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

February 15, 2016

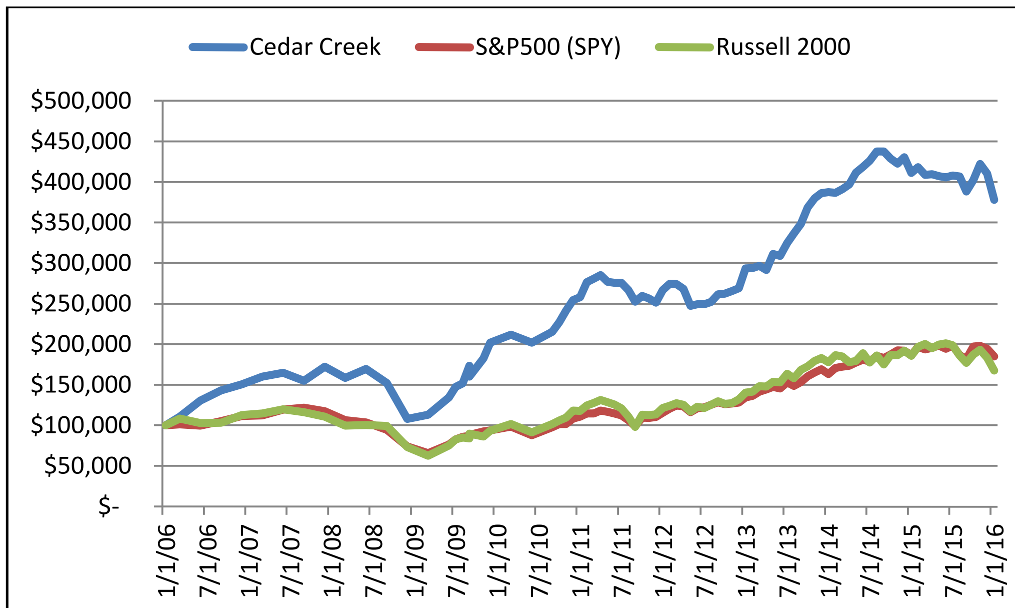
Subject: Cedar Creek Partners January 2016 Unaudited Results

Dear Partner:

The markets have taken quite a tumble to start the year. All the major indices were lower in January, with smaller stocks (Russell 2000) performing the worst, while the S&P 500 fared best. The fund declined by 8.0% on the month, net of fees and expenses.[1]

	Jan '16	Inception	Ave. Annual
Cedar Creek	**-8.0%**	**277.4%**	**14.1%**
NASDAQ	-7.9%	99.1%	7.1%
DJIA (DIA)	-5.5%	91.1%	6.7%
S&P 500 (SPY)	-5.0%	84.8%	6.3%
Russell 2000	-8.8%	67.4%	5.3%

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



[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 are calculated from information reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Fund Performance To-Date

The fund celebrated its tenth anniversary in January. We are very pleased that $100,000 invested in Cedar Creek at inception on January 15, 2006 would have grown to $377,780, net of fees and expenses as of January 31, 2016, versus $199,131 for the Nasdaq, $184,803 for the S&P 500 (SPY) and $167,353 for the Russell 2000.

January Performance / AIG Warrants

The fund's January performance was negatively impacted by nearly everything since it was such a tough month across the board. The biggest dollar decliners (listed by percentage decline) were AIG warrants down 21%, Solitron Devices (SODI) down 17%, Image Sensing Systems (ISNS) down 13%, and Hennessy Advisors (HNNA) down 6%.

We used the decline to add to our position in AIG warrants. The warrants give the owner the right to buy a share of AIG at $45 per share through January 2021. The exercise price is adjusted downward for dividends in excess of $0.675 per share per year. Due to their structure the warrants will magnify any price changes of the underlying common shares of AIG. AIG has committed to aggressively return capital back to shareholders. Management recently announced the goal of returning $25 billion over the next two years. We estimate that nearly 90% of the commitment will go to share repurchases, which will drastically reduce the number of outstanding shares. The current market cap of AIG is approximately $65 billion.

It is possible for the company to repurchase half of its outstanding shares by the time the warrants expire in 2021. Since the company is trading well below book value it should result in substantially increased book value per share and earnings per share. Another attractive aspect that we have not seen emphasized is the impact of AIG's share repurchases on its investments per share. Insurance companies maintain large investment portfolios, which generate most of their profits. AIG's portfolio currently amounts to about $280 per share. As AIG repurchases shares it will lead to a huge increase in the per share value of the portfolio. For simplicity if they reduce shares by 50% it will, all else equal, lead to a 100% increase in the investments per share. Thus we believe there is substantial long term upside potential in both the warrants and the common stock.

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished January at 13%, down from 19% at the end of December. During the month, we closed out our position in Apple (AAPL), and initiated two new positions.

As we noted in our year end letter, to be successful as an investor, the initial emotional frustration of a market decline has to be reoriented from panic to looking for attractive opportunities. By focusing on the process and reminding ourselves that the chances of complete collapse are much more minute than we think. Therefore, as prices fall and we begin to see some attractively priced assets we begin to nibble. So far in January and early February we are finding some attractive bargains, and have been adding to the portfolio.

In hindsight, we will probably find that we bought too little or too early. We have no way of knowing ahead of time and don't believe anyone else does either. We can no more call market bottoms than we can market tops. What we do believe we can do is determine if a security within our circle of competence is attractively priced, have the courage to buy it, and then to patiently wait for the price to converge with our estimate of fair value.

In the past few years every time there has been a market drop we have put in order orders only to see the market turn back up. The market declines either did not last long enough or were not deep enough for the fund to act significantly. So far this decline is extending long enough in time and severity to allow the fund to consistently nibble.

What If Prices Fall Further?

If prices fall further like they did in late 2008 and early 2009, our approach will be to continue on the same course and reduce cash to closer to 5% of the fund, and buy the most beaten down stocks, those that we believe are trading at the greatest discount to intrinsic value. We will likely also trim those positions that are least likely to rebound in the near term to free up cash to purchase stocks that we believe are better positioned to bounce back more quickly.

Currently the fund has about 30% of its assets in stocks that have relatively large cash balances net of any outstanding debt. Typically, a stock with a large cash balance and little in the way of operating earnings does not fall as much as other stocks during a decline. Conversely they do not typically rise as much when the market rebounds. The chart below lists our cash heavy stocks that should hold up fairly well in a market decline, assuming operating earnings are not greatly affected. Obviously some of the companies will have operating earnings more heavily impacted than others. For example, an asset manager like Franklin Resources will experience declining assets under management from both lower market prices and from potential investor withdrawals. Whereas a company like CIBL which mostly consists of cash and partial ownership in a small rural telecom company should, all else equal, be largely unaffected by short term market declines, or a change in economic growth from say 2% to 1%.

Company	Symbol	Price 1/31	Cash / Share	% of Price	ttm EPS	PE net of cash	
Associated Capital	AC	$ 27.08	$ 32.31	119%	$ (0.25)	n/a	
CIBL	CIBY	$ 1,250.00	$ 1,347.00	108%	$ (1.60)	n/a	ILL
Conrad Industries	CNRD	$ 18.60	$ 6.18	33%	$ 2.11	5.9	
Franklin Resources	BEN	$ 34.66	$ 15.46	45%	$ 3.13	6.1	
Mind CTI	MNDO	$ 2.36	$ 0.93	39%	$ 0.30	4.8	
PD-Rx Pharmaceutical	PDRX	$ 4.25	$ 3.62	85%	$ 0.31	2.0	ILL
Solitron	SODI	$ 3.55	$ 3.26	92%	$ 0.05	5.8	ILL
TSR Inc	TSRI	$ 3.59	$ 3.18	89%	$ 0.14	2.9	

AC and BEN include investments in securities. AC excludes $250MM note payable from Gamco equal to $9.79 per share, adj. cash = $42.10/share). Companies are listed alphabetically. ILL = illiquid.

A final point to keep in mind is one that Warren Buffett has made numerous times. If over the next few years you are going to be buyer of stocks, you are far better off for the market to be down and buying at lower prices, than for the market to be rising, and buying at lofty prices. We wholeheartedly agree. Of course we fully recognize that not all of us are in the savings stage, some are retired and, in the near term, are going to be net sellers. Even for that person, assuming they have not put themselves in a situation where they are "forced to sell" regardless of price in the next few years, we believe they will be better off in the long run from the opportunities that short term volatility brings.

Tax Information – Audit and K-1's

The fund's auditors, Benson & Neff, have begun our annual audit. If you made a contribution or withdrawal during the year, you will likely be contacted. Last year they completed their work by mid-March, a few weeks earlier than prior years. Hopefully they can achieve the same this year. K-1's will be sent electronically once their work is completed.

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 $100,000 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. This will allow you to receive our updates on a regular basis. Should you have any questions regarding the fund, please don't hesitate to call or email.

Sincerely,

Tim Eriksen
Manager
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DISCLAIMERS

Fund Performance

The financial performance figures for 2015 and 2016 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 historically have been immaterial to the total return of that index. In recent years more technology stocks have begun paying dividends thus the inclusion of dividends would increase the reported figures.

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

DJIA returns are reported using the SPDR Dow Jones Industrial Average which trades under the ticker symbol DIA. Reinvested dividends are included in these figures. A spreadsheet showing the DIA performance versus the fund since inception is available upon request.

While reported returns for SPY and DIA will likely be a few tenths of a percentage lower than the representative index annually, we believe they are a better reflection of what a non-institutional investor would earn following a passive investment approach.

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Share Prices

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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.

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

April 27, 2016

Subject: Cedar Creek Partners First Quarter 2016 Unaudited Results

Dear Partner:

The first quarter was quite the roller coaster ride for equity markets. The quarter started with markets falling ten to fifteen percent, but then nearly as quickly, the market sped upward, such that a few of the indices even ended up the quarter in positive territory. The Nasdaq, small caps, and micro caps ended the quarter lower, while the S&P 500 and DJIA were in positive territory. The fund didn't fully participate in the recovery and ended the quarter down 8.0%, net of fees and expenses.[1]

	Q1 16	Inception	Ave. Annual
Cedar Creek	**-8.0%**	**277.4%**	**13.9%**
NASDAQ	-2.7%	110.2%	7.6%
DJIA (DIA)	1.5%	106.6%	7.3%
S&P 500 (SPY)	1.3%	97.1%	6.9%
Russell 2000	-1.5%	80.7%	6.0%
Russell Micro Cap	-5.4%	48.1%	3.9%

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

You may wonder why the fund failed to match the rally if it was fully invested. The most obvious reason is the fund is concentrated while indices are not. The fund won't typically track their performance. But that explains divergence, but not under performance. The reason for the underperformance was primarily that fund's largest positions did not trade in line with their underlying business performance.

Of the top five positions at the start of the year, only one was in positive territory, extremely illiquid Schuff International (SHFK) which rose by 8%. Hennessy Advisors (HNNA) ended the quarter down 11%, Solitron Devices (SODI) fell 15%, Image Sensing Systems (ISNS) declined 24%, and Mind CTI (MNDO) was off 9%. In aggregate the top five positions accounted for 75% of the quarterly decline.

At first glance those are awful numbers, but it is helpful to examine each of them. The fund's largest position, Hennessy Advisors ended the quarter down 11%, even though

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its assets under management (AuM) increased by over 2% during the quarter. The higher AuM combined with the approximately $0.75 per share of cash profits Hennessy earned during the quarter, which is equal to another 2.5% of the share price, meant our rough estimate of Hennessy's intrinsic value rose by approximately 5%. In other words, the value of the business was 5% higher, but the market price was 11% lower. Divergence. This happens all the time, it is just annoying when it works against us temporarily, and makes our performance appear weak when it was not.

We cannot say much about Solitron since I serve on the Board. The share price declined 15% in the quarter. We can say our estimate of fair value did not change during the quarter. Image Sensing Systems reported a disappointing quarter such that some of the 24% decline may be appropriate. The concern wasn't on the revenue side but the expense side. Operating expenses were higher than expected. What we don't know is why, whether the situation is expected to continue, and if it is expected to help increase future sales. We will know more when we attend the annual meeting in early May. There are two activist investors each with near 15% positions, and one has a board seat, so everything is being watched closely.

Mind CTI paid out its annual dividend based on cash flow for the prior year. The dividend came to $0.27 per share. The share price started the year at $2.53 and finished the quarter at $2.02. Results were a little light on revenue in the last quarter but Mind still earned $0.06 per share. The year ago quarter was unusually good. It appears to have been their best ever. The company is performing well. It is debt free and has about $0.80 per share in cash. Annual earnings are in the $0.22 to $0.30 range. It is trading at about five times earnings net of cash, and it pays out all its earnings as dividends. After Israeli withholding tax, which is completely recoverable for US tax filers, the yield is 10%. Including the recoverable tax, the yield is 13%. Call us crazy, but we think a 13% yield is attractive in a zero interest rate environment, so we used the decline to add to our position. Mr. Market disagreed during the quarter. We think we are right and he is wrong. Time will tell.

The bottom line is we are confident that value is increasing at four of the five largest holdings in the fund, and believe it is doing so at a good rate. We expect future reporting to show some catch up from the quarter's reported underperformance. When that occurs we won't pat ourselves on the back, we will be consistent and present it for what it is. Hopefully we will soon have situations where stock prices perform better than the businesses. This would allow the fund to take profits and look for companies that the market is undervaluing. The problem is that we really cannot control that part of the investing process.

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished March at 12%. During the month, we closed out our position in Conrad Industries (CNRD), and continued to add to the two bank positions we initiated in January. We are excited about how the selloff in bank stocks during the quarter allowed the fund to add to its positions in Customers Bancorp (CUBI) and First Internet Bancorp (INBK).

Customers Bancorp

One of the banks we purchased was Customer's Bancorp (CUBI). It is a northeast community bank that has been rapidly growing. Total assets are $9 billion. Our idea was featured in February 29, 2016 edition of Value Investor Insight in their Uncovering Value article. Customers is a very efficient bank. For those who don't know banks track efficiency ratio, which is non-interest expense, which is operating expenses (salaries, rent, etc.) divided by net interest income, which is interest income from loans and investments minus interest expense paid on deposits, plus non-interest income, which includes fees charged to customers plus profits from the sale of loans or securities. The lower the efficiency ratio the better. If the ratio is 60%, it means the bank spends $0.60 in order to make a $1. If it is 100% or higher the bank is not making money.

Customers has $300 million in deposits per branch, which is more than seven times higher than what the bank had in 2009 when CEO Jay Sidhu was hired. The end result is the Customers has an efficiency ratio in the low 50% range, which is quite good. We have been buying shares in the $23 range. Trailing earnings were $2 per share. Based on its growth rate, we believe in two years that the bank can achieve $3 per share run rate in annual earnings. Based on its growth profile, we think Customers should trade at around 13 times earnings, or $40 per share in two years.

First Internet Bancorp

The other bank we purchased in the quarter is one I presented at the May 2013 Value Investor's Congress in Las Vegas. First Internet Bancorp is primarily an internet based bank, which allows it to pay higher rates to depositors, and to run more efficiently by having lower operating costs. The stock went on a nice run during the summer of 2013 until two negative events occurred – a rise in mortgage rates impacted loan origination and sales volume, and secondly the company announced a secondary offering which caused the stock price to tumble. We saw the impact to loan origination coming so we had already taken profits.

We kept monitoring, hoping for another opportunity. We have noted many times that we prefer revisiting previous ideas as there is greater familiarity which reduces the likelihood of error. I used First Internet to refinance a mortgage to see how well they actually perform for customers. I was pleased enough to have my mother use them for a purchase. In January we finally saw an attractive opportunity when valuation dipped to around eleven times trailing earnings. Eleven times earnings is probably fair value for a stable, slow growth bank, but First Internet is not that. First Internet had doubled in size in the last four years.

What happens with banks is that as they grow in size by attracting new deposits and making loans, their profitability is masked. For example, if a bank pays 1% on deposits and makes a loan at 4% they make the spread, in this simplified example, 3% before expenses. These are annualized numbers and not quarterly. During a quarter the cost would be 0.25% for the deposits and interest income would be 1.0%. So the gross profitability would be the spread of 0.75%. However, banks typically reserve for bad loans at the same time they underwrite the loan. Since First Internet currently reserves at 0.9% it would report an accounting loss on that additional business in the initial quarter, without even including the additional administrative costs to originate the loan.

One other point. The 0.75% spread assumes having both the loan and deposits for the full quarter. If both were held half the quarter the gross spread would be reduced by half but the loan loss provision would still be the same. So there would be a significant accounting loss in the quarter on that business. Even worse is loans made right near the end of the quarter.

In subsequent quarters, assuming the loan performs well, there would not be an additional loan loss provision, and the cost of servicing the loan is minimal in comparison to loan origination. What we do when analyzing growing banks is back out the portion of loan loss provision that is related to growth, adjust for taxes, and add that figure to reported net income in order to see what the actual earnings power of the bank is. That is the number we care most about for a growing bank, not the reported earnings. What we have found is that the greater the growth rate in a smaller bank, the greater true earnings are understated.

Another issue that a growing bank can have is that deposits may come in faster than loans are made. In this case the bank would be paying 1% on the deposits and likely have the new funds in very short term instruments, such as fed funds, which carry a lower yield. This would also result in a temporary impact to reported earnings. All these aspects are important for understanding smaller bank valuation. What was impressive is that First Internet grew its assets by 20% in the March quarter. That would be a great number for a year but is incredible for a quarter. The one drawback with banks is they have to maintain certain equity to asset ratios so they cannot grow at ridiculous rates for very long without raising additional equity.

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 $100,000 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. This will allow you to receive our updates on a regular basis. Should you have any questions regarding the fund, please don't hesitate to call or email.

Sincerely,

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

DJIA returns are reported using the SPDR Dow Jones Industrial Average which trades under the ticker symbol DIA. Reinvested dividends are included in these figures. A spreadsheet showing the DIA performance versus the fund since inception is available upon request.

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

June 7, 2016

Subject: Cedar Creek Partners April and May 2016 Unaudited Results

Dear Partner:

So far in the second quarter, the equity markets have stabilized after the roller coaster ride in the first quarter. As you may recall, the first quarter started with markets falling ten to fifteen percent, but then nearly as quickly, the market sped upward, such that a few of the indices even ended up the quarter in positive territory. Year to date, the Nasdaq and the Russell Micro Cap are still in negative territory, while the other indices we track are all positive. The fund had a solid April and May and is now -2.8% year to date, net of fees and expenses.[1]

	May 16	April 16	2016	Inception	Ave. Annual
Cedar Creek	**2.1%**	**3.7%**	**-2.8%**	**299.5%**	**14.3%**
NASDAQ	3.6%	-1.9%	-1.2%	113.6%	7.6%
DJIA (DIA)	0.4%	0.6%	3.2%	108.6%	7.3%
S&P 500 (SPY)	1.7%	0.4%	3.5%	101.2%	7.0%
Russell 2000	2.3%	1.6%	2.3%	87.7%	6.3%
Russell Micro Cap	1.3%	3.2%	-1.1%	54.9%	4.3%

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

In our first quarter letter we pointed out that some of the fund's larger positions did not trade in line with their underlying business performance during the quarter. We expected some reversion from that. So far that has happened. The fund's April and May performance is primarily due to a recovery of prior underperformance and not a recent change in approach.

Specifically, we had noted that the fund's largest position, Hennessy Advisors (HNNA) ended the first quarter down 11%, even though the value of its business had increased by nearly 5% (2% from increased assets under management and 2.5% from retained earnings). Clearly there was a short term divergence in the market price and intrinsic value. Eventually this divergence goes away. In fact, Hennessy rose from $26.70 at the end of March to $33.26 at the end of May, an increase of 25%. Of course, the

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increase was helped by the announcement in early May that Hennessy would be acquiring two funds from Westport with over $640 million of assets under management and rolling them into their existing Mid Cap 30 fund. The purchase price was 1.75% of assets, or $11.2 million. The Mid Cap 30 fund charges a 0.74% management fee, and if we assume Hennessy earns at least their historical gross margin of 43%, the pre-tax payback is 5.5 years, assuming no change in assets acquired (1.75% purchase price divided by the product of 0.74% management times 43% margin). We would argue the new assets will likely run higher margins and thus the payback for shareholders will be shorter even assuming a modest decrease in the assets over time.

The price action in Hennessy is a perfect example of why an investor should not get overly concerned about short term price movements. Prices are going to bounce around much more than a company's intrinsic value. Thus we believe our time is better spent valuing businesses and looking for large discrepancies between our estimate of intrinsic value and the current share price. As Ben Graham, the father of value investing wrote in chapter 8 of his classic work *The Intelligent Investor*:

> The true investor scarcely ever is forced to sell his shares, and at all other times he is free to disregard the current price quotation. He need pay attention to it and act upon it only to the extent that it suits his book, and no more. Thus the investor who permits himself to be stampeded or unduly worried by unjustified market declines in his holdings is perversely transforming his basic advantage into a basic disadvantage. That man would be better off if his stocks had no market quotation at all, for he would then be spared the mental anguish caused him by other persons' mistakes of judgment.

Jeremy Miller in his recent book, *Warren Buffett's Ground Rules* stated this truth simply, "Never let the market quote turn from an asset to a liability." A simple truth that we all must remember if we want to be successful investors.

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished May at 9%. During the last two months, we closed out one small position and continued to add to our position in First Internet Bancorp (INBK). We also initiated a 3% position in Virtus Investment Partners (VRTS) in early April.

Virtus is an asset manager that is suffering from declining assets under management in its flagship emerging markets fund, but has substantial cash and securities on its balance sheet. We purchased at under $68 per share, when the company had nearly $50 per share in cash and trailing earnings in excess of $3 per share, which included some one-time costs. Our rough estimate is that we were paying about four to five times earnings net of cash. Within a month of our purchase, Virtus announced a tender offer for up to $75 million of its stock, or nearly one million shares. This is significant since the company only has about 8.3 million shares outstanding.

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 $100,000 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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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 historically have been immaterial to the total return of that index. In recent years more technology stocks have begun paying dividends thus the inclusion of dividends would increase the reported figures.

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

DJIA returns are reported using the SPDR Dow Jones Industrial Average which trades under the ticker symbol DIA. Reinvested dividends are included in these figures. A spreadsheet showing the DIA performance versus the fund since inception is available upon request.

While reported returns for SPY and DIA will likely be a few tenths of a percentage lower than the representative index annually, we believe they are a better reflection of what a non-institutional investor would earn following a passive investment approach.

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.

Share Prices

Share price figures for listed stocks are from Yahoo! Finance and unless specified otherwise are the closing price as of the previous month end. Share price figures for unlisted stocks are closing bid prices as reported on otcmarkets.com.

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.

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

July 24, 2016

Subject: Cedar Creek Partners 2016 Second Quarter Results

Dear Partner:

The fund rose by 5.0% in the quarter, outperforming all the major indices we compare against. As we had noted in previous letters, the fund under performed in the first quarter due to our larger positions not trading in line with their underlying business performance. We expected some reversion from that, which occurred in the second quarter. Year to date the fund is still lagging the performance of the major indices, net of fees and expenses.[1]

	June 16	Q2 16	2016	Inception	Ave. Annual
Cedar Creek	**-0.9%**	**5.0%**	**-3.5%**	**296.1%**	**14.1%**
NASDAQ	-2.1%	-0.6%	-3.3%	109.0%	7.3%
DJIA (DIA)	1.0%	2.0%	4.2%	110.7%	7.4%
S&P 500 (SPY)	0.3%	2.5%	3.8%	101.9%	7.0%
Russell 2000	-0.1%	3.8%	2.2%	87.6%	6.2%
Russell Micro Cap	-0.6%	4.0%	-1.7%	54.0%	4.2%

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

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished June at just over 10%. During the quarter we closed out three positions. One of the positions was Associated Capital (AC) a spinoff of Gamco (GBL). We don't dislike the business but felt we had too many similar type holdings (i.e., investments trading at a discount to cash or securities but with little upside potential due to the lack of a strong money making business). While value investing is all about paying less than a dollar for a dollar's worth of assets, it is also important that over time the value of the assets is growing, so the investor can capture not only the elimination of the discount in valuation but also the gains of the business over the holding period. In Associated Capital's case we decided that due to the relatively low earnings power of the business and the unknown timeframe for a narrowing of the discount, that we would be better off allocating capital elsewhere.

[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 are calculated from information reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

During the quarter we also closed out a small investment (about 1% of the fund) in 1347 Property Insurance (PIH). We paid just under $5.80 per share a few months back and sold at $7.00 per share. A nice return on an unfortunately insignificant investment.

We added two new positions during the quarter. The first was Virtus Investment Partners (VRTS). We mentioned it in our previous letter. Virtus is an asset manager that is suffering from declining assets under management in its flagship emerging markets fund, but has substantial cash and securities on its balance sheet. We purchased at under $68 per share, when the company had nearly $50 per share in cash and trailing earnings in excess of $3 per share, which included some one-time costs. Our rough estimate is that we were paying about four to five times earnings net of cash.

The second addition in the quarter is small and illiquid and has some significant management concerns. For larger managers that combination would remove it from consideration. Illiquidity is not something to fear if managed properly, nor is size a detriment. In fact, studies have shown that smaller is better when it comes to stocks. Obviously management concerns, and in this case, excessive compensation, are always troubling; however, with this company we think the low valuation makes it well worth the risk. We are still buying the stock so we will hold off on any more details for the time being.

Update on Solitron Devices

Two years ago we started buying shares of a very tiny illiquid company called Solitron Devices (SODI). At the time of our purchase we expected a 12-24 month timeframe before we would see any meaningful returns. In the summer of 2014 the company was earning approximately $800,000 per year, had $7.2 million in cash, and a market value of $9 million. The problem was how shareholders were being treated. Annual meetings were not held between 1993 and 2012. When meetings were finally held in 2013 and 2014, shareholders voted against every director but the Board would just appoint someone new. Once it even appointed the same guy shareholders had just voted off.

Based on the cash level we felt we had a low probability of loss and a good probability of decent gains. By late 2014 we filed as a 5% owner. We asked to be considered for a board seat, which was rejected. In early 2015 we announced our intention to run two rival directors for board seats. We had never seriously attempted any activism before. It was more time consuming and expensive than we thought.

At the 2015 annual meeting we resoundingly won two seats to the Board by getting nearly 67% of the vote. Unfortunately, the Board spent significantly to fight against us, we still only had two of five board seats, and to make matters worse, business results soon began to decline. Sales have declined for five quarters in a row and the company has reported losses in three of the last four quarters (mostly due to legal fees). Thanks to the large cash balance, the position has only declined in value by about 5% since purchase, net of dividends received.

After an immense amount of effort by the Board, we are pleased to report that last Friday after market Solitron issued a press release announcing significant changes. The CEO is retiring, the company entered into a separation agreement which includes the

company repurchasing his stock and options, a new COO has been hired, I have been named CEO, and David Pointer, the other nominee in my proxy fight, has been named Chairman. (Please see the attached press release for more details.)

To be clear, everything at Cedar Creek will continue as before. My appointment as CEO is not expected to result in any material change in time related to Solitron or the Fund. I will likely be in Florida one week per month on average. My duties will be to improve shareholder relations, corporate governance, capital allocation, and financial reporting. As one shareholder told me over the weekend, "You already are handling shareholder relations" which is really true as shareholders have had way more contact with me than management over the past year.

I am excited about the future and the challenges Solitron faces. One of the things Warren Buffett has repeatedly said is that he is a better investor because he is a businessman, and a better businessman because he is an investor. Time will tell, but I hope the same holds true for me as well. I can honestly say that being a director over the last year has been very beneficial in understanding management and boards in a more practical way.

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 $100,000 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. This will allow you to receive our updates on a regular basis. Should you have any questions regarding the fund, please don't hesitate to call or email.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC
email: tim@eriksencapital.com
www.eriksencapital.com
office: 360-393-3019

DISCLAIMERS

Fund Performance

The financial performance figures for 2016 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.

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Solitron Devices, Inc. Announces Change of Leadership and Additional Board Member

WEST PALM BEACH, FL / ACCESSWIRE / July 22, 2016 / Solitron Devices, Inc. (OTCBB: SODI) (the "Company") today announced:

Shevach Saraf, Chairman and CEO of the Company has retired as of Friday, July 22, 2016. The Board would like to thank Mr. Saraf for his many years of service. He joined the Company at a particularly difficult time for Solitron and guided the Company successfully while many competitors failed. The Company will be holding a retirement luncheon in Mr. Saraf's honor at the Company's offices in early August.

Pursuant to Mr. Saraf's retirement, the Company reached an agreement with Mr. Saraf, subject to a seven day revocation period by Mr. Saraf ending July 29th, whereby the Company will fulfill the terms of his employment agreement, repurchase all shares held by Mr. Saraf, and repurchase all outstanding options held by Mr. Saraf. The total sum of the payment to Mr. Saraf is approximately $2.85 million including accrued unused vacation and COBRA benefits. Mr. Saraf has also resigned from the Board effective as of July 22, 2016, subject to the revocation period described above. As a result of this transaction the total number of fully diluted shares outstanding will decline from 2,523,050 to 1,901,950, a reduction of 621,100, or 24.6%.

The Board has also approved an amendment to Solitron's bylaws in order to separate the CEO and Chairman roles, and appointed Tim Eriksen as CEO of the Company. Mr. Eriksen has served as a Director of the Company since the election of August 4th, 2015. Mr. Eriksen's responsibilities will primarily consist of shareholder relations, capital allocation, governance issues, and assistance in financial reporting. The Board believes Mr. Eriksen is well qualified to fill this position.

David Pointer has been appointed Chairman of the Board of the Company. Mr. Pointer has served as a Director of the Company since the election of August 4th, 2015. The Board appreciates Mr. Pointer's willingness to step in and fill this role.

Mark Matson has been named President and Chief Operating Officer of the Company (COO). In recent months Mr. Matson has served the Company in a consultant role and is very familiar with Solitron Devices, Inc.'s products and markets. Mr. Matson's previous experience includes COO and VP of Operations at YSI, Vice President of Operations and Engineering at Rockford Corporation, General Manager of Seattle Division for Benchmark Electronics, and Vice President at ADIC (Advanced Digital Information Corporation) and at Interpoint. The Board is pleased to have someone of Mr. Matson's experience in the semiconductor component marketplace to be able to step in and run the operations of the Company.

Several months ago a shareholder of Solitron informed Solitron of the shareholder's intention to run a proxy contest in the 2016 election. The Board entered into discussions with this shareholder and was pleased to learn that their concerns about the Company closely mirrored those expressed by shareholders in the 2015 election. As a result of those discussions, the Board has appointed Charles Gillman as a Class III director effective July 22, 2016 to fill the vacancy caused by Mr. Saraf's retirement. Mr. Gillman will hold office until the Company's 2016 Annual Meeting of Stockholders and will be the Company's nominee in the upcoming election at the 2016 Annual Meeting of Stockholders. Mr. Gillman has served on numerous corporate boards and has an excellent reputation for strong corporate governance in favor of all shareholders.

DISCLAIMER: Please note the date of the release appears in real time and will automatically update as your release crosses the wires. To make changes or to schedule your release for distribution please email newsdesk@issuerdirect.com or call our News Desk Team at 919.481.4000. If there is a problem with your news distribution, please note that Issuer Direct must be contacted no more than 90 minutes after your intended cross time in order to be of assistance. Any correspondence received outside of this timeframe will be dealt with at the discretion of management. Per our corporate policy, this release will not be made public without your direct approval.

Solitron has agreed to reimburse expenses related to the 2015 proxy contest and the potential 2016 proxy contest. In total, the expenses to be reimbursed will not exceed $200,000.

The Company has set the date of its 2016 annual meeting of shareholders for August 26, 2016. The meeting will be held in West Palm Beach, Florida.

Important Additional Information About the 2016 Annual Meeting of Stockholders

This press release may be deemed to be solicitation material in respect of the 2016 Annual Meeting of Stockholders, including the upcoming election of directors. The meeting proposals, including the election of directors, will be submitted to the stockholders of Solitron for their consideration. In connection with the 2016 Annual Meeting of Stockholders, Solitron will file with the Securities and Exchange Commission (the "SEC") a proxy statement. Stockholders of Solitron are urged to read the proxy statement when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. Stockholders of Solitron will be able to obtain a free copy of the proxy statement, as well as other filings containing information about Solitron at the SEC's Internet site (http://www.sec.gov). Copies of the proxy statement and any SEC filings that will be incorporated by reference in the proxy statement can be obtained, free of charge, by directing a request to: Tim Eriksen, Chief Executive Officer, E-mail: corporate@solitrondevices.com.

Solitron and its directors, executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the 2016 Annual Meeting of Stockholders. Information regarding Solitron's directors and executive officers is available in its Annual Report on Form 10-K/A for the year ended February 29, 2016, which was filed with the SEC on June 28, 2016. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available. You may obtain free copies of these documents as described in the preceding paragraph.

About Solitron Devices, Inc.

Solitron Devices, Inc., a Delaware corporation, designs, develops, manufactures and markets solid-state semiconductor components and related devices primarily for the military and aerospace markets. The Company manufactures a large variety of bipolar and metal oxide semiconductor ("MOS") power transistors, power and control hybrids, junction and power MOS field effect transistors ("Power MOSFETS"), field effect transistors and other related products. Most of the Company's products are custom made pursuant to contracts with customers whose end products are sold to the United States government. Other products, such as Joint Army/Navy transistors, diodes and Standard Military Drawings voltage regulators, are sold as standard or catalog items. The Company was incorporated under the laws of the State of New York in March 1959, and reincorporated under the laws of the State of Delaware in August 1987.

Forward-Looking Statements

This press release contains forward-looking statements regarding future events and the future performance of Solitron Devices, Inc. that involve risks and uncertainties that could materially affect actual results, including statements regarding interim appointments to our Board of Directors and our executive officers. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) our ability to implement a smooth succession plan at the Board and executive officer level on both an interim and long-term basis, (2) our ability to develop and recruit effective Board members and executive officers, (3) changes in our stock price, corporate or other market conditions; (4) the loss of, or reduction of business from, substantial clients; (5) our dependence on government contracts, which are subject to termination, price renegotiations and regulatory compliance; (6) changes in government policy or economic conditions; (7) increased competition; (8) the uncertainty of current economic conditions, domestically and globally; and (9) other factors contained in the Company's Securities and Exchange Commission filings, including its Form 10-K, 10-Q and 8-K reports.

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CONTACT:

Tim Eriksen
Chief Executive Officer
E-mail: corporate@solitrondevices.com

SOURCE: Solitron Devices, Inc.

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

October 31, 2016

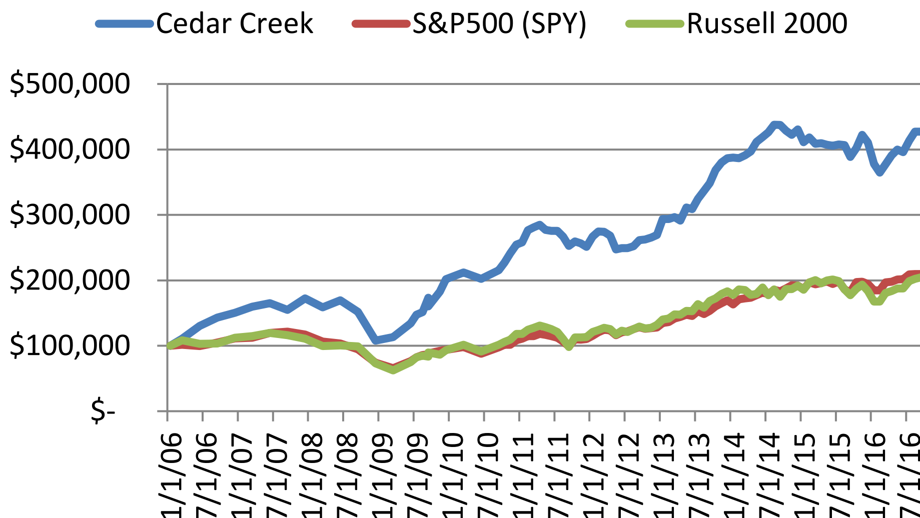
Subject: Cedar Creek Partners 2016 Third Quarter Results

Dear Partner:

The fund rose by 7.9% in the quarter, outperforming the S&P 500 and the DJIA, but less than the Russell 2000 or Russell Microcap index. Year to date the fund has gained 4.1%, net of fees and expenses.[1] Since inception the fund has an average annual return of 14.5%, net of fees and expenses, while the best performing US index we compare to has returned 8.1%.

	Q3 16	2016	Inception	Ave. Annual
Cedar Creek	**7.9%**	**4.1%**	**327.2%**	**14.5%**
NASDAQ	9.7%	6.1%	129.3%	8.1%
DJIA (DIA)	2.7%	7.1%	116.4%	7.5%
S&P 500 (SPY)	3.8%	7.7%	109.5%	7.2%
Russell 2000	9.0%	11.5%	104.5%	6.9%
Russell Micro Cap	11.2%	9.4%	71.3%	5.2%

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



[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 are calculated from information reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished September at 14%. During the third quarter we closed out two positions. One of the positions was Virtus Investment Partners (VRTS) an asset manager that we mentioned briefly in our last quarterly letter. We purchased shares at an average price of $68 per share in April and sold at around $81 per share in July, resulting in a 20% gain in just three months.

Our sale of Virtus was based on it having quickly increased in price. Part of the impetus for the price increase was the company's tender offer for shares at $82.50 per share in June, and stabilization in its assets under management. The share price was still below the low end of our fair value estimate $100 to $120 per share but we wanted to reduce the fund's exposure a bit to asset managers, since we own a large position in Hennessy Advisors (HNNA) as well as a modest position in Franklin Resources (BEN). In hindsight, we acted too quickly. This past week, the company announced it was repurchasing 20% of its shares for $93.50 per share from the Bank of Montreal. The stock jumped on the news to over $110 per share.

What basically happened is that the stock was being punished based on the belief that management was not shareholder friendly, and was going to use its substantial cash to seed new ideas, instead of using it to create shareholder value by repurchasing stock at a very low price. Surprisingly, management responded to shareholders, and even went beyond most investor's optimistic expectations. The result is a much higher stock price. The moral of the story is that the quality of management matters. Bad management results in a large discount to fair value, and conversely, good management results in the absence of a discount, or even a small premium to fair value.

We also closed out a small investment (about 2% of the fund) in TSR Inc. (TSRI), a very small personnel services provider focused on IT servcies. The stock is usually very illiquid. We purchased a block of shares at $3.60 per share in January. Book value at the time was $4.73 per share, and trailing earnings were $0.14 but the last three quarters had been strong. The next two quarters showed continued improvement, such that trailing earnings had risen to $0.20 per share, and book value had increased to $4.81 per share.

TSR spiked after its earnings release on July 28. The sharp move upward surprised us, and we decided to sell at $5.10 per share in August, for a 40% gain in just over seven months. We believe the company has management problems, which is a nice way of saying they pay themselves too much in relation to the size of the company. Since the managers own nearly half of the company, there is little chance that outside pressure will change things. In these kinds of stocks, the strategy is to buy them really cheap and sell them if they get to a modest discount to fair value, then wait in hopes of repeating the process.

We would have earned more in TSR if we had held on another month, but we had no way of knowing that at the time, and are satisfied with the results. It is impossible to perfectly time bottoms or tops in the market or individual stocks. As value investors we don't try to time the market nor stocks for that matter. We estimate intrinsic value and buy when we have a large margin of safety and sell at or near fair value. At first glance it may seem like timing but the process and mindset is different. One tries to guess

market bottoms and tops, the other, value investing, tries to buy low and sell high (i.e., around fair value).

We made one addition during the quarter. We are still trying to buy more so we will limit what we say. It is a company with a $50 million market cap that owns a collection of businesses that we believe are worth significantly more than the current market price. Unfortunately, nearly 80% of the stock is owned by a private equity firm so buying shares requires patience. The stock is recently trading for around $4.50 per share, or about seven times trailing earnings. The company has cash in excess of debt. The company also pays a modest 2% dividend, although in this interest rate environment that is not modest at all, it is nearly high yield.

The National Debt and Federal Budget Deficit

The federal government functions on a September year end so preliminary numbers for fiscal 2016 were released in October. The government ran a deficit for the fifteenth straight year. Of course, what matters is not whether there is a deficit, it is the size of the deficit and the nation's overall debt that is important. The deficit for 2016 was approximately $587 billion, up from $438 billion in the prior year, and the national debt now exceeds $18 trillion, which is approximately one year of GDP.

in millions	**2014**	**2015**	**2016**
Total Receipts	**3,021,487**	**3,249,886**	**3,266,688**
Total Outlays	**3,506,000**	**3,687,790**	**3,854,100**
Surplus (Deficit)	**(484,513)**	**(437,904)**	**(587,412)**

That the deficit rose by nearly $150 billion is certainly a concern. The size of the deficit is also a concern considering that the economy is not in a recession. As a percentage of GDP, the deficit was above 3% in 2016. Many economists consider deficits at less than 3% of GDP to be relatively safe. My concern is if we have deficits of 3% of GDP when the economy is in relatively good shape, what happens when we are in a recession? I would expect deficits to spike to near 5% of GDP in a recession as expenditures rise and receipts decline. If true, it would result in a long run average above 3% of GDP. Further if the country occasionally experiences a deep slump like 2009-2012, when deficits varied from 7 to 10% of GDP, the long run average would be even higher. If the 3% average is relatively safe, and I am NOT convinced of that at all, it seems logical that deficits need to be below 2% of GDP the majority of the time, yet very few politicians are calling for that.

Interest on the national debt is already running at $430 billion per year, or 13% of receipts. Meaning 13 cents of every dollar collected goes to debt service and not current needs. As the nation continues to run deficits it will get worse. Last year the federal government spent $1.18 for every $1 collected. The $0.18 had to be borrowed.

The budget deficit would be far worse absent the current low interest rate environment. The average interest rate on the debt is below 2.4%. If the average rate paid by the government was where it was back in the beginning of 2006 the rate would be twice as high, meaning $430 billion of additional interest expense and $0.26 of every dollar collected going to debt service. What is even more amazing is if the average rate was where it was back when President Bill Clinton left office in 2001, the government would

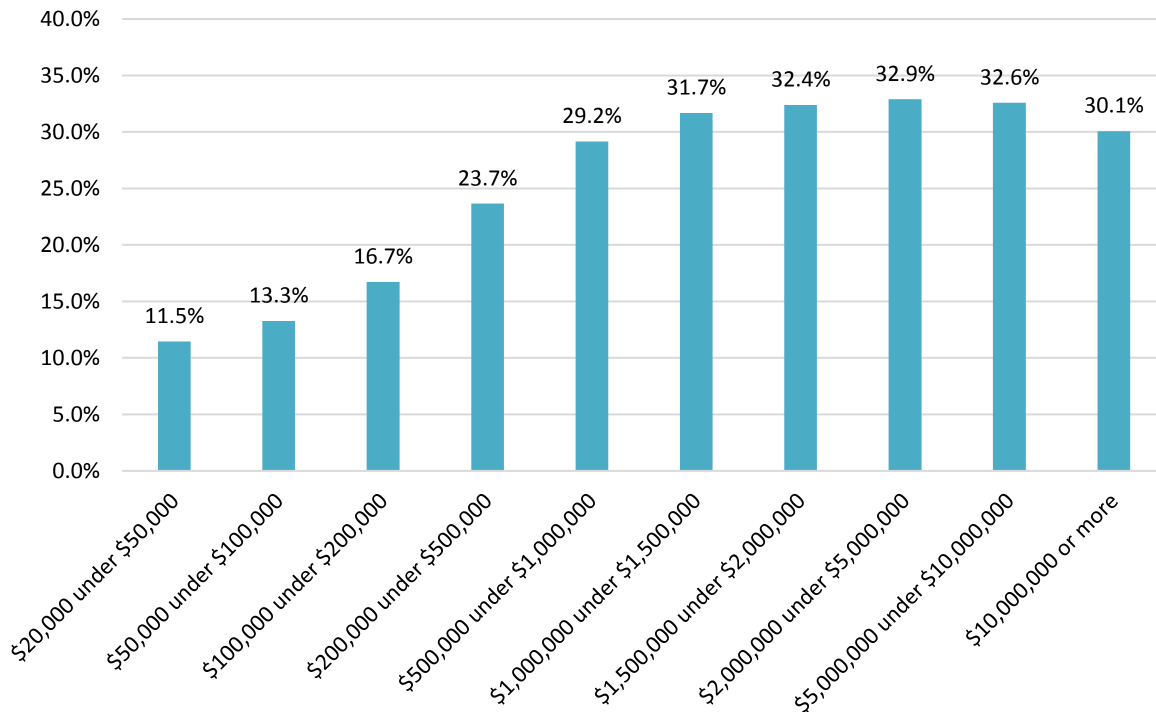
be paying an average of nearly 6.6%, or nearly $1.19 trillion annually. That would equate to over 36% of current collections.

While it is unlikely that interest rates will move up rapidly, we are playing with fire. Debt can go from a concern to a serious problem in very short order. Added to that, most of the current debt is in short term obligations which would reprice quickly. Despite all that, some are still willing to lend to the government for ten years at a current rate of 1.8%. We aren't. We don't find that to be even remotely attractive.

Effective Tax Rates

While I try to not to comment on political issues very much, you may recall that a few years ago I took exception to Warren Buffett's editorial entitled *Stop Coddling the Super Rich*, where he asserted that he paid a higher tax rate than his secretary. Buffett's logic was deeply flawed. The most egregious flaw was how he treated Social Security taxes. He attributed both the employee and employer's portion to his secretary tax rate, and then completely ignored that she would soon begin collecting Social Security and Medicare for the rest of her life, which would likely exceed both what she and her employer paid in.

While there are a few rich people who pay very low rates, it is the exception and not the rule. Those who do pay low rates benefit from the tax code in how it treats charitable giving, municipal bond income, carried interest, or real estate. What is clear is that despite those exceptions, rates do rise as income rises. This chart is from 2014 tax data and looks at rates as a percentage of taxable income (after deductions).



I have not seen an explanation of why those making more than $10 million per year pay a few percentage rates lower. Looking at the data it appears their deductions or non-taxable income is 2-3 percentage points higher than other large earners. I suspect it is either higher charitable giving or non-taxable income from municipal bonds.

In case you are wondering there were 26,524 tax filers in 2014 with a taxable income between $5 million and $10 million, and 16,695 filers with a taxable income greater than $10 million. The aggregate taxable income for those making over $5 million in 2014 was just over $600 billion, which means every 1% increase in their tax rate would, all else equal, generate $6 billion of additional tax revenue. If their effective rate was 40% it would generate about $55 billion in additional revenue, which is far below the $587 billion deficit for fiscal 2016. Increasing rates on the "super rich" will not solve our budget problems.

Federal Budget Receipts

As was noted in a chart earlier, the federal government collected just under $3.3 trillion in receipts in fiscal 2016. The breakdown is interesting. Individual income taxes generate nearly half of all revenue. Payroll taxes brings in just over a third. Corporate taxes generate less than 10%, despite the U.S. having one of the highest rates in the world. The Federal Reserve turned a profit of over $115 billion, and thereby contributed 4% of overall revenue (this shocked me in terms of size). Estate taxes despite frequently being brought up in political debate generate less 0.7% of revenues.

in millions	**2015**	**2016**
Individual Income Taxes	1,540,802	1,546,075
Social Insurance	1,065,257	1,115,063
Corporate Taxes	343,797	299,571
Federal Reserve	96,468	115,672
Excise Taxes	98,279	95,045
Customs Duties	35,041	34,837
Estate and Gift Taxes	19,232	21,354
Other	51,010	39,071
Total Receipts	**3,249,886**	**3,266,688**

While it would probably increase the deficit I am strongly in favor of reducing corporate income taxes from the current 36% rate to a more reasonable rate around 25%. There are numerous positive impacts to lowering corporate rates. It would drastically reduce inversions, where companies reincorporate in other countries to reduce their taxes. A lower rate would make it more likely corporations with overseas profits would bring them back to the U.S. It would improve stock prices which would have a wealth effect. It would improve pension plan funding. It would also increase employment in the U.S., which would have far reaching impacts to not only the budget and the economy, but most importantly, to individual families and communities.

Based on a purely static analysis, a corporate tax reduction would appear to result in a loss of approximately $100 billion in revenue, but it would generate $1 to $2 trillion in wealth as many companies would show a jump in profitability of up to 17% due to a lower tax expense. As companies stay in the U.S. and hire more both the company and the taxpayer would pay payroll taxes and the individual would pay income taxes. It would likely reduce unemployment which would reduce expenditures on everything from unemployment benefits, food programs, tax credits, etc.

Unfortunately, neither candidate in this election has a tax platform that I am completely comfortable with. Clinton wants to raise individual and corporate taxes, which I think is bad for competitiveness and would lead to more inversions, fewer jobs, and higher unemployment. In addition, she supports significant additional spending. Trump wants to massively reduce rates on both individuals and corporations, which may sound good in theory, but he has also said he is against entitlement reform, which is nearly 2/3 of spending. Once you include interest expense that means nearly 80% of current spending won't be touched. There is not enough fat in the remaining 20% to eliminate to keep from massively increasing the deficit.

The reality is if Clinton wins and Republicans control one or both houses of Congress, her plans will be dead on arrival, and things will muddle along as they currently are. If Trump wins and Republicans were to lose control of the Senate, his proposals would also likely be dead on arrival. If Clinton wins in a landslide and Democrats gain control of both houses, I suspect her proposals are very likely to be enacted. If Trump wins, and Republicans hold both houses, it would be interesting to see if his proposals were enacted or trimmed back. Trump does not have the level of party support that Secretary Clinton enjoys.

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 $100,000 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. This will allow you to receive our updates on a regular basis. Should you have any questions regarding the fund, please don't hesitate to call or email.

Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC
email: tim@eriksencapital.com
www.eriksencapital.com
office: 360-393-3019

DISCLAIMERS

Fund Performance

The financial performance figures for 2016 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.

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While reported returns for SPY and DIA will likely be a few tenths of a percentage lower than the representative index annually, we believe they are a better reflection of what a non-institutional investor would earn following a passive investment approach.

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.

Share Prices

Share price figures for listed stocks are from Yahoo! Finance and unless specified otherwise are the closing price as of the previous month end. Share price figures for unlisted stocks are closing bid prices as reported on otcmarkets.com.

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.

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

February 6, 2017

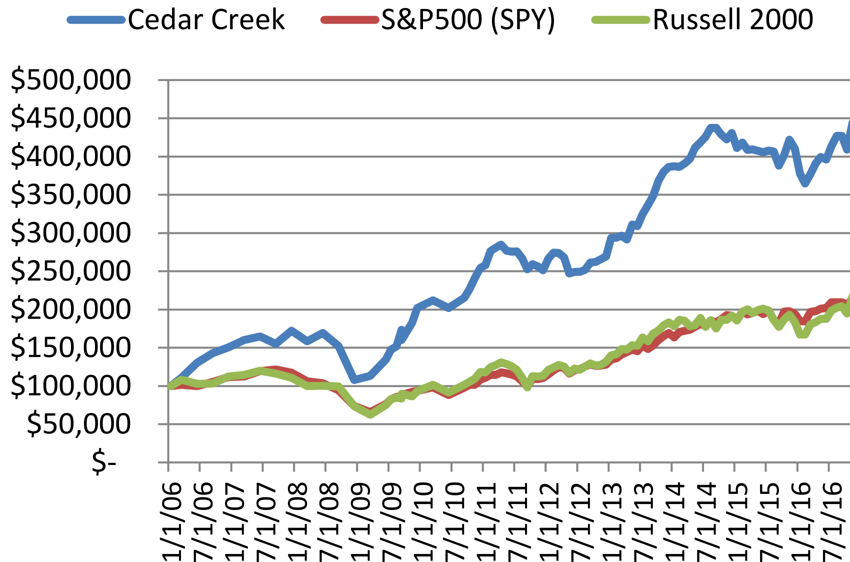
Subject: Cedar Creek Partners 2016 Unaudited Results

Dear Partner:

The fund rose by 10.5% in 2016, net of fees and expenses,[1] outperforming the NASDAQ, but lagging the other major US indices we compare against. Since inception the fund has a total return of 353.7% net of fees and expenses for an average annual return of 14.8%, while the US indexes we compare to have a total return between 88.5% and 135.3% for an average annual return of between 6.0% and 8.1%.

	Q4 16	2016	Inception	Ave. Annual
Cedar Creek	**6.2%**	**10.5%**	**353.7%**	**14.8%**
DJIA (DIA)	8.7%	16.4%	135.3%	8.1%
NASDAQ	1.3%	7.5%	132.3%	8.0%
Russell 2000	8.8%	21.3%	122.6%	7.6%
S&P 500 (SPY)	4.0%	12.0%	117.8%	7.4%
Russell Micro Cap	10.0%	20.4%	88.5%	6.0%

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



[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 are calculated from information reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished December at 9.6% (including new inflows effective January 1). During the quarter we closed out a number of minor positions, including Pardee Resources (PDER), CIBL (CIBY), Franklin Resources (BEN), and one larger position which had a disappointing result – Trinity Biotech (TRIB).

Portfolio Review

With the start of a new year we thought it wise to provide an overview of the portfolio along with our general thoughts. We have a value approach where we look to purchase securities at a discount to what we believe they are worth. One measure of how expensive a stock is, is price to earnings ratio (P/E). The fund's weighted P/E multiple based on 2017 projected earnings is just under 10x versus 17.5x for the S&P 500 and 19x for the Russell 2000. I should note that P/E multiple does not factor in how fast a company is growing, which is an important element in valuation.

Another valuation metric is price to book value. The fund's weighted price to book was 1.5x at year end, while the S&P 500 was nearly twice that at 2.9x, and the Russell 2000 was 2.3x. A glance at return on equity shows the fund with a weighted ROE of 15% versus 17% for the S&P 500 and 10% for the Russell 2000. Lastly, if one were to look at dividend yield, the fund had a yield of 2.2% versus 2.1% for the S&P 500 and 1.5% for the Russell 2000.

Based on an overall valuation, we find the fund much more attractive than either of the two major indices we track against. Whether that will translate into outperformance in the coming year we do not know. Time will tell.

Top Holdings

At year end there were 22 positions in the fund. The top 5 accounted for 60% of AUM, while the top 10 equaled 85%. Various other positions equaled just over 8% and cash was 6.5%. The level of concentration is normal for the fund. We have always had a primary focus on small and micro caps and that is still true today, with only the AIG warrants being related to a company with a market cap over $1 billion. Four of the top ten holdings have market caps below $100 million and the other five are between $100 and $250 million. Below is a chart and a brief discussion of each of the top positions.

	Symbol	Security	Price	Mkt Cap	EPS	PE
1	HNNA	Hennessy Advisors	31.75	184	3.00	10.6
2	SYTE	Sitestar (restricted)	0.07	13	0.006	11.5
3	DBMG	DBM Global (fka Schuff Int'l)	36.00	141	5.50	6.5
4	SODI	Solitron Devices	3.50	7	*	*
5	INBK	First Internet Bancorp	32.00	207	2.70	11.9
6	MNDO	Mind CTI	2.46	47	0.25	9.8
7	AIG/WS	AIG warrants 1/2021 $45	23.46	65,000		13.7
8	ELXS	ELXSI	36.20	123	4.00	9.1
9	ISNS	Image Sensing	3.70	19	0.27	13.7
10	CLMS	Calamos	8.55	176	0.40	21.4

Market cap in millions. *Due to position as CEO cannot provide EPS estimate for Solitron
Prices as of 12/31/16.

Hennessy Advisors (HNNA) has been the fund's largest position since we started purchasing shares late in 2012. We started buying at around $2.50 per share. At the time, it had $900 million of assets under management (AUM), currently it has $6.5 billion. Back then earnings were on apace for $0.20 per share, while today earnings are at $3.00 per share, with the result that the stock has risen 12x from when we first purchased. Active asset management is not popular today, thus despite its run up in price over the last four years, the stock trades at just over ten times earnings. In January of 2017 the stock fell 12% despite no meaningful change in its assets under management. As we often point out, negative short term fluctuations are annoying but we do not let them bother us, rather we seek to use them as an opportunity to profit. As a full tax payer Hennessy would greatly benefit from any reduction in corporate taxes.

Sitestar (SYTE) is an investment we have not discussed before. The company had a checkered history. In 2016 it underwent a management change. Previously it was a sleepy little company with some rental houses and a small internet service company. Sitestar is in the process of selling off the real estate. It has already invested in a fund that seeks to acquire HVAC companies in Arizona where the economics look quite attractive. In 2017 it will invest $10 million of seed capital into a new hedge fund managed by David Waters of Alluvial Capital, in exchange for a portion of the economics of the fund. We have followed Dave for a while and think he is a solid value investor. We expect the investment in Alluvial to generate reasonably attractive returns in the 10-15% range, with additional upside if the fund grows significantly in size. We purchased the shares in a private placement the company was offering. Since the shares are currently restricted from resale, we value them at a 20% discount to the bid price for common shares. We expect the restriction to be lifted during 2017 allowing us to value them without any discount.

DBM Global (fka Schuff International) was originally purchased due to its low valuation. HC2 (HCHC) came in and purchased a controlling stake for $26 per share with the intent of doing a tender offer to get to 90% ownership and then force remaining shareholders to sell back to the company at the same price. It completed the first two steps but has not followed through on the force out. Part of that is probably due to a lawsuit alleging breach of fiduciary duty by its board. Today DBM is very illiquid but also very cheap. Shares last sold for around $32. It takes work to calculate numbers since it is consolidated in HC2's results. Trailing earnings were $7.35 per share. The company should be in a positive net cash position, possibly as high as $5 to $8 per share. In 2015 DBM (then Schuff) paid $4.68 per share in dividends, while in 2016 it paid $2.59 per share. We hope to either benefit from the lawsuit or if HC2 does the force out to pursue appraisal. In appraisal, we believe the shares would be valued between $90 and $110 per share, or 12 to 15x earnings. Some of that gain would unfortunately go to attorneys. While it has taken longer than we expected to play out we have earned a reasonable dividend the last few years.

Solitron Devices (SODI) was originally purchased with the hope that someone would lead a proxy fight in order to unlock value. The company had a high cash balance and what appeared to be a stable business. No one took the lead in a proxy fight even though in 2013 and 2014 shareholders had voted against most of the company's board nominees. I decided to run two directors in 2015 and won handily. Last July a separation agreement was reached with the CEO which involved buying his shares and

options. Unfortunately, the business suffered during the last year. A new COO, Mark Matson, was hired, and I was named part time CEO.

With a business that is built around custom orders, any turnaround starts with sales – booking orders. As Solitron's public filings note, bookings in the August 2016 quarter were $1.8 million as compared to $0.4 million in the year ago period. In the November 2016 quarter bookings were $2.3 million versus $0.7 million in the prior year period. The latest 10-Q also noted that bookings in the February 2017 quarter were expected to exceed the $4.4 million figure form the prior year period. The team at Solitron is off to a good start. We are very excited about the future due to the company's excellent incremental margins. We expect the investment to perform well in 2017.

First Internet Bancorp (INBK) is a bank holding company with assets of $1.9 billion as of yearend 2016. The company's subsidiary, First Internet Bank, opened in 1999. Internet banks are branchless and offer depositors higher rates in order attract deposits. Average deposit rate is 1.28%. The bank has a lending team that originates home mortgages, which are often resold for a quick profit, as well as commercial lending that focuses on single tenant leases. Average loan rate is 4.3%. Unlike most smaller banks, the bank has been growing at an attractive rate. EPS in 2016 was $2.29. We expect the bank to exit 2017 at a run rate of $3 per share. The bank is also a full tax payer that would benefit from any corporate tax reduction.

Mind CTI (MNDO) is an Israeli based company that is listed in the US which contracts much of its operations in Romania. The company handles billing for cellular companies worldwide. It has a long history of profitability and high dividends. There are 19.2 million shares outstanding. At year end the stock was at $2.46 per share. As of Sep. 30, 2016, the company had $1 per share in cash and trailing earnings per share of $0.23. It pays an annual dividend in the first quarter of each year equal to trailing free cash flow. I would expect a dividend in the range of $0.24 and $0.28 per share. He dividend is subject to Israeli withholding tax, however, that is recoverable for US investors when they file their taxes. Not many stable companies have a 10% yield in today's interest rate environment. Despite its relatively stable operating performance, the stock exhibits significant share price volatility during the year, allowing enterprising investors excellent opportunities to buy at very attractive prices.

AIG warrants (AIG/WS) are warrants that give the holder the right to buy one share of AIG at $45 per share at any time before January 2021. AIG is an international insurance company that suffered greatly in the economic crash in 2008. It was the counterparty on many of the synthetic mortgage backed securities that Michael Burry shorted (Michael Lewis' book the Big Short covers the story in great detail). The mess led to a US government bailout. Today AIG has cleaned up its act and is still one of the larger global insurance companies. The warrants reprice lower when AIG pays dividends in excess of $0.675 per share in any twelve month period, which is a nice feature. AIG currently pays $1.28 per share in dividends annually. AIG is aggressively repurchasing shares, and has committed to continue to do so in the next two years. We have modeled out what we think are likely scenarios based on AIG earning a 6%, 8%, or 10% return on equity annually and continuing to aggressively buyback shares. We believe the warrants can generate an average annual return of nearly 25% assuming a 6% ROE and AIG trading at book value at warrant expiration. Results would be even better if AIG earns higher than a 6% ROE.

ELXSI Corp (ELXS) operates through two subsidiaries – a poorly performing restaurant business based in New England and Cues, a Florida based company that manufactures and services robotic video inspection and repair equipment for wastewater and drainage systems throughout the US. The real value is in Cues. It is no secret that many municipalities have aging wastewater and drainage infrastructure. Revenues have been growing at a double digit rate and earnings have grown nicely in recent years. For the twelve months ended September 2016, the company reported $7.70 in EPS. Most of that was a non-cash due treatment of deferred tax assets. The company did earn around $3.75 per share of cash earnings. The stock rose 50% in the last half of 2016 but we still believe it is undervalued. The company is debt free and should end the year with over $6 per share in cash. The 9x multiple on cash earnings is closer to 7x net of cash. There are some management concerns in terms of questionable loans made years ago and stock grants that were forgiven by the Board which keep the stock from becoming a larger position. Trading is sporadic and the bid/ask spread is fairly wide.

Image Sensing (ISNS) is a micro cap company that develops and markets software based detection products and solutions for the intelligent transportation systems industry. We owned shares ten years ago. Back then the company made good money but managed to waste it on bad acquisitions. My former boss, Andrew Berger at Walker's Manual purchased shares and joined the Board in 2015. The Board replaced the CEO in 2016 and has eliminated losses. The company earned $0.33 per share in the last six months. The company is very small with 5 million shares outstanding and a year end price of $3.70 per share. The company earns 50% gross margins so if its updated product line coming out in 2017 does well earnings could move materially higher. Unlike Solitron where we had to do the work, we can sit back and let someone else do it and reap the benefits.

Calamos Investments (CLMS) is an asset manager with $18 billion in assets under management. The publicly traded vehicle has economic rights to 22.2% of Calamos LLC's assets and earnings. It also has its own cash and deferred tax assets. The company suffered substantial asset outflows in 2016 and management is trying to buyout shareholders at $8.25 per share. The price is ridiculously low and the company is being sued by shareholders. Publicly traded Calamos has $6.10 per share in cash plus its economic interest in Calamos LLC, which also has a net cash balance. Based on the price management is forcing shareholders to take, it values the whole business at $140 million. The business has $79 million in net cash, meaning the enterprise value for the whole business is $61 million. As a percentage of AUM it is 0.33%. According to the Duff & Phelps fairness opinion the median transaction in the last three years was at 2.17% of AUM or 7x higher. The lowest transaction was at 0.66%, or 2x the "valuation" used to support the buyout price. Even at the low end of transaction or current market multiples a fair price would be above $10 per share. At the median, which is more logical in our opinion, valuation would be $13.25 per share. Similar to DBM Global we hope to either benefit from an increased offer, a lawsuit, or appraisal. Note appraisal tends to take two years but we would under most circumstances earn 6% interest on the tender offer price.[2]

[2] We also find it interesting that Mangrove Partners, a private fund, has been aggressively buying the stock at prices above the tender offer price of $8.25 and now owns 13% of the outstanding shares.

In Closing

As we start 2017 we like how the portfolio is positioned in comparison to the other indices. Investors in the fund are paying a P/E multiple that is nearly half of the Russell 2000, and 40% lower than the S&P 500. The fund's price to book is nearly half the S&P 500 and 35% lower than the Russell 2000. The fund has weighted return on equity 50% higher than the Russell 2000 and only 12% less than the S&P 500.

Since the fund is concentrated we expect more volatility during the year in comparison to the indexes, but believe that over the next year or two the fund should outperform the major indices owing to its more attractive valuation characteristics.

Room for New Members and/or Additional Funds

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Sincerely,

Tim Eriksen
Manager
Cedar Creek Partners LLC
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