a 12% gain over the four and a half month holding period (excluding any changes in the value of Eurasian's stock price). We think that is an excellent return for a four month time period.

While Bullion cannot solicit other offers, it is possible that another party may make a higher offer based on the attractiveness of Bullion's assets. In particular, Bullion's 1% royalty on Newmont Mining's Leeville Mine and adjacent properties in Nevada is quite attractive. The royalty generated over $6 million in the past twelve months when gold prices averaged approximately $1,500 per ounce. At the current price of gold it could generate over $7 million (net of a 5% gold tax) in the coming twelve months. With a probable fifteen year mine life, the Leeville royalty alone is worth around $55 million using a 10% discount rate. This exceeds the $49 million total purchase price for Bullion, which also owns other potentially valuable royalties, properties in Brazil (that it paid $6 million in 2011) and 80% of EnShale, a project in Utah to convert shale into oil.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be a minimum of $10,000.

Should you have any questions regarding the fund, please don't hesitate to call me at my home office (360) 393-3019, or on my cell at (360) 354-3331.

Sincerely,

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

April 13, 2012

Subject: Cedar Creek Partners March 2012 Unaudited Results

Dear Partner:

The market had an excellent first quarter in 2012. All the major indices were up sharply, led by technology (Nasdaq) and large caps (S&P 500). The fund declined by 0.2% in March and rose 9.0%, net of fees and expenses in the quarter.[1]

	Mar '12	2012	Inception	Ave. Annual
Cedar Creek	**-0.2%**	**9.0%**	**173.9%**	**17.6%**
DJIA	2.1%	8.8%	42.5%	5.9%
Nasdaq	4.2%	18.7%	33.4%	4.8%
Russell 2000	2.6%	12.4%	27.4%	4.0%
S&P 500 (SPY)	3.2%	12.7%	24.3%	3.6%

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

March Month Details

Our best performing stock during March was Conrad Industries (CNRD), which rose 16%. We profiled Conrad in our 2010 Year end letter. At the time Conrad was trading at $11 per share, had cash of $5.80 per share, and trailing earnings of $1.52 per share. We had started buying in September 2010 at under $8 per share, which was nearly equal to current assets, which consisted mostly of cash and receivables, minus <u>all</u> liabilities. Essentially the market was offering to sell the business for nothing.

At the time we placed a conservative valuation of $22.50 per share based on a multiple of ten times five year average earnings of $1.75 per share plus excess cash. It is now fifteen months later and the stock closed the first quarter at $18 per share. Conrad earned over $3 per share in 2011. Management has continued to repurchase stock, retiring almost 5% of the stock that was outstanding as of the end of 2010. Cash is over $7 per share, and the company carries almost no debt. We are continuing to hold as our intrinsic value calculation has increased to near $30 per share.

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Other winners in March were Gravity (GRVY) up 15% and Mastech Holdings (MHH) up 18%. Notable decliners were Mind CTI (MNDO) which fell 11% after paying its annual dividend and G Willi Food (WILC), which reported weaker than expected sales and earnings in the fourth quarter, declined 10%. We are throwing in the towel on G Willi. Overall performance in March was negatively impacted by modest declines in many of our commodity related holdings. We think many are trading at very attractive prices and are not concerned about short-term price movements.

Cash Levels and New Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 9.5%, which is in line with our general target of 10%. We did a fair amount of rebalancing in the fund during the month. The biggest use of cash was from the initiation of three new positions – Midwest grocer Roundy's (RNDY), Canadian construction company Churchill (CUQ.TO) and satellite television provider Directv (DTV). Sources of cash were the elimination of our positions in CTM Media B (CTMMB), Sandstorm Gold (SSL.TO), Teton Advisors (TETAA), and token position in Detroit Legal News (DTRL.PK).

Sandstorm Gold was an excellent performer for the fund. We first purchased Sandstorm in January of 2011 at a price of $0.79 per share. In March we increased our exposure to Sandstorm's common at $0.86 per share. In July 2011, we sold half the common at an average of $1.54 per share (87% gain). In March we sold the remaining half of the common at $1.84 per share (120% cumulative gain).

Whenever we sell a position we continue to closely follow it. It would not surprise us if in the future we were to repurchase the stock. There are two reasons for this. First, we tend to sell at a conservative estimate of fair value so it doesn't take too much of a decline in price for the stock to be attractive again. Secondly, we are much more comfortable repurchasing something we previously owned than buying something new. We are also more willing to heavily weight the position due to our deeper knowledge of management, the company and the risks it faces.

Directv

Of the fund's new positions, we are most excited about Directv (DTV). We think Directv is a company that the market is not assessing properly. General perception is that it is a mature business, which will likely grow at slightly above the inflation rate, and is subject to attack by competing technologies. Reality is that the company is a growth stock. Revenue growth was 13% last year due to Latin America revenues growing 42% last year and US revenues a respectable 8%. Revenues from Latin America are expected to double over the next four years.

When we look at businesses we look for good free cash flow and management that is wise in allocating that cash flow. Directv has stable margins such that additional revenue growth translates into net income growth. Operating profit has risen from $600 million in 2005 to $4.6 billion in 2011. The growing free cash flow has given management the confidence to be an aggressive issuer of low cost debt over the last few years and to use that debt to fund share repurchases.

At the end of 2005 Directv had 1.39 billion shares outstanding. At the end of 2011 the share count had declined by more than 50% to 685 million. Over the last six years management has spent $20 billion repurchasing shares. Net income provided $10 billion of those funds and the remaining $10 billion was financed via debt.

In March the company issued $4 billion of debt with a weighted average cost of under 4%. To raise debt, with deductible interest cost at 4% and use it to buy back shares trading at under twelve times earnings is a wise move. In recent conference call it was noted that management expects to continue buying back $100 million worth of stock per week in 2012.

The stock is currently trading at $49 per share. Earnings in 2011 were $3.47 per share. Due to improved profitability and the rapidly declining share count, earnings are projected to rise to $4.37 and $5.33 in 2012 and 2013, respectively. In our view the market will either catch on to what Directv is doing and the stock will rise to fair value, or management will be given further opportunity to continue buying back stock via earnings and additional debt which will result in an even greater increase in the share price in the future. If the market is slow to catch on we think the continued profit growth and share repurchases should result in earnings of $8 per share in 2015.

Tax Information – K-1's

For those of you invested via a taxable account you should have received your K-1 information. If for some reason you did not, please contact me. Our yearend audit has been completed and there were no restatements or adjustments necessary. You will be receiving a copy in the next few days along with other required updates.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be a minimum of $10,000.

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Sincerely,

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

CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC*

May 12, 2012

Subject: Cedar Creek Partners April 2012 Unaudited Results

Dear Partner:

After a strong first quarter, the market cooled in April. Nearly all the major indices declined for the month. The fund declined by 2.1% in April and is up 6.7%, net of fees and expenses year to date.[1]

	Apr '12	2012	Inception	Ave. Annual
Cedar Creek	**-2.1%**	**6.7%**	**168.1%**	**17.0%**
DJIA	0.2%	9.0%	42.7%	5.8%
Nasdaq	-1.5%	16.9%	31.5%	4.4%
Russell 2000	-1.5%	10.7%	25.4%	3.7%
S&P 500 (SPY)	-0.7%	11.9%	23.5%	3.4%

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

April Month Details

Our best performing stocks during April were Midwest grocer Roundys (RNDY) up 16%, Pardee Resources (PDER) up 9%, and Altius Minerals (ALS.TO) up 6%. Most of the fund's holdings were modestly down for the month. Notable decliners were Gravity (GRVY) which declined by 10%, Poseidon Concepts (PSN.TO) down 7%, and Monument Mining (MMY.TO) down 7%.

Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 10.8%, which is in line with our general target of 10%. We did a fair amount of rebalancing in the fund during the month. We added to our positions in Revett Minerals (RVM), Daily Journal (DJCO), Carter Bank & Trust (CARE), and DirecTV (DTV). We also initiated a position in Safeway (SWY) LEAP's, which has been aggressively repurchasing their own shares in

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the market. In the first quarter Safeway reduced its outstanding shares from 297 million to 251 million. In April outstanding shares were further reduced to 240 million.

Revett Minerals (RVM) is a silver producer with an excellent mine in Idaho. We have no unique insight into the silver market but we do think the company has significant potential. Its trailing twelve month earnings are $0.56 per share. The share price at month end was just under $4. What makes the stock exciting is that it is in the process of gaining approval for a nearby mine that potentially contains 300 million ounces of silver and 2.5 billion pounds of copper. If Revett gains approval, and uses future earnings, debt and a reasonable share offering to develop the mine, it could potentially see earnings triple or quadruple. We do not think this potential is factored into the stock price.

Owning Daily Journal (DJCO) is a great way to own not only an excellent free cash flow business, but it also allows investors to have two of the greatest investors of all time manage their capital. The first is Charlie Munger, better known as the Vice Chairman of Berkshire Hathaway. He is Chairman and the third largest shareholder of Daily Journal. The second is J.P. "Rick" Guerin, who is the largest shareholder and Vice Chairman. Both were featured in Warren Buffett's famous 1984 speech entitled "The Superinvestors of Graham-and-Doddsville." The stock closed April at $77 per share. It has stable of earnings in excess of $5 per share annually and an investment portfolio worth $50 per share (subsequent to month end the stock price rose after its quarterly report noted that the investment portfolio rose to $60 per share, net of accrued taxes).

Largest Positions in the Fund as of April 30

While our recent performance, which is largely outside of our control, has not been as impressive as we would like, we are very excited about the companies that we own. As we have stated many times – the only way to outperform the market over time is to have a portfolio that is different from, and better than, the market. That is what we try to do, and we think we have achieved that.

	Company	**Symbol**	**% Port**	**Mkt Cap**	**Price**	**P/E**	**P/B**	**PE net of $**
1	DirecTV *	DTV	9.7%	32,190	49.28	13.7	n/a	repurchase
2	Monument Mining	MMY.V	8.7%	81	0.43	1.8	0.6	1
3	Revett Minerals	RVM	6.6%	128	3.97	12.0	1.6	8
4	Poseidon Concepts	PSN.TO	6.3%	1,120	13.00	19.0	62.2	Proj PE = 9
5	Conrad Industries	CNRD.PK	5.4%	115	18.20	6.0	1.2	4
6	Safeway *	SWY	5.3%	5,800	20.33	14.5	2.0	repurchase
7	Calamos	CLMS	5.1%	262	12.92	16.7	1.4	5*
8	Mind CTI	MNDO	4.8%	34	1.77	7.8	1.5	4
9	Daily Journal	DJCO	4.1%	106	77.00	14.4	1.5	4
10	Gravity	GRVY	4.4%	64	2.48	8.8	0.7	1
11	Altius Minerals	ALS.TO	3.9%	340	12.18	n/a	1.2	asset play
12	Pardee Resources	PDER.PK	3.5%	168	240.00	8.3	1.3	7
13	Sadlier	SADL.PK	3.1%	34	42.00	10.0	0.9	2
14	Dell	DELL	3.0%	28,510	16.37	8.6	3.0	6

* DirecTV and Safeway are owned via LEAPS (long term equity options). % is on look-through basis
PE net of $ includes securities and in Calamos's case also includes the NPV of tax deferred assets.

We have stocks that range in size from $34 million market cap to $32 billion. Three are listed on the pink sheets; another three are listed in Canada. Nearly all have single digit PE ratios after adjusting for net cash and investments. Their strong balance sheets should provide downside protection. Our three large caps – DirecTV, Safeway and Dell are aggressively repurchasing their shares. We like it when management acts when it believes its shares are trading below intrinsic value.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be for a minimum of $10,000.

If this letter was passed on to you and you would like to be added to our monthly distribution list, please email me at the email address below. Should you have any questions regarding the fund, please don't hesitate to call me at my home office (360) 393-3019, or on my cell at (360) 354-3331.

Sincerely,

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

CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC*

June 11, 2012

Subject: Cedar Creek Partners May 2012 Unaudited Results

Dear Partner:

After a strong first quarter, the market seems committed to giving up all of its early gains. As in previous years, May was once again a poor performing month. All the major indices declined sharply, and the fund fully participated as well. The fund declined by 7.8% in May and is down 1.6%, net of fees and expenses year to date.[1] While not pleased with the short term performance we are taking advantage of the lower market prices to add to some already attractive holdings, which in the long run should prove more profitable than if the market had been flat.

	May '12	2012	Inception	Ave. Annual
Cedar Creek	**-7.8%**	**-1.6%**	**147.2%**	**15.3%**
DJIA	-5.8%	2.7%	34.4%	4.7%
Nasdaq	-7.2%	8.5%	22.0%	3.2%
Russell 2000	-6.6%	3.4%	17.1%	2.5%
S&P 500 (SPY)	-6.0%	5.2%	16.1%	2.4%

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

May Month Details

While the month was overwhelmingly negative across the board, we did have a few bright spots. Daily Journal (DJCO) rose 8% during the month. We briefly mentioned it in last month's letter. Other modest gains were from Poseidon Concepts (POOSF) up 5%, and BNS Holdings (BNSSA) up 4%. Notable decliners were Gravity (GRVY) which declined by 22%, and Revett Minerals (RVM), Altius Minerals (ALS.TO), and Calamos Asset Management (CLMS), which each declined by 16%.

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Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 10.9%, which is in line with our general target of 10%. We did a fair amount of rebalancing in the fund during the month. We added to our positions in Carter Bank & Trust (CARE), and Pardee Resources (PDER). We also returned to some previously held positions – Apple (AAPL), Teton Advisors (TETAA), Peerless Systems (PRLS), and BNS Holdings (BNSSA). All were modest positions.

As we noted above, we increased the fund's position in Carter Bank & Trust (CARE) and Pardee Resources (PDER). Carter Bank & Trust is community based bank located in Virginia. Carter trades for $8.30 per share. It has a book value of over $13 per share and pays a $0.10 quarterly dividend, for a 4.8% yield. Earnings in 2011 were $1.15 per share. In addition the bank has a non-cash annual charge for core deposit intangible amortization of $0.28 pre-tax per share. Thus true cash earnings in 2011 were over $1.40 per share, which equates to a nearly 17% earnings yield. We find that attractive.

We have written about Pardee Resources (PDER) periodically in the past (see excerpt from our November 2010 letter at the bottom of this letter). It is the type of company we try to find in the unlisted stock arena – well managed and selling well below its intrinsic value. As the chart below shows, it has been an excellent performer over the last ten years in terms of growing assets, net income and most importantly EPS. Pardee also achieved this record through development of its existing assets and through an incredible record of finding accretive transactions.

We recently received management's comments from the May annual meeting. In the letter the company spells out its strategic goals, the first of which is to achieve long term average annual EPS and dividend growth of at least 10%. As the record below shows they have are doing an excellent job. Pardee has a royalty model which allows them to achieve very high margins. In 1991, Pardee had 30 employees. Today they have 32. Cash flow per employee has grown from $80,000 in 1991 to over $1 million in 2011. Yet the market only ascribes Pardee a PE multiple of seven times earnings, and under six times earnings, net of cash. We wish we could find more companies like Pardee Resources.

Pardee Resources 10 Year Performance

Year	Assets	Equity	Revs	Net Inc	ROE	EPS	Divs	Price
2001	38,689	33,154	15,640	4,984	19%	$ 6.49	$ 1.70	$ 59.00
2002	41,517	36,272	14,336	4,485	14%	$ 5.82	$ 1.78	$ 61.50
2003	63,042	39,999	18,620	5,996	17%	$ 7.75	$ 1.88	$ 71.50
2004	63,266	41,121	21,205	7,645	19%	$ 9.98	$ 2.00	$ 105.00
2005	69,023	48,361	26,287	10,093	25%	$ 13.41	$ 2.24	$ 170.00
2006	70,618	55,024	27,283	10,161	21%	$ 13.67	$ 2.64	$ 170.00
2007	87,683	62,149	34,319	13,220	24%	$ 18.29	$ 3.00	$ 210.00
2008	92,938	75,717	45,585	19,496	31%	$ 27.09	$ 3.36	$ 165.00
2009	104,727	84,281	32,568	11,746	16%	$ 16.62	$ 4.00	$ 172.50
2010	118,552	102,491	54,992	21,359	25%	$ 29.98	$ 5.50	$ 283.00
2011	137,814	119,752	56,761	20,883	20%	$ 29.04	$ 6.00	$ 216.00
CAGR	**13.5%**	**13.7%**	**13.8%**	**15.4%**		**16.2%**	**13.4%**	**13.9%**

Note: Assets, Equity, Revenues and Net Income in 000's

Room for New Members and/or Additional Funds

The other day I was having a conversation with some fellow investors, and one of them casually remarked "When a stock goes up you buy more." Everyone agreed, except me. I asked the deeply profound question that usually comes from the lips of a four year old, "Why?" He stammered a bit, as parents often due when forced to confront something they really hadn't thought deeply about, and finally responded that "you buy more because it had gone up that's why." For a true value investor that makes little sense. As value investors we want to buy at the greatest discount to intrinsic value, thus we want to buy when the market price has fallen (and intrinsic value has not).

This conversation made me think of one of the partners in the fund. Right after he invested the only request he had for me was "Let me know if you have a drop in value so I can send in more money." He clearly gets it. He understands that Mr. Market is quite irrational at times and that the most rewarding times to invest are those opportunities when good stocks have suddenly become cheap.

I look forward to monitoring his progress over time since he is magnifying what the fund is doing. We buy more when one for our stocks drops in price due to short term fluctuations and market emotions. By adopting the same approach of buying more at lower prices we think he can outperform the overall returns of the fund.

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be for a minimum of $10,000.

If this letter was passed on to you and you would like to be added to our monthly distribution list, please email me at the email address below. Should you have any questions regarding the fund, please don't hesitate to call me at my home office (360) 393-3019, or on my cell at (360) 354-3331.

Sincerely,

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

Excerpt from our November 2010 Letter

Pardee Resources (PDER) – Pardee Resources, listed on the pink sheets, is a diversified natural resources company that owns, acquires, manages and develops land and natural resource properties. The Company owns significant timber, coal and oil & gas properties located in the Appalachian region, including West Virginia, Kentucky, and Virginia, as well as other parts of the U.S. including Colorado and the Gulf Coast.

Pardee has 713,000 shares outstanding at a current price of $250 per share, resulting in a market cap of nearly $175 million. In the last twelve months the company has earned $29.60 per share, although $6.35 per share was due to a non-recurring lease option payment. What we like about the company is that it is a cheap way to gain exposure to coal, timber, natural gas, and undeveloped land.

Pardee has 350 million tons of coal on its properties, of which, 80 million is permitted. Approximately 20% of its reserves are metallurgical coal, which sells for a substantial premium to normal Appalachian coal. Instead of mining its own coal, the company collects royalties that vary with the market price. Currently they collect about $3.50 per ton on average. We would note that the company collects around $2 per ton for standard coal and $6 to $8 per ton on metallurgical coal.

In the past twelve months, approximately 10 million tons of coal were mined and Pardee realized gross profits of $25 million. Based on 35 years of reserves, we would argue that the $175 million market capitalization doesn't fully reflect the value of Pardee's coal royalties, let alone the value of the timber, natural gas, and undeveloped land. Even if one allocated all of the company's $5 million in annual G&A costs to the coal operations, the market is valuing the coal at 9 times pre-tax profits.

In addition, much of Pardee's operations are based in West Virginia, which has begun to draw significant attention due to the presence of the Marcellus Shale, the second biggest US gas shale, which runs from West Virginia up through Pennsylvania and eastern Ohio and into New York. Pardee owns roughly 200,000 acres of land, most of which is in West Virginia, thus there is the potential for significant future oil and natural gas royalties as well.

The recent economic downturn has hurt Pardee's timber operations. For a few years they were earning $3 to $4 million in gross annual profits from timber sales. Currently timber operations are at breakeven. Of course the good thing about timber is even if you don't harvest it, the trees continue to grow resulting in additional value.

The company has historically paid a dividend of approximately 30% of annual earnings. Currently the annual dividend is only $4.40 per share. We think the dividend is likely to be increased in the coming months. Pardee did pay an additional $1.10 per share dividend in December. In addition, Pardee undertook tender offers for shares in both 2007 and 2008 at $187 and $220 per share, respectively.

In summary, Mr. Market is valuing Pardee Resources at around ten times earnings, which we think is too low for a company with high quality assets. On a per acre basis, it works out to only $900 per acre, for land with substantial resources attached to it. While we still believe the stock is attractive at current prices, we would note that we entered our position in early summer at approximately $186 per share ($663 per acre).

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC*

July 16, 2012

Subject: Cedar Creek Partners June 2012 Unaudited Results

Dear Partner:

The markets rebounded in June as all the major indices rose, led by the Russell 2000 which rose 5.0%. The fund rose by 0.8% and is down 0.8%, net of fees and expenses year to date, which lags all the major indices.[1]

	June '12	2012	Inception	Ave. Annual
Cedar Creek	**0.8%**	**-0.8%**	**149.3%**	**15.2%**
DJIA	4.0%	6.7%	39.7%	5.3%
Nasdaq	3.8%	12.7%	26.7%	3.7%
Russell 2000	5.0%	8.5%	23.0%	3.3%
S&P 500 (SPY)	4.1%	9.5%	20.8%	3.0%

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

While long term performance is what truly matters (and we have done very well in that regard), as an investor in the fund, as well as manager, I am not pleased with the year to date performance. I would always choose to be ahead rather than lagging the market, even over short measurement periods. It is emotionally preferable to be dealing with the "problem" of selling winners and finding new investments versus experiencing temporary underperformance and facing the challenge of choosing how best to reallocate to those securities that are most undervalued by the market.

Those who have been invested in the fund since the early years know that this is not the first time in the fund's six and half year history that short-term underperformance has occurred, and I can assure you (as much as I wish it weren't true) it won't be the last. It is a basic part of investing. There will always be periods of underperformance. It is how the investor deals with it that separates the successful from the average (or unsuccessful).

[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

The poor investor often chases what has been hot, only to find that it has already run its course and subsequently lags, leaving the investor even further behind. The intelligent investor rationally reassesses. He checks for any permanent loss of capital, style drift, for specific errors in individual securities, or errors in portfolio composition (e.g., too much or too little concentration in one security or industry), etc. He also steps back and looks at all his positions with as fresh of a perspective as possible, asking the question, "Have I become so wedded to this idea that I am not seeing the clear picture?" While this is difficult to do, it is essential.

Permanent Versus Temporary Loss

Examining for permanent loss of capital is very important. For example, in the summer of 2007 we experienced a short bout of dramatic underperformance, which we later found out was due to some value oriented hedge fund(s) that were forced to liquidate holdings that we also happened to own. The liquidation forced down the prices of some of our larger long positions and, even worse, the prices of our modest short positions rose as those were being covered. As we assessed the situation it became quite clear that there was no permanent loss of capital. The businesses were performing fine. Their stock prices had just experienced a temporary bout of the flu. Thus we used the opportunity to reallocate and load up on the best bargains.

Our year to date performance is basically at a breakeven point; however, we think it is still important to examine whether the major positions have suffered only a temporary loss or a permanent loss of capital. The top three securities that have contributed the most unrealized loss to the fund are Monument Mining (MMY.V), Aberdeen International (AAB.TO), and Revett Minerals (RVM). All three are in the precious metals space and combined account for a 4.9% unrealized loss for the fund.

We didn't purchase the securities based on how we thought they would perform over a three month period, or based on what direction we thought commodity prices would trend, rather we bought based on their individual attractiveness. While they have fallen more than the market over the last three months; Monument and Revett's business have performed well, while Aberdeen's has not (and thus we are likely to be sellers).

We wrote about Revett in our April letter. The stock has subsequently fallen from $4 per share at the end of April to $3.30 at the end of June. Below is what we wrote in April.

> Revett Minerals (RVM) is a silver producer with an excellent mine in Idaho. We have no unique insight into the silver market but we do think the company has significant potential. Its trailing twelve month earnings are $0.56 per share. The share price at month end was just under $4. What makes the stock exciting is that it is in the process of gaining approval for a nearby mine that potentially contains 300 million ounces of silver and 2.5 billion pounds of copper. If Revett gains approval, and uses future earnings, debt and a reasonable share offering to develop the mine, it could potentially see earnings triple or quadruple. We do not think this potential is factored into the stock price.

Revett has $0.90 per share in cash and no debt. Yet the market is valuing the company at just six times current earnings. At that price we are more than willing to not only hold but add to our position.

Monument Mining has been the fund's worst performer and is responsible for a 2.7% decline for the fund. Our average cost is $0.50 per share versus a June 30 close of $0.38 per share. Monument owns a low cost gold mine in Malaysia. While operations have been fine, management has made some poor decisions over the last year. Monument decided to acquire the Mengapur project for $70 million and proposed to issue 140 million shares plus warrants at a then below market price equal to just 0.5 times earnings, net of cash. (Yes you read that right, it was 0.5 times). The stock immediately fell 20%. Shareholders stupidly approved the arrangement. Thankfully, regulators are holding up the private placement.

Monument ended up using existing cash to make the acquisition, but is still pursuing the private placement to fund development of Mengapur. The market cap at the end of June was under $70 million, which was less than the cost to acquire Mengapur. Monument is earning $50 million annually and, based on current gold prices, is expected to continue to do so each year over the 5-8 year life of their existing mine, yet the whole business was trading for $70 million.

We figured that even in a worst case scenario (i.e., the private placement occurs) the stock was unlikely to fall further. The market was essentially pricing in maximum management stupidity forever. It seemed unlikely that the individual who was getting the private placement would stand for that. We also know that deep pocketed investors are scouring for low risk ways to make money and the absurd valuation would not last forever. Someone would jump at the chance to make easy money.

Subsequent to month end things have started to improve. GoldMet (a privately held company) purchased 24 million privately held warrants, which were due to expire on July 21, for $0.08 per warrant. The warrants give the owner the right to purchase shares at $0.50 per share. Thus GoldMet was willing to effectively pay $0.58 per share (the cost of the warrant plus the exercise price) versus a market price of under $0.40 per share. The transaction showed that they too recognized the absurd valuation in the market. Subsequently, GoldMet has also purchased 30 million common shares in a private transaction at $0.43 per share.

Monument's stock price has risen to $0.46 as we write this letter. That price is still a far cry from what we think the company is worth. We are optimistic that things are heading in the right direction.

June Month Details

Notable gainers in June were our basket of LEAPs on Directv (DTV) which rose 20 to 45%, Mind CTI (MNDO) which rose nearly 10%, William Sadlier (SADL) which rose 7%, and Calamos (CLMS) which rose 5%. Notable decliners were Safeway (SWY) LEAPs which fell 39%, Gravity (GRVY) down 10%, Conrad Industries (CNRD) fell 6%, and Nabi Biopharmaceuticals (NABI) down 5%.

Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 11.2%, which is in line with our general target of 10%. We continued to do a fair amount of rebalancing in the fund during the month. We added to our positions in Daily Journal (DJCO), Nabi Biopharmaceuticals (NABI), Revett Minerals (RVM), Gravity (GRVY), Safeway (SWY)

January 2014 LEAPs, and a few other minor positions. We reduced our holdings in Poseidon Concepts (POOSF).

We wrote about Daily Journal (DJCO) in our April letter and really have nothing further to add. Nabi Biopharmaceuticals (NABI) is a busted biotech stock that has an interesting story. It has 42.5 million shares outstanding and at the end of June had a share price of $1.58 per share, versus $2.23 per share in cash, and no debt. We previously owned the stock in 2010 and 2011 when it was in trial phase for NicVAX, an investigational vaccine for the treatment of nicotine addiction. If the trials were successful the product could have been huge. We had no unique insight into the potential outcome; however, we thought the potential windfall of probably ten times or more justified a small position versus the potential for a 50% loss. Unfortunately, the results were disappointing. For tax purposes we soon sold out.

A few months later the stock had fallen to 10% below its net cash and we started to build a position based on a possible liquidation or sale. The company announced that it was exploring strategic alternatives. We continued to slowly build. In April, Nabi announced a merger with Biota, a company listed in Australia. Many shareholders, including us, were unhappy and the stock fell further. While in the short term this was disappointing, it created an even more attractive purchase price for us, and more importantly, a more attractive opportunity for an activist to come in and push for rejection of the merger and for partial or full liquidation. We started buying more aggressively.

At the end of June, Mangrove Partners, which is Nabi's largest shareholder, filed a 13D where they communicated to Nabi that they were not happy with the proposed merger and intend to try and defeat it.

> The Reporting Persons believe that as proposed the Merger is not in the best interest of shareholders and deeply undervalues the Issuer. The Reporting Persons intend to engage in discussions with the management and Board of Directors of the Issuer (the "Board"), shareholders of the Issuer and others regarding the Merger and related matters. Although the Reporting Persons reserve the right not to move forward, they currently intend to commence a solicitation in opposition to the Merger and related transactions and currently intend to vote against the approval of the Transaction Proposals (as that term is defined in the Proxy Statement). (13D filing 6/29/12 by Mangrove Partners Fund LP)

On July 2, Nabi announced a self-tender for up to $23 million of its common stock at a price no less than $1.58 and no greater than $1.72 per share. We think management is low-balling how quickly it can liquidate and the potential overall proceeds. The reason for this is that both management and the board are getting well compensated and have little incentive to expedite the process. The stock briefly jumped in price, but has since moved back to the low end of the tender price range. The tender offer has helped increase liquidity for other value investors to join in. We don't know if any have, but it would not surprise us.

As I write this, the stock is $1.61 per share. Current cash balances for Nabi are approximately $92 million, or $2.18 per share plus the potential value of its patents, existing and potential royalties, and net operating losses. From that we have to deduct the cost to terminate the merger, expected cash burn through liquidation, and possible severance payments to replace management. Prior to the tender we had a estimated a value of $2.20 to $2.70 per share. Thus at this point we hope the maximum amount of shareholders will tender at up to $1.72 per share since it means remaining shareholders could get an even larger payout.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be for a minimum of $10,000.

If this letter was passed on to you and you would like to be added to our monthly distribution list, please email me at the email address below. Should you have any questions regarding the fund, please don't hesitate to call me at my home office (360) 393-3019, or on my cell at (360) 354-3331.

Sincerely,

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

CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC*

September 12, 2012

Subject: Cedar Creek Partners August 2012 Unaudited Results

Dear Partner:

The markets continued upward in August, as all the major indices rose, led by the Nasdaq and Russell 2000 which rose 4.3% and 3.3%, respectively. The fund rose by 1.0% and is up 0.2%, net of fees and expenses year to date, which lags all the major indices.[1]

	Aug '12	2012	Inception	Ave. Annual
Cedar Creek	**1.0%**	**0.2%**	**151.9%**	**15.0%**
DJIA	0.6%	9.2%	42.9%	5.5%
Nasdaq	4.3%	17.7%	32.4%	4.3%
Russell 2000	3.3%	10.6%	25.3%	3.5%
S&P 500 (SPY)	2.5%	13.6%	25.3%	3.5%

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

In our six year history, the worst calendar year performance lag between the fund and the S&P 500 was 3%. With only four months left in the year, we have a long ways to go to maintain that record; however we do like our chances to finish the year with respectable results. We believe that our holdings are trading at a substantial discount to their intrinsic value, and are likely to outperform the general market over time. What is out of our control is how quickly those discounts are eliminated. Some years it happens incredibly quick such as 2006 and 2009, when the fund returned 50% and 87%, respectively. In other years, such as this one, it is frustratingly slow.

August Month Details

Notable gainers in August were our basket of LEAPS on DirecTV (DTV) which rose 15 to 30%, Conrad Industries (CNRD), which rose 7% after reporting another excellent quarter, Pardee Resources (PDER) up 6%, and Calamos (CLMS) which rose 5%.

[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Notable decliners were Roundy's (RNDY) down 22%, and Gravity (GRVY) which fell 20% after reporting a loss in the second quarter. We also had modest declines from Revett Minerals (RVM), Aberdeen International (AAB.TO), and Daily Journal Corp. (DJCO).

Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 16%, which is above our general target of 10%. We continued to do a fair amount of rebalancing in the fund during the month. We added to our positions in Revett Minerals (RVM), when it dropped below $3 per share, Opt Sciences (OPST), Select Income REIT (SIR), Gravity (GRVY), Teton Advisors (TETAA), and a few other minor positions. We also initiated a new position in Cigna (CI).

We reduced our holdings in Daily Journal (DJCO) as it rose to near fair value, and Roundy's (RNDY) due to disappointing operating results (subsequent to month end we eliminated the entire position in Roundy's). Finally, we eliminated positions in Churchill (CUQ.TO), Janus (JNS), MFC Indstrial (MIL), Nabi Biopharmaceutical (NABI), Poseidon Concepts (PSN.TO), and Scorpio Gold (SGN.TO).

Opt Sciences

Opt Sciences (OPST) is a tiny $10 million company that makes anti-glare and transparent optical coatings that are used on instrument panels in aircraft cockpits. The company has been profitable every year since 1995, which is as far back as we can find information. In the last twelve months, Opt has earned $1.09 per share. In addition, they noted in their most recent quarterly results that one of the competitors was closing, which should help future results.

What is remarkable is that Opt is trading for $13 per share, or near its net cash levels of $12.46 per share. We think any time you can purchase a profitable company for the amount of net cash it has, you are highly likely to have a very favorable result. We don't know what the catalyst will be – special dividend, increased public awareness, going private transaction, sale, etc., but at this price we are willing to patiently wait.

Select Income REIT

Most of the time, REITs (Real Estate Investment Trusts) are not selling at prices we find attractive. The yields are often too low based on the tax structure (untaxed at the corporate level and passed through to the shareholder). Select Income REIT (SIR) is different. The typical commercial REIT purchases buildings that are leased out and generate cash flow from profits plus depreciation that exceeds capital expenditures. In general we don't consider cash flow from depreciation as a real profit. Depreciation is an accounting structure designed to capture a real expense – buildings deteriorate over time.

While Select Income REIT owns some buildings, it is primarily a land owner, 65% of which is located in Hawaii. Most of the land has long term lessees who have built their own buildings on the property. This reduces the amount of depreciation (since land is not depreciated) but we think it also changes the risk profile. Since the lessee has built the building they are unlikely to walk away from the investment, which increases the likelihood of rents continuing to flow in and therefore reduces overall risk.

Despite what we would view as a lower risk profile, Select Income REIT trades at a lower valuation than its peers. We purchased units just below the current $25 price and have already collected one distribution of $0.49 per unit. The company plans to pay $1.60 per year in distributions, but we think it will need to pay more than that to comply with the 90% payout rule. Currently Select Income REIT has a 6.5% yield versus under 4% for the industry average. If Select Income REIT were to trade at a 4% yield it would result in a price above $40, nearly 60% higher than the current price.

A Decisive Election

With a very important election coming up, we all have our preferences. My desire is not to necessarily sway you to one candidate versus the other; rather, it is to make sure we think about things logically and consistently. I prefer smaller government and smaller taxes. Others prefer larger government. We can disagree on the size and scope of government and still love our country and discuss things intelligently.

What bothers me is that we, as a nation, have let politicians give us both larger government and smaller taxes. This is unacceptable; despite what Dick Cheney believed, deficits do matter, and trillion dollar deficits definitely matter. For this reason I was excited to see Mr. Romney's selection of Paul Ryan as his running mate. It will hopefully make the size and scope of government a central issue of the campaign.

A strong case can be made that the politicians are just following the desires of the people. Thus it is the voters who ultimately need to understand the problem. As Doug Elmendorf, director of the CBO (Congressional Budget Office) stated in November 2009:

> *"The country faces a fundamental disconnect between the services the people expect the government to provide, particularly in the form of benefits for older Americans, and the tax revenues that people are willing to send to the government to finance those services."*

He was absolutely correct. While I am not overly optimistic, since the polls currently project President Obama to win re-election and Republicans to win control of both the House and Senate, I hope the upcoming debates will help voters better understand the issues, and thus make a consistent choice.

Thoughts on the Last Thirty Years

President Obama has clearly stated his desire to be a transformative President and has made the central theme of his campaigns to reverse the direction of not just the Bush administration, but the last thirty years. In other words, he wants to undo the "Reagan Revolution." Meanwhile, Governor Romney has called for a return to the approach of a smaller government as begun under former President Reagan, and generally followed by George H W Bush and Bill Clinton, who stated in his 1996 State of the Union address that the "era of big government is over."

President Obama believes his approach is better for the middle class. What he isn't telling voters is the flip side of what bigger government eventually requires – higher taxes. We cannot keep running trillion dollar annual deficits. Raising taxes on the wealthy does not change that. Moving tax rates for those making more than $200,000 per year back to levels during the Clinton presidency only makes a $75 billion dent in a $1.2 trillion deficit. In fact the total amount of all *individual* income taxes collected is less than the annual deficit.

Federal Budget	2011	2010	2009	2008	2007
Indiv. Income Taxes	1,091,473	898,549	915,308	1,145,747	1,163,472
Corp. Income Taxes	181,085	191,437	138,229	304,346	370,243
Payroll Taxes	818,792	864,814	890,917	900,155	869,607
Excise Taxes	72,381	66,909	62,483	67,334	65,069
Other	139,735	141,015	98,052	106,409	99,594
Total Receipts	**2,303,466**	**2,162,724**	**2,104,989**	**2,523,991**	**2,567,985**
Total Outlays	**3,603,061**	**3,456,213**	**3,517,677**	**2,982,544**	**2,728,686**
Surplus (Deficit)	**(1,299,595)**	**(1,293,489)**	**(1,412,688)**	**(458,553)**	**(160,701)**

Source: Historical Tables from Office of Management and Budget. Figures in millions.

Over the last thirty years, tax rates have been reduced for everyone, and the tax burden has significantly shifted from the middle class to the rich. The policies responsible - the Earned Income Tax Credit, Child Tax Credit, lower tax rates, and indexing of tax brackets for inflation, were largely proposed by Republicans.

To understand how great a shift has taken place, we must remember that in 1980, when Reagan took office, the income tax burden for a family of four making half of the median income was 6%. Today the burden for a family of four making half of the median income, or $37,800 annually, is a negative 7% (due to the EITC and Child Tax Credit refunding Social Security Taxes). For a family of four making the median income, or $75,000 annually, their income tax burden has declined from 11.4% to 5.6%. Lastly, for those earning $150,000, or twice the median income, their income tax burden has fallen from 18.25% to 12.9% (Source: Tax Policy Center, Tax Facts, Historical Federal Income Tax Rates for a Family of Four).[2]

I question whether that is what middle class voters would choose if the President told the truth about what big government costs. Do those making just half the median income want to pay $5,000 per year in order to pay for the level of government we are currently receiving? Or do they want our government to continue running trillion dollar deficits, and hope it turns out okay?

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be for a minimum of $10,000.

[2] Note median income for a family of four is different from overall median income by household, which is just over $50,000. The point is not about what the median income is, rather, it is about the sharp reduction in taxes on the poor and middle class.

If this letter was passed on to you and you would like to be added to our monthly distribution list, please email me at the email address below. Should you have any questions regarding the fund, please don't hesitate to call me at my home office (360) 393-3019, or on my cell at (360) 354-3331.

Sincerely,

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

Managing Member – Tim Eriksen CEDAR CREEK PARTNERS, LLC *Eriksen Capital Management, LLC*

October 15, 2012

Subject: Cedar Creek Partners September 2012 Unaudited Results

Dear Partner:

The markets continued upward in September, as all the major indices rose, led by the Russell 2000 which rose 3.3%. The fund had a solid month, rising by 3.7%, net of fees and expenses. Year to date, the fund is up 4.0%, net of fees and expenses.[1]

	Sep '12	2012	Inception	Ave. Annual
Cedar Creek	**3.7%**	**4.0%**	**161.3%**	**15.4%**
DJIA	2.7%	12.2%	46.9%	5.9%
Nasdaq	1.6%	19.6%	32.4%	4.5%
Russell 2000	3.3%	14.2%	29.4%	3.9%
S&P 500 (SPY)	2.5%	16.4%	28.4%	3.8%

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

In our six year history, the worst calendar year performance lag between the fund and the S&P 500 was 3%. With only three months left in the year, we have a long ways to go to maintain that record; however we do like our chances to finish the year with respectable results. We believe that our holdings are trading at a substantial discount to their intrinsic value, and are likely to outperform the general market over time. For example, the fund has a price to earnings ratio of 6.4, excluding cash, which, is less than half the ratio of the general market indices. In addition, most of our holdings have high cash balances, and little or no debt.

September Month Details

Notable gainers in September were our LEAPS on Safeway (SWY), Revett Minerals (RVM), and Smith Midland (SMID), each of which rose approximately 15%. Other notable gainers were Opt Sciences (OPST), which rose 12%, Monument Mining (MMY) and Conrad Industries (CNRD) each up 11%. Notable decliners were Pardee Resources

[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

(PDER) down 3%, and Gravity (GRVY) which fell 2%. We also had a modest decline in our basket of LEAPs on DirecTV (DTV).

Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 17%, which is above our general target of 10%. The primary reason for the high cash balance is due to the decision to use LEAPs for our long positions in DirecTV (DTV) and Safeway (SWY) instead of common stock. We initiated one major new position during the month, Trinity Biotech plc (TRIB) which is detailed below.

Trinity Biotech

Trinity Biotech plc (TRIB) develops, acquires, manufactures, and markets diagnostic systems, including reagents and instrumentation, for the point-of-care and clinical laboratory markets. The company is based in Ireland, and sells its products worldwide.

Typically any biotech company which has to be valued based on the likelihood of success of its products is outside my circle of competence. I do not possess the medical knowledge and expertise to know whether a developmental drug or test will be successful. In Trinity's case it has existing products in market niches such that I feel comfortable analyzing the company's prospects.

Trinity's share price was $12.35 at the end of September. The company has 21.5 million shares outstanding, resulting in a market capitalization of $265 million. The balance sheet is solid, with equity of $160 million, or $7.44 per share. Cash is nearly $74 million, or $3.40 per share. Trinity has approximately $80 million in annual sales, with gross margins coming in at just over 50%, and after-tax margins in excess of 20%, which we find very attractive. Sales have been growing at about 7%. Trailing EPS is nearly $0.80 per share. We basically were paying just over ten times earnings net of cash.

In addition to the attractive valuation based on current products, we liked the opportunity to participate in the products in development. Trinity's acquisition of Fiomi brought a number of potential tests. The most promising is a test for Troponin I, an important market for cardiac health. The combined market for the test and other Fiomi tests could result in additional revenues of $70 million per year in five or six years. That is an amount nearly equal to current revenues.

Subsequent to month end, Trinity was featured in Barron's in an article titled "A Premier Play on Diabetes Testing." The analyst in the article noted the potential of Trinity's diabetes testing instrument and placed a fair value target of $18.50 per share on the stock. The stock rose after the article hit, and currently is just under $14 per share.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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

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Sincerely,

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

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC*

November 13, 2012

Subject: Cedar Creek Partners October 2012 Unaudited Results

Dear Partner:

The markets pulled back in October, as all the major indices declined, led by the Nasdaq which fell 4.5%. The fund had a solid month, rising by 0.4%, net of fees and expenses. Year to date, the fund is up 4.3%, net of fees and expenses.[1]

	Oct '12	2012	Inception	Ave. Annual
Cedar Creek	**0.4%**	**4.3%**	**162.2%**	**15.2%**
DJIA	-2.4%	9.5%	43.4%	5.4%
Nasdaq	-4.5%	14.3%	28.5%	3.8%
Russell 2000	-2.2%	11.8%	26.6%	3.5%
S&P 500 (SPY)	-1.8%	14.3%	26.1%	3.5%

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

In our six year history, the worst calendar year performance lag between the fund and the S&P 500 was 3%. With only two months left in the year, we have a long ways to go to maintain that record; however we do like our chances to finish the year with respectable results. We believe that our holdings are trading at a substantial discount to their intrinsic value, and are likely to outperform the general market over time. For example, the fund has a price to earnings ratio of 6.8, excluding cash, which, is less than half the ratio of the general market indices.

In addition to the low P/E ratio, most of our holdings have high cash balances, and little or no debt. With the high cash balances, and possible changes to income tax rates for dividends, we think it is possible that a couple holdings will announce large dividends before the end of the year.

October Month Details

Notable gainers in October were Chesapeake Financial (CPKF) which rose 22%, Trinity Biotech (TRIB) which increased 12%, and Cigna (CI) which was up 8%. We discuss

[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Chesapeake below, and detailed our position in Trinity Biotech in last month's letter. We also have a more detailed write up coming out on Trinity in this month's Value Investing Letter. Notable decliners in October were Aberdeen International (AAB.TO) down 14%, and Calamos Asset Management (CLMS) which fell 7%. We also saw a decline in our basket of LEAPs on DirecTV (DTV).

Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 11%, which is near our general target of 10%. The cash balance did decline from the prior month due to the fund adding to some existing positions. Since we are still active in these positions we are not going to detail our activity. We did exit one position – Mind CTI (MNDO). Subsequent to month end we have started aggressively buying a micro cap name. It is the most attractive security on a risk/reward basis that we have seen since 2009, and look forward to giving you more details in the future. We are not through buying, but if the price stays low, and there are enough shares available to purchase, we expect to make it the largest position in the fund.

Chesapeake Financial – A Community Bank Gem

The fund's best performing stock in October, percentage wise, was Chesapeake Financial (CPKF), a small community bank based in Virginia that trades over the counter. We were familiar with the bank from some work on community banks we had done for Walker's Manual in 2005. We had never owned it and were not actively following it, when we noticed that they had an earnings release and decided to read it.

Having spent a great deal of time on community banks prior to the housing bubble, we knew what to look for. Chesapeake was strong in all the performance ratios, yet was trading for just over six times earnings and less than 80% of book value. More importantly, earnings were rising from $1.69 per share in 2010 to $2.16 per share in 2011. We were happy to make it a part of our small basket of community banks joining Carter Bank & Trust (CARE) and Southeastern Bank Financial (SBFC).

We started buying in July at around $14 per share. Like many community banks, most of its shares were owned locally, and in certificate form, which further limited liquidity. For that reason, we knew it was never going to be a major position. We were able to build a 1.5% by the end of September. The bank delivered a great quarter with earnings at $0.74 per share versus $0.55 in the prior year quarter, a 35% increase. It increased its quarterly dividend to $0.12 per share from $0.11. After the market closed on October 31, the bank announced a small tender offer for shares at $18.50 per share.

The stock has risen to just over $18 per share. With trailing earnings of $2.41 per share the stock is still at 7.5 times trailing earnings. We see no reason why the bank cannot achieve earnings of $2.75 per share over the next year. A reasonable eleven times earnings and 1.5 times book value would give the stock a $30 share price. Not all investments do this well this quickly, but when we buy good businesses at terrific prices (such as six times growing earnings) it is not surprising when it does.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be for a minimum of $10,000.

If this letter was passed on to you and you would like to be added to our monthly distribution list, please email me at the email address below. Should you have any questions regarding the fund, please don't hesitate to call me at my home office (360) 393-3019, or on my cell at (360) 354-3331.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC
567 Wildrose Cir.
Lynden, WA 98264
Email: tim@eriksencapital.com
www.eriksencapital.com

CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen *Eriksen Capital Management, LLC* *567 Wildrose Cir., Lynden, WA 98264*

December 17, 2012

Subject: Cedar Creek Partners November 2012 Unaudited Results

Dear Partner:

The markets rose modestly in November, as all the major indices except for the DJIA posted gains. The fund outperformed the indices during the month, rising by 1.2%, net of fees and expenses. Year to date, the fund is up 5.6%, net of fees and expenses.[1]

	Nov '12	2012	Inception	Ave. Annual
Cedar Creek	**1.2%**	**5.6%**	**165.4%**	**15.2%**
DJIA	-0.1%	9.4%	43.2%	5.4%
Nasdaq	1.1%	15.5%	29.9%	3.9%
Russell 2000	0.5%	12.3%	27.3%	3.6%
S&P 500 (SPY)	0.6%	15.0%	26.8%	3.5%

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

The fund has a price to earnings ratio of 6.5, excluding cash, which, is less than half the ratio of the general market indices.

November Month Details

Notable gainers in November were Mastech Holdings (MHH) up 35%, Hennessy Advisors (HNNA) which rose 22%, Teton Advisors (TETAA) up 14%, Conrad Industries (CNRD) up 9%, and Monument Mining (MMY) up 5%. Notable decliners in November were Archon Corp. (ARHN) down 18%, Aberdeen International (AAB.TO) down 12%, Calamos Asset Management (CLMS) down 9%, and Revett Minerals (RVM) and Opt Sciences (OPST), each down 7%.

Our New Largest Holding

In last month's letter we noted that we had started aggressively buying a micro cap name. We said that "it is the most attractive security on a risk/reward basis that we

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[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

have seen since 2009, and look forward to giving you more details in the future." We were aggressive in acquiring shares while mindful that we did not want to push the share price up. That is always difficult in a micro-cap name with limited liquidity. The stock is Hennessy Advisors (HNNA), a small asset management firm that we have followed for more than seven years. It is now the largest position in the fund, and the price is already 40% higher than when we first started buying. We believe it could double in 2013 and have attached a more detailed write up.

Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 10.4%, in line with our general target of 10%. We exited two positions – Select Income REIT (SIR) and Texas Vanguard (TVOC), a small unlisted oil/gas producer. Texas Vanguard reported disappointing results in the third quarter and since it was a tiny position we chose to liquidate it. It returned more than 50% in the two year time frame we owned it.

We profiled Select Income REIT (SIR) in our August letter. It was a position we were excited about, at the time, in terms of price and their unique land holdings; however, management recently decided to issue additional shares, at a price we felt was below intrinsic value. Management seems more interested in managing more assets than in creating value for shareholders. We already have a few positions where we believe management is not acting in a manner consistent with our interests, and have no desire to add more, so we decided to search for other opportunities.

For value investors there is nearly always a trade-off between discount to intrinsic value and having a shareholder-focused management. Companies that have a shareholder focused management rarely trade at substantial discounts to intrinsic value. The best time to purchase them is when they are trading at reasonable discounts.

Companies with poor management, in terms of shareholder focus, can trade at substantial discounts. The discounts are often very enticing and the value investor frequently assumes management will either come to its senses and the share price will jump appreciably or management will continue on its current path which should result in average returns, with lower risk, until, hopefully, the company is eventually sold. The key is to either be able to influence management, or be extremely patient and willing to wait a number of years.

As a side note, we believe the fund's recent short term under-performance is attributable to having too high of a percentage of the portfolio in these type of companies. This was largely due to the absence of actionable ideas with a near term catalyst, which is our preferred investing approach. In the coming year, we are going to limit our exposure to the deeper value stocks and when there is a shortage of actionable ideas with near term catalysts we will likely have higher cash levels. That way we will continue to focus on finding actionable ideas rather than trying to persuade management.

Special Dividends

We noted in last month's letter that "In addition to the low P/E ratio, most of our holdings have high cash balances, and little or no debt. With the high cash balances, and possible changes to income tax rates for dividends, we think it is possible that a couple holdings will announce large dividends before the end of the year." Our analysis proved conservative as more than a couple announced special dividends. In fact, nearly one quarter of the fund's holdings announced special dividends.

Company	Symbol	Price	Dividend	CashPS	
Diamond Hill	DHIL	$ 78.00	$ 8.00	$ 7.00	
Pardee Resources	PDER	$ 206.00	$ 5.00	$ 37.00	
Conrad Industries	CNRD	$ 19.00	$ 2.00	$ 6.00	
Mastech Holdings	MHH	$ 5.13	$ 2.00	$ (0.83)	
Sadlier	SADL	$ 41.10	$ 1.50	$ 42.50	ILL
Opt Sciences	OPST	$ 13.99	$ 0.65	$ 12.20	ILL
Teton Advisors	TETAA	$ 15.00	$ 0.60	$ 0.60	ILL

Note: ILL = illiquid. Price = before announcement. CashPS = estimated cash per share as of 12/31/12.

Most of the companies experienced a modest bump in their share price after the special dividend announcement. The one exception was Mastech Holdings (MHH), which rose substantially, from $5.13 to over $7 per share. We used the nearly 40% jump in price to exit the position. Those with a basic familiarity with finance understand that special dividends do not create any real value. Cash is just transferred from the company to its shareholders; however, the increased confidence that management is focused on shareholders and shareholder value is beneficial to share prices. In fact, a few of the companies that are illiquid – Sadlier and Opt Sciences, in particular, would probably have bounced significantly had they announced much larger special dividends since both have cash levels nearly equal to their share prices and PE ratios near ten.

Room for New Members and/or Additional Funds

We still have plenty of room for existing partners to increase their investment and 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. Subsequent investments must be for a minimum of $10,000.

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Sincerely,

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

Managing Member – Tim Eriksen Eriksen Capital Management, LLC 567 Wildrose Cir., Lynden, WA 98264

January 21, 2013

Subject: Cedar Creek Partners December 2012 Unaudited Results

Dear Partner:

The markets rose modestly in December, as all the major indices posted gains. Despite the economic uncertainty the market indices performed well on the year. The fund outperformed all the major indices except the Russell 2000 during the month, rising by 1.4%, net of fees and expenses. For the year, the fund lagged the major indices, rising 7.1%, net of fees and expenses.[1]

	Dec '12	2012	Inception	Ave. Annual
Cedar Creek	**1.4%**	**7.1%**	**169.1%**	**15.3%**
DJIA	0.8%	10.2%	44.3%	5.4%
Russell 2000	3.6%	16.4%	31.8%	4.1%
Nasdaq	0.3%	15.9%	30.3%	3.9%
S&P 500 (SPY)	0.9%	16.0%	27.9%	3.6%

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

The fund has a price to earnings ratio of 6.1, excluding cash, which, is less than half the ratio of the general market indices. We own shares in a number of good businesses selling at very attractive prices. The majority of the businesses have conservative balance sheets, with little to no debt and large cash balances. A few have some management shortcomings, which we are attempting to address. The majority require no interaction on our part with management, which is our preference.

December Month Details

Gains in December were broad based, excluding the precious metals sector. The largest percentage gains were some smaller positions such as Smith-Midland (SMID) and Archon (ARHN) both up over 30%, William Sadlier (SADL) up 22%, Gravity (GRVY) and Teton Advisors (TETAA) both up 10%. Notable decliners in December were Monument Mining (MMY) down 17%, Revett Minerals (RVM) down 15%, and Diamond Hill Investment Group (DHIL) down 5%.

[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 under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Cash Levels and Increased Positions in the Fund

The fund's cash levels, excluding short credits, finished the month at 15%, above our previous general target of 10%; however in line with our approach of being more patient for excellent opportunities. We exited three positions – Mastech Holdings (MHH), which we noted in our previous letter, a small arbitrage play that we decided carried more risk than we were comfortable with, and a tiny position in a micro cap.

Brief Look at the Economy

With the start of each New Year we tend to spend a bit more time thinking about overall economic conditions. Clearly we are in a period of weak growth worldwide, with no real signs of inflation. Our concern is that the weak growth is being supported by fairly aggressive action at central banks and via fiscal stimulus (i.e. deficit spending). Both central bankers and politicians fear any pullback in their actions, yet it seems obvious that neither entity can continue on the current path over a long period of time. It is an interesting dilemma - they believe they have to stay the course yet know that they cannot do so for an extended period of time without making the cure worse than the disease.

As expected, Congress waited until the last minute to avert the "fiscal cliff." The term reminds me of how Washington often uses terms that are nowhere near reality. While I wasn't arguing in favor of going over the cliff, it was hardly the risky endeavor the term implies. Going over the cliff would have returned all income tax rates to where they were under President Clinton and forced cuts to defense. Defense spending doubled under President Bush from $300 billion to over $660 billion. It has continued to rise under President Obama despite the end to the war in Iraq. A rollback in spending should be something both sides should see wisdom in pursuing. Higher tax rates would certainly hurt the economy in the short run but would be hugely beneficial to deficit reduction.

Unfortunately, the debt limit issue will be at the forefront of the news in just a few weeks. As you may recall, the markets fell sharply in the third quarter of 2011 when the impasse resulted in a downgrade to our nation's credit rating. Whether there will be a similar result this time is unknowable. What seems obvious to us is that what happens in Washington does not substantially impact the operations of most companies, thus it will likely be a short term issue that could create excellent opportunities if the prices of some exceptional companies were to pull back, or selective shorting opportunities should some companies reach excessive valuations.

Equities versus Bonds

When we look at the overall investment landscape, we find equities the place to be. Savings yield are abysmal, and that is being kind. Treasury bond yields are only slightly better, and except for long dated maturities, have yields below the expected inflation rate. Negative real returns are certainly not attractive to us. One of the analysts in Barron's Roundtable noted that high yield bond yields are lower than the S&P's earning yield (earnings divided by price) for the first time ever.

On the equity side, the major indices are trading at a modest 13 to 15 times earnings, with dividend yields exceeding those of treasury bonds with less than twelve years to maturity. In addition, many large caps have dividend yields that exceed their corporate bond yields. While this was common until about 1970, it is something many experts did not expect to return. Thus we see a bond market with miniscule yields, little upside potential and significant downside risk versus an equity market with more attractive dividend yields, reasonably attractive earnings yields, and substantially more upside potential.

Room for New Members and/or Additional Funds

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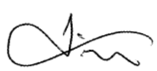
Sincerely,



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

DISCLAIMERS

Fund Performance

The financial performance figures for 2012 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.

Net Return reflects the experience of an investor who came into the Fund on inception and did not add to or withdraw from the Fund through the end of the most recently reported period. The reported net return figures will therefore include the impact of high water marks in the cumulative return. Individual investor returns will vary depending upon the timing of their investment, the effects of additions and withdrawals from their capital account, and each individual's high water mark figure, if any.

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.

Forward Looking Statements

This letter and the accompanying discussion include forward-looking statements. All statements that are not historical facts are forward-looking statements, including any statements that relate to future market conditions, results, operations, strategies or other future conditions or developments and any statements regarding objectives, opportunities, positioning or prospects. Forward-looking statements are necessarily based upon speculation, expectations, estimates and assumptions that are inherently unreliable and subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are not a promise or guaranty about future events.