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

May 2, 2017

Subject: Cedar Creek Partners First Quarter 2017 Unaudited Results

Dear Partner:

While we were largely pleased with the progress of the individual companies in the fund, the market prices of those companies did not reflect the underlying performance. As a result, the fund declined by 2.6% in the first quarter of 2017, net of fees and expenses.[1] As the chart below shows, performance in the quarter for US stocks was not broad based: technology (Nasdaq) and large cap (DJIA, S&P 500) performed well, while smaller caps (Russell 2000) were weaker, and micro caps (Russell Micro Cap) were nearly unchanged.

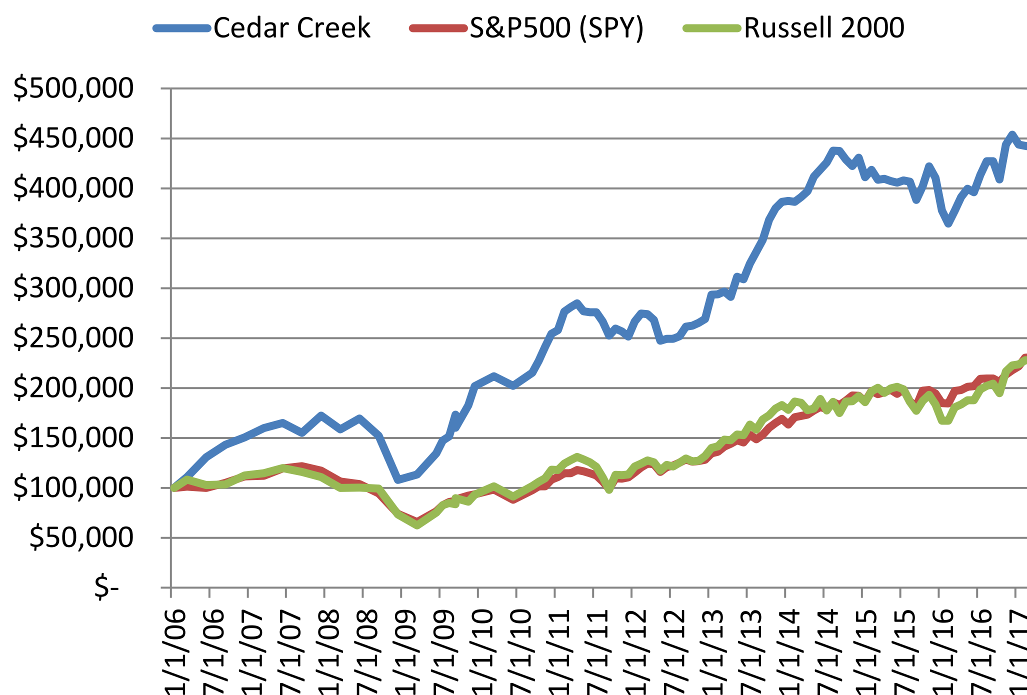
We have always cared more about underlying company performance than short term market performance. Over time, we believe they will align; however, we fully recognize that in shorter measurement periods they can diverge greatly. This approach has resulted in a very successful long term track record for the fund. Since inception in early 2006, the fund has a total return of 341.7% net of fees and expenses for an average annual return of 14.2%, while the US indexes we compare to have a total return between 89.2% and 155.1% for an average annual return of between 6.0% and 8.7%.

	Q1 17	2016	Inception	Ave. Annual
Cedar Creek	**-2.6%**	**10.5%**	**341.7%**	**14.2%**
DJIA (DIA)	5.1%	16.4%	147.2%	8.4%
NASDAQ	9.8%	7.5%	155.1%	8.7%
Russell 2000	2.5%	21.3%	128.1%	7.6%
S&P 500 (SPY)	5.9%	12.0%	130.7%	7.7%
Russell Micro Cap	0.4%	20.4%	89.2%	6.0%

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

$100,000 invested in the fund at inception would have grown to $441,679 as of March 31, 2017, whereas $100,000 invested in the indexes we compare against would have only grown to between $189,199 in the Russell Micro Cap and $255,142 in the NASDAQ.

[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 March at 7%. During the quarter, we closed out a number of minor positions that performed well, unfortunately they were minor positions. The two that were losses were basically marker positions. A few were too small to make larger positions, and a few others unfortunately moved up in price before we completed buying; however, a gain is a gain and we will certainly not complain.

Symbol	Company	Pos Size	% gain	timeframe
GEC	Great Elm Capital	0.2%	-8%	1 month
ADNT	Adient plc	1.5%	15%	1 month
GM	GM	0.4%	-2%	2 months
RHDGF	Retail Holdings	1.2%	32%	3 months
SPRS	Surge Components	0.3%	37%	3 months
LSYN	Liberated Syndication	0.3%	92%	4 months
ACU	Acme United	0.4%	25%	5 months
CUBI	Customers Bancorp	2.5%	58%	12 months

Performance Review

We noted at the beginning of our letter that the while overall performance for the fund was modestly negative, the individual companies performed well. The most glaring example is our largest holding at the beginning of the year, Hennessy Advisors (HNNA) which declined 21% in the quarter despite seeing its assets under management modestly increase. Hennessy trades at less than nine times earnings. Hennessy

accounted for eighty percent of the fund's decline in the quarter. Other financials were weaker in the quarter, including First Internet Bank (INBK) down 8% and our AIG warrants (AIGWS) down 9%. A few unlisted stocks (that we value at the bid) also suffered modest share price decline even though the businesses performed well, including ELXSI Corp (ELXS), Western Capital Resources (WCRS), and DBM Global (DBMG), formerly known as Schuff Steel.

On the positive side, Solitron Devices (SODI) bid price rose 17% in the quarter. Our Sitestar (SYTE) restricted stock position also rose 6% as we began to amortize the valuation discount we placed on it at the time of purchase. When we purchased the position, we valued it at a discount to the bid price of twenty percent based on an analysis by an independent firm. Since we fully expect the stock to be registered and all restrictions to be removed this year it seemed fair to all investors to amortize the discount versus keeping it low and having it spike up when the registration statement was filed. We are very pleased with the progress at both Solitron and Sitestar.

Portfolio Review

In our year end letter, we provided some statistics to show how the fund's valuation was much more attractive than the general indices. At year end the fund's weighted forward P/E multiple was nearly half of the S&P 500 (9.9 vs. 17.5). As of quarter end it was less than half (8.7 vs. 17.5). Price to book as nearly half at year end (1.5 vs. 2.9), and is now closer to a 60% discount to the S&P 500 (1.3 vs. 3.2), even though returns on equity are fairly similar (15% vs. 17%).

	12/31/2016 Cedar Creek	12/31/2016 S&P 500	3/31/2017 Cedar Creek	3/31/2017 S&P 500
P/E	9.9	17.5	8.7	17.5
P/E net cash	7.7	n/a	6.8	n/a
weighted P/B	1.5	2.9	1.3	3.2
weighted ROE	15%	17%	15%	17%
Div Yield	2.2%	2.1%	1.7%	2.1%

At the end of the year we said we believed the fund was much more attractive from a valuation standpoint than the S&P 500, and we believe that even more strongly today. Whether that will translate into outperformance in the coming year we do not know. Time will tell. But we certainly prefer what we have assembled to what the most popular passive index has to offer.

Why the Affordable Care Act Failed

We know it is not wise to touch on politics or religion, but we thought the following might be helpful in thinking through potential changes to the Affordable Care Act. Even if you do not agree completely, we hope it spurs your thinking.

The signature achievement of the Obama Presidency was passage of the Affordable Care Act in 2010. Supporters said it would allow those with pre-existing conditions to purchase affordable insurance while also lowering the overall costs for the average buyer by $2,000 annually. The Act achieved the former, but failed on the latter. Thanks to the guaranteed coverage provisions and expanded subsidies, many who

could not afford coverage due to pre-existing conditions, or due to unaffordability, are now able to obtain coverage; however, rates for others have risen substantially.

That rates have risen so dramatically should not be a shock. First, states such as Massachusetts and Washington, where I live, already had fairly similar plans in place and had much higher rates than the rest of the country. Second, the Act had an obviously flawed structure. If you take a course on public policy that covers subsidies you learn that a successful subsidy provides substantial benefit for a small group and spreads the cost among a large group. This means there will be no major opposition, either financially, or in testimony before Congress, since no one is substantially harmed. It also means that "compassion" will be on the side of the group receiving the subsidy. The Affordable Care Act completely missed the boat on this aspect.

According to a study by Kaiser Family Foundation, in 2015 nearly half of Americans received coverage through their employers, 20% through Medicaid, 14% from Medicare, and 2% from the military or VA. The remaining groups were 9% uninsured and 7% non-group insurance, which includes self-employed, early retirees, those purchasing coverage on their own, etc. What the Affordable Care Act did was take the 9% uninsured, which included many high cost people with pre-existing conditions and lumped them with the 7% non-group. So instead of spreading the cost among a large base, like what happens for employer coverage, it was spread among a relatively small base, causing rates for that group to rise dramatically.

The end result for those already in the non-group insurance, and those without insurance who were forced to join to avoid penalties, is that rates have risen much faster than employer rates. Instead of declining a few thousand, they have risen a few thousand for a lesser product.

On a personal level, my family had coverage for a while through my wife's former employer which cost $1,000 per month with a $1,000 deductible, free $1,000 HSA flexible spending account and excellent coverage, including vision. The same $1,000 per month would not cover the cost of a high deductible Bronze Plan ($7,500 deductible per person/$11,000 per family) on the exchange that excluded vision. A low quality bronze plan would cost closer to $1,250 per month for my family. A plan similar to what cost my wife's former employer $1,000 per month would cost between $1,800 and $2,300 per month on the exchange. That is a killer for many small business owners and independent contractors, such as real estate agents and truck drivers.

We recognize that understanding the problem is a lot easier than crafting a solution. It sure seems logical to us, that if we, as a nation, believe we should subsidize those with pre-existing conditions, it makes more sense to spread that cost broadly across all insured instead of just a narrow group.

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
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DISCLAIMERS

Fund Performance

The financial performance figures for 2017 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.

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

August 2, 2017

Subject: Cedar Creek Partners 2017 First Half Unaudited Results

Dear Partner:

After a slow start to the year, the fund performed much better in the second quarter, increasing by 5.7%, net of fees and expenses, bringing the first half return to 2.9%.[1] Overall, for the first half of the year, technology (Nasdaq) and large cap (DJIA, S&P 500) performed exceptionally well, while small cap and microcap (Russell 2000 and Russell Micro Cap) had more moderate results. Since the fund is focused primarily on small and microcap names, it is not surprising that our results were more in line with those indices.

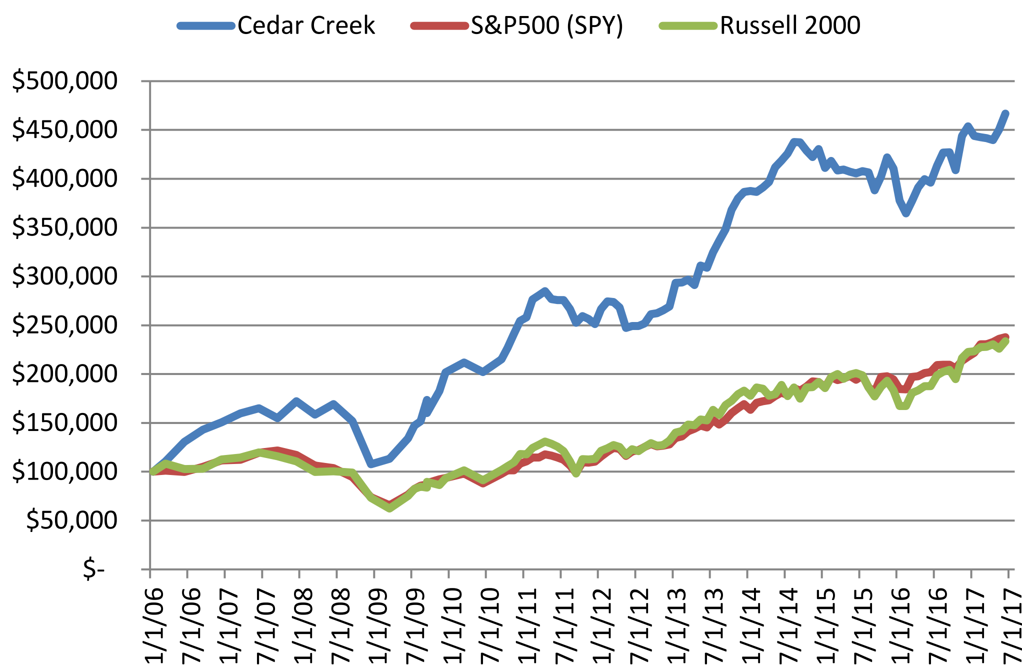
	Q2 17	2017	Inception	Ave. Annual
Cedar Creek	**5.7%**	**2.9%**	**366.8%**	**14.4%**
NASDAQ	3.9%	14.1%	165.0%	8.9%
DJIA (DIA)	3.6%	8.9%	156.2%	8.6%
S&P 500 (SPY)	3.1%	9.2%	137.8%	7.9%
Russell 2000	2.5%	5.0%	133.7%	7.7%
Russell Micro Cap	2.9%	4.2%	96.5%	6.1%

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

We neither have, nor expect to outperform the major indices every year, but we do believe that we can outperform over time. Since inception in early 2006, the fund has a total return of 366.8% net of fees and expenses for an average annual return of 14.4%, while the US indexes we compare to have a total return between 96.5% and 165.0% for an average annual return of between 6.1% and 8.9%.

$100,000 invested in the fund at inception would have grown to $466,762 as of June 30, 2017, whereas $100,000 invested in the indexes we compare against would have only grown to between $196,454 in the Russell Micro Cap and $265,011 in the NASDAQ.

[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 level was 11% at the end of June. During the quarter, we closed out one position, **Limbach Holdings** (LMB, LMBHW), where we changed our minds on the attractiveness of the stock, which so far has been correct. We felt the underlying fundamentals were not as attractive as company management nor many value investors believed. The company has been presenting at a number of conferences, which is a yellow flag for us. We prefer management to be focused on operating the business and issue press releases as necessary. Too much promotion often means they intend to issue more stock to the public, which is the opposite of the type of company we typically are looking for; or worse, it means management believes that pushing the stock has some long term positive effect that is more important than improving the business.

Unfortunately, we closed out two minor positions way too early, **LICT Corp** (LICT) and **Data I/O** (DAIO). We purchased LICT at $6,800 per share and sold at $7,300 per share two months later to purchase what we believed was a more attractive security. Subsequent to our sale, LICT has risen above $12,000 per share on no additional news. Needless to say, what we purchased has not performed as well (yet). We review all our buys and sells periodically with the hopes of learning and minimizing mistakes. After our review, we believe the greater mistake was not buying aggressively enough when the stock was in the $6,000 range when management gave clear guidance for 2017 performance. That is not to say that we didn't err in selling too soon, because we clearly did; however, because the position was so small, not buying aggressively was a greater mistake.

A small position in Data I/O was purchased during the fourth quarter of 2016 at $3.62 per share. The stock had been recommended to us in early 2016 when it was in the $2 range. We didn't have familiarity with either the stock or the person who recommended the stock so we were cautiously evaluating both the stock and the recommender. As we got familiar with the stock over a few quarters we increased our confidence in the company and purchased some shares. Unfortunately, it moved up in price rather quickly before the position had become significant. After attending the annual meeting we came away with the impression management was surprised the stock had moved up so much. We reduced

our estimate of fair value to $5 to $6 per share, and sold at around $5 per share. The stock continued up and went to near $10 per share before pulling back to under $8. For value investors, buying too early, and selling too early, are common occurrences.

We re-initiated a position in **Customers Bancorp** (CUBI). We had previously purchased the stock in early 2016 and sold in early 2017. Our last sales were at $35 per share. We earned just under 60% in about twelve months on the stock. We started buying again in the second quarter at under $29 per share. We are excited that they will be selling their BankMobile unit for a nearly $100 million gain, especially since the division is not profitable. The sale will eliminate a 10% drag on earnings and will add capital that can be used to further growth. The bank is growing at a double digit rate, which is rare in banking these days.

A second addition to the portfolio was **Contura Energy** (CNTE), a coal producer. We purchased shares at just over $70 per share. The company has been trading on the pink sheets and is scheduled to list on the NYSE in August after completing a stock split and a secondary offering. What attracted us to the company was the strength in earnings due to its reliance on metallurgical coal. Contura earned $37 million, or $3.47 per share in the first quarter due to high met coal prices. What was amazing is that the results for the company included a $39 million loss on the extinguishment of debt in the quarter. Met coal prices have retreated from Q1 highs, which means Q1 performance is unlikely to be matched any time soon. The company did pay a special dividend of $9 per share in July.

Contura is clearly in a difficult industry, that is facing severe headwinds. The company has assembled some solid assets that should perform better than most of its competition due to its low cash costs. The difficulty with analyzing any commodity producer is the volatility of the commodity price, and met coal is extremely volatile. The price can swing wildly, resulting in swings between incredible earnings to horrible earnings. In the last three quarters Contura received average prices for its met coal of $69, $120, and $140 per ton. Cash costs for met coal in those quarters were $60, $74, and $75 per ton. The end result was operating income, which includes SG&A and depreciation and amortization, of ($20) million, $55 million, and $97 million. That is some serious volatility, which makes predicting near term results extremely difficult, and future results near impossible. Contura has contracted out most of its met coal production for the next twelve months, which will moderate the swings to some extent.

Contura's uplisting to the NYSE in the next few weeks may help the stock price by making it available for purchase by institutions. The company appears to be priced much more attractively than its competitors. One concern, is that the registration statement included second quarter performance numbers that were below our expectations. The numbers fell short on both production and pricing. Average met coal selling price was estimated at $112 per ton, significantly lower than the $140 per ton in Q1. For that reason, we reduced the position in recent days from 5% of the fund to less than 2.5%. Our average buy price was $70.71 per share and we sold at around $69.70 per share, but collected a $9 qualified dividend during the three-month holding period, resulting in a gain of more than 10% in three months.

While we are pleased with the result for Contura based on the short holding period, it means we have to keep turning over more rocks in search of finding some gems. We prefer to find attractively priced companies that are more predictable and can provide longer term growth, but they are rare in what seems to be a fully valued market.

Performance Review

What will matter most for the fund's performance in the long run is how well the individual companies perform. Ben Graham's famous quote, often repeated by Warren Buffett, is "In the short run, the market is a voting machine but in the long run, it is a weighing machine." In other words, it is a popularity contest in the short term, but in the long run it is a scale that will measure how well the company performed. We wholeheartedly agree, and it is why we try to avoid getting too caught up in short term performance.

The biggest drag on fund performance year to date, has been our largest holding at the beginning of the year, **Hennessy Advisors** (HNNA), an asset manager, which has declined 28% in the first half of the year. At the beginning of the year, the stock traded at just under eleven times earnings, which we believed was very attractive. As of mid-year it was trading at less than eight times earnings. Hennessy's assets under management at the beginning of the year was $6.6 billion. At mid-year it was $6.53 billion, a decline of 1%, yet the stock has declined 28%. The change in Hennessy's stock price has negatively impacted year to date performance of the fund by nearly four percentage points. Business performance and stock price performance will not diverge forever.

Other financials were also negatively impacting performance. **First Internet Bancorp** (INBK) was down 12% and **AIG warrants** (AIGWS) were down 10%. A few less liquid, unlisted stocks, which are valued at the bid price, also suffered modest share price declines even though the businesses performed well, including **ELXSI Corp** (ELXS) down 9% and **Western Capital Resources** (WCRS) down 5%.

On the positive side, **DBM Global** (DBMG), formerly known as Schuff Steel, increased 12% year to date. It is illiquid, but trades at just six times earnings. **Solitron Devices** (SODI) bid price rose 17% in the first half of the year. Our **Sitestar** (SYTE) restricted stock position rose 28% as we began to amortize the valuation discount we placed on it at the time of purchase. When we purchased the position, we valued it at a discount to the bid price of twenty percent based on an analysis by an independent firm. Since we fully expect the stock to be registered and all restrictions to be removed this year it seemed fair to all investors to amortize the discount versus keeping it low and having it spike up when the registration statement was filed. We are very pleased with the progress at both Solitron and Sitestar.

Portfolio Review

In our 2016 yearend and 2017 Q1 letter, we provided some statistics to show how the fund's valuation was much more attractive than the general indices. Below is an update as of mid-year. The fund's weighted forward P/E multiple was nearly half of the S&P 500 (9.0 vs. 17.5). Price to book was under half of the S&P 500 (1.5 vs. 3.2), even though returns on equity are identical (17% vs. 17%).

	12/31/2016 Cedar Creek	12/31/2016 S&P 500	**6/30/2017 Cedar Creek**	**6/30/2017 S&P 500**
P/E forward	9.9	17.5	9.0	17.5
P/E net cash	7.7	n/a	7.0	n/a
weighted P/B	1.5	2.9	1.5	3.2
weighted ROE	15%	17%	17%	17%
Div Yield	2.2%	2.1%	2.2%	2.1%

At the end of the year we said we believed the fund was much more attractive from a valuation standpoint than the S&P 500, and we believe that even more strongly today. Whether that will translate into outperformance in the coming year we do not know. Time will tell. But we certainly prefer what we have assembled to what the most popular passive index has to offer.

Room for New Members and/or Additional Funds

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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
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DISCLAIMERS

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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.

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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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*

November 02, 2017

Subject: Cedar Creek Partners 2017 Third Quarter Unaudited Results

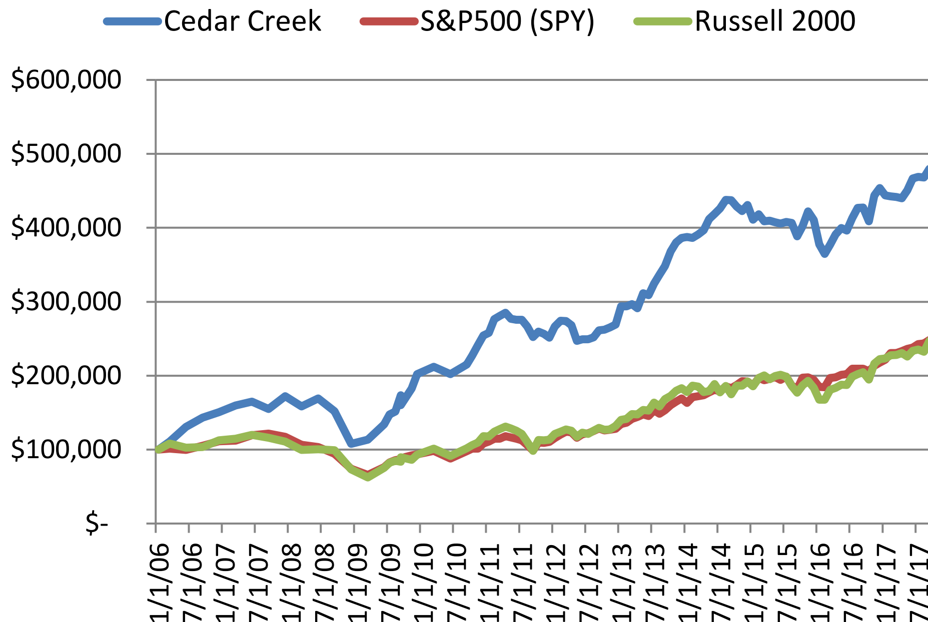
Dear Partner:

The US stock market continued its strong performance in the third quarter, with the major indexes rising between 4 and 6%. The fund performed well, rising 2.8%, net of fees and expenses. Year to date return through September 30, net of fees and expenses, was 5.7%.[1]

	Q3 17	2017	Inception	Ave. Annual
Cedar Creek	**2.8%**	**5.7%**	**379.7%**	**14.3%**
NASDAQ	5.8%	20.7%	180.4%	9.2%
DJIA (DIA)	5.9%	15.3%	171.2%	8.9%
S&P 500 (SPY)	4.4%	14.0%	148.2%	8.1%
Russell 2000	5.7%	10.9%	146.9%	8.0%
Russell Micro Cap	6.7%	11.2%	109.5%	6.5%

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

$100,000 invested in the fund at inception would have grown to $479,707 as of September 30, 2017, whereas $100,000 invested in the indexes we compare against would have only grown to between $209,522 in the Russell Micro Cap and $280,356 in the NASDAQ.



[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).

We do not expect to outperform the major indices every year, especially in years where growth stocks are in favor, however, we do believe that we can outperform over time. We base that conviction on historical performance of value stocks outperforming growth stocks, and smaller stocks outperforming larger stocks. That is why most of what the fund owns will be smaller stocks that are rarely, if ever, mentioned in the news.

Over the fund's eleven and half year history we have had periods of underperformance, yet the fund has a total return of 379.7%, net of fees and expenses, for an average annual return of 14.3%, while the US indexes we compare to have a total return between 109.5% and 180.4% for an average annual return of between 6.5% and 9.2%. While we obviously cannot guarantee similar results over the next eleven and half years, we intend to keep doing what we have been doing believing in the long run it is the most profitable way to approach investing in the market.

Portfolio Overview

In our 2016 yearend and first two quarterly letters for 2017 we provided some statistics to show why we believe the fund's valuation was much more attractive than the general indices. Below is an update as of the third quarter. The fund's weighted forward price-to-earnings, or P/E, multiple was nearly half of the S&P 500 (9.8 vs. 17.9). Price to book was under half of the S&P 500 (1.3 vs. 3.1) and returns on equity are reasonably close (14% vs. 17%) considering the fund's holdings have lower debt and, we believe, a higher level of cash and securities.

	12/31/2016 Cedar Creek	12/31/2016 S&P 500	**9/30/2017 Cedar Creek**	**9/30/2017 S&P 500**
P/E forward	9.9	17.5	9.8	17.9
P/E net cash	7.7	n/a	7.7	n/a
weighted P/B	1.5	2.9	1.3	3.1
weighted ROE	15%	17%	14%	17%
Div. Yield	2.2%	2.1%	2.2%	2.0%

We believe the most important metric from the chart above is price-to-earnings (or price to free cash flow which for most of our holdings is very similar). The lower the price paid for a $1 of earnings the better. As of September 30, 2017, the fund was paying just under $10 for a $1 of earnings while buying the S&P 500 index meant paying just under $18 for a $1 of earnings. Absent future growth, paying $10 for a $1 of earnings results in 10% returns, or earnings yield, whereas paying 18 times, results in 5.6% returns. We find 10% a lot more attractive starting point than 5.6%.

We obviously do have to factor in growth, or changes in earnings over time, to fully analyze which portfolio is better. This gets to be very challenging mathematically, and subject to much more varied opinions. We don't spend our time analyzing potential growth rates for the S&P 500. We do analyze all of the fund's positions. We expect mid to high single digit growth on average from most of our major holdings, which should, all else equal, when added to the 10% earnings yield noted above, result in high teen results at the company level. Assuming management is wise with capital, we believe fund returns before fees and expenses should approximately match individual company level performance over time. Additional fund returns can come if the market values any of the fund's holdings at higher multiples in the future, which is something we believe should happen if we are correct in our analysis.

Potential returns are negatively impacted by market changes, errors in analysis, and unexpected events. We have no control over the movement of overall prices. We do our best to prepare for potential pitfalls. Errors in analysis are solely the fault of the fund manager. A cheap company could see earnings decline, which typically results in a lower market valuation, causing negative returns for that security, and in turn overall fund performance. Minimizing those occurrences is what we spend much of our time thinking about. No analyst is right all the time. The key is minimizing damage when wrong.

Buying a Stock is Like Buying an Unlevered Rental Property

One of value investing legend Ben Graham's famous quotes is "investment is most intelligent when it is most businesslike." We have always understood that to mean investing is most intelligent when it is based on rationality. That is why we think of buying a stock as similar to purchasing a rental property (without leverage). We are buying part of a business not a piece of paper. Thus, it is the results of that business that matter. The biggest factor in how successful your rental property investment will be, is how much are you paying for that rental income, or cash flow. Additional factors are stability of cash flows (occupancy rate), growth in cash flows, and if you ever choose to sell, potential gains versus the purchase price.

As you can see form the following chart, the parallels are very close, as they should be.

	Stock Investing	Rental Property
Valuation	current price to earnings	price for existing rental income
Quality	stability of the earnings	stability of occupancy rate
Growth	future earnings growth	future rent increases
Cap Gains	P/E multiple expansion	gain on sale

Value investing is more akin to buying an existing property, while growth is probably more akin to buying during construction. We prefer the positive cash flow from the start and the lower risks that come with value investing. We generally avoid the turnarounds, which is akin to paying below current replacement cost for a property with low occupancy and little or negative cash flow, and improving its operation. That works for some, but we prefer companies to be generating cash flows now.

We also reject the greater fool theory, where the investment result is predicated on finding someone to pay a higher price than you did based on something other than a rational analysis of the mathematics (e.g., buying into the story). Outside of the real estate bubble, rental property investors rarely fall into this type of thinking. I do recall radio ads in California in 2004 touting "equity appreciation investing," which was a ridiculously positive spin on negative cash flow investing. We know how that turned out. Wise property investors focus on the numbers. In other words, they are businesslike.

The analogy seems simple because it is. It means doing nothing if prices are too high and the math doesn't make sense, which can be extremely difficult because that will correspond with the time the non-businesslike investor is making a killing. He is enjoying maximum optimism at precisely the same time we endure maximum pessimism. As the real estate bubble a decade ago reminded us, eventually high prices revert; and the gains can vanish faster than they came. Then we enjoy maximum optimism while the non-businesslike investor suffers from maximum pessimism. The key is enduring that likely period of underperformance. In the long run, capital will have been preserved, and overall returns have historically been shown to be higher.

Cash Levels and Fund Repositioning

The fund's cash level was 7% at the end of September. During the quarter, we closed out one position, **Contura Energy** (CNTE), where we changed our minds on the attractiveness of the stock. As we noted in our Q2 letter, after reading their registration statement (S-1 filing), which included preliminary second quarter performance numbers which were below our expectations, we decreased the position from 5% to 2.5% in early July. We completely exited by August. The company is highly levered to metallurgical coal prices, which we will continue to monitor to see if it makes sense to repurchase shares in the future.

We re-initiated a small position in **Teton Advisors** (TETAA), an asset manager spun off by Mario Gabelli's asset management company, Gamco (GBL) in 2009. We began purchasing whatever shares were available in late 2009 and 2010. Eventually we owned 1% of the company by 2012. It was one of the fund's better performers in 2013, rising 90% to $31 per share. It followed that up with a 60% rise in 2014, to $52 per share. (We have attached what we wrote about Teton from our April 2014 letter as Appendix A). We exited the position in 2015 with a selling price in the high 40's, which was nearly 300% higher than our cost. We were pleased with the result, but disappointed we were unable to purchase more when it was cheap.

Teton stumbled a bit in 2015 and 2016. Assets under management (AUM) declined by 30% in 2015, and remained flat in 2016. In late 2016 they announced an acquisition of Keeley Asset Management for $23 million financed via debt, preferred stock, equity, and cash. Keeley had approximately $2.4 billion in AUM, resulting in total AUM for Teton of approximately $3.8 billion. The deal was very accretive to earnings. Prior to the deal, annual earnings were running at around $2.50 per share. After the acquisition, reported earnings are running at $4.30 per share, which includes non-cash amortization of $1.00 per share annually. Thus, true cash earnings are running at $5.30 per share. Like many domestic asset managers, Teton is full tax payer, so it could also potentially benefit from any corporate tax rate reduction.

Our purchase price for Teton was $39.50 per share, or 9.2 times reported earnings, and 7.5 times cash earnings. If corporate tax rates are lowered to 20% it would increase earnings by $1.20 per share annually. That would result in a purchase price of only 6.1 times earnings. As we have noted many times, the asset management industry is not capital intensive, which allows for all of a firm's free cash flow to be used to either make additional acquisitions, repurchase shares, pay down debt, or pay dividends.

The one difficulty is that Teton is extremely illiquid since it is a small company ($50 million market cap), and most of the shares are owned by Mario Gabelli and company management. It is not unusual for no trades to take place on a given day. Illiquidity does not scare us away. We are comfortable patiently accumulating shares and being a long-term shareholder of a quality business. We estimate a conservative fair value of $56 to $67 per share (10-12 times earnings) without tax reform, and $68 to $82 per share with tax reform, using the same earnings multiples. If the company can grow over time we would apply a higher earnings multiple more in line with the industry.

Performance Review

Positive contributors in the quarter were **DBM Global** (DBMG), formerly known as Schuff Steel, increased 10% in the quarter, and 22% year to date. It is illiquid, but trades at just seven times earnings. Our **Sitestar** (SYTE) restricted stock position rose 19% in the quarter, and 53% year to date, as we began to amortize the valuation discount we placed on it at the time of purchase. When we purchased the position, we valued it at a discount to the bid price of twenty percent based on an analysis by an independent firm. Since we fully

expect the stock to be registered and all restrictions to be removed in the coming months it seemed fair to all investors to amortize the discount versus keeping it low and having it spike up when the registration statement was filed. We are very pleased with the progress at Sitestar.

The biggest drag on fund performance in the quarter was **Solitron Devices** (SODI) where the bid price declined by 17% in the quarter, and was down 3% year to date. The decline was probably related to the delay in reporting financials due to an inventory adjustment. **Image Sensing Systems** (ISNS) fell by 15% in the quarter, and was down 18% year to date. We have confidence in their board to do what is in shareholder interests. The Board's Executive Chair is a former employer of mine, and was the publisher of Walker's Manuals covering Unlisted Stocks, Micro Caps, and Community Banks, and runs a value hedge fund.

The fourth quarter is off to a strong start due to the rebound in **Solitron Devices** (SODI). The company issued a press release after the market closed at the end of September regarding positive sales results. The stock price jumped 20% on the announcement. Additional gains have come from the announcement by **Western Capital Resources** (WCRS) that it was selling one of its businesses for more than the company's entire market cap. The bid price climbed by over 25% after the announcement.

Room for New Members and/or Additional Funds

Despite overall market levels, we have more quality ideas than we do capital. Thus, there is 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 2017 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.

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.

Appendix A (excerpt from our April 2014 letter)

Currently we own two small asset managers. The first is highly illiquid – Teton Advisors (TETAA), which manages seven mutual funds and some separately managed accounts. High quality, tiny companies are often difficult to discover. We found out about Teton through a simple method. After reading Joel Greenblatt's book *You Can Be a Stock Market Genius*, where he points out the market beating characteristics of spin offs, we set up an email alert for any articles written using the phrase "spin off." Sure enough in the spring of 2009 we received an email alert. Teton Advisors was being spun off by Gamco (GBL), an asset manager run by the legendary Mario Gabelli. It was quite unusual to see a $1 billion market cap firm spin off a $10 million market cap company, particularly when the spin off was profitable and in the exact same industry.

The problem with Teton was that it was near impossible to purchase shares. As part of the spin off it was not allowed to trade for six months, then it was listed on the pink sheets. Due to the spin off ratio of 14.93 shares of Teton for every 1,000 shares of Gamco, very few people owned 100 shares. Management owned over 60%. We were getting partial fills of just 3 or 7 shares. We resorted to trying to contact large shareholders. In an interesting story, we called one gentleman who owned 2% of the company. It turns out, he didn't even know he owned it. Of course once we showed interest he became reluctant to sell.

Another publicly traded asset manager, Westwood Holdings Group (WHG), actually owned 20% of Teton. We called them and told them we would be interest in purchasing some of their shares if they decided to sell them. They said they were not looking to sell at the moment but would let us know.

Meanwhile, we would buy whenever the price was attractive. More importantly as the economy recovered, Teton's assets under management (AUM) grew from $400 million to $800 million. Yet the stock price was relatively flat. In early 2012 the stock was approximately $13 per share (9 times earnings, or just over 7 times net of cash). Then we saw a news release that the company was buying back 20% of its shares for $10 per share. While that was great news, we were shocked to learn that the seller was Westwood, the owner we had previously told we were interested in buying from. They had agreed to sell at a price, $10 per share, much lower than what we would have offered.

Later in 2012, after completing the share repurchase, Teton announced that it had signed a new separately managed account for $400 million, which increased AUM from $900 million to $1.3 billion overnight. Since it only required a few additional personnel, operating margins wouldn't be affected, but the higher revenue would mean increased profits, from $1.40 per share annually to nearly $2.00 per share. That was bittersweet, we were excited that what we owned was performing well, but couldn't help but think of the missed opportunity.

Today (April 2014), Teton has grown its AUM to $2.1 billion, and has an annual run rate of earnings of about $3.60 per share. As I write this (May 2014), the current bid price is up $10 today to $45 per share. Our average cost basis is under $16 per share, and we own just under 1% of the company. While we are pleased with Teton's performance, we occasionally catch ourselves thinking about what might have been.

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

February 8, 2018

Subject: Cedar Creek Partners 2017 Year End Results

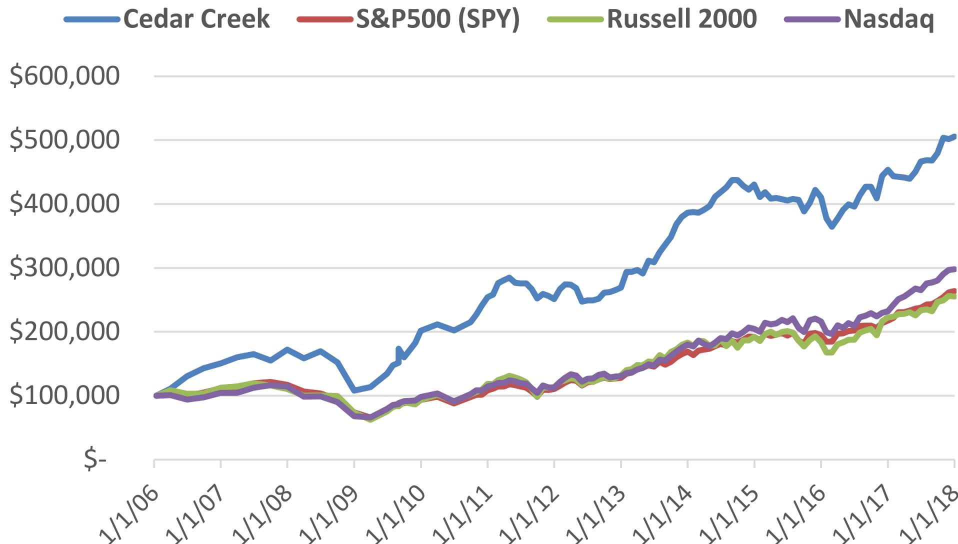
Dear Partner:

The US stock market rose sharply in 2017, with the major indexes rising between 13% and 28%. The Nasdaq and DJIA performed the strongest, each climbing 28%, while the Russell 2000 (small caps) rose 15% and the Russell Micro Cap rose 13%. The fund, which focuses primarily on micro caps, performed largely in line with the micro-cap index, rising 11.4%, net of fees and expenses.[1]

	2017	Inception	Ave. Annual
Cedar Creek	**11.4%**	**405.6%**	**14.5%**
DJIA (DIA)	28.1%	201.4%	9.7%
NASDAQ	28.2%	197.9%	9.6%
S&P 500 (SPY)	21.7%	165.1%	8.5%
Russell 2000	14.6%	155.2%	8.1%
Russell Micro Cap	13.2%	113.3%	6.5%

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

$100,000 invested in the fund at inception would have grown to $505,638 as of December 31, 2017, whereas $100,000 invested in the indexes we compare against would have only grown to between $213,300 in the Russell Micro Cap and $301,368 in the DJIA.



[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).

We do not expect to outperform the major indices every year, especially in years where large growth stocks are in favor, however, we do believe that we can outperform over time. We base that conviction on historical performance of value stocks outperforming growth stocks, and smaller stocks outperforming larger stocks. That is why most of what the fund owns will be smaller stocks that are rarely, if ever, mentioned in the news.

Over the fund's nearly twelve year history we have had periods of underperformance, yet the fund has a total return of 405.6%, net of fees and expenses, for an average annual return of 14.5%, while the US indexes we compare to have a total return between 113.3% and 201.4% for an average annual return of between 6.5% and 9.7%. While we obviously cannot guarantee similar results over the next twelve years, we intend to keep doing what we have been doing believing in the long run it is the most profitable way to approach investing in the market.

Portfolio Overview

In our 2016 yearend and quarterly letters for 2017 we provided some statistics to show why we believe the fund's valuation was much more attractive than the general indices. Below is an update as of the end of the year. The fund's weighted forward price-to-earnings, or P/E, multiple was less than half of the S&P 500 (8.3 vs. 19.2). Price to book was also under half of the S&P 500 (1.4 vs. 3.1) yet return on equity was higher (17% vs. 16%) even though we believe the fund's holdings have lower debt and a higher level of cash and securities.

	12/31/2017 Cedar Creek	**12/31/2017 S&P 500**	12/31/2016 Cedar Creek	12/31/2016 S&P 500
P/E forward	8.3	19.2	9.9	17.5
P/E net cash	7.2	n/a	7.7	n/a
weighted P/B	1.4	3.1	1.5	2.9
weighted ROE	17%	16%	15%	17%
Div. Yield	1.6%	1.9%	2.2%	2.1%

We believe the most important metric from the chart above is price-to-earnings (or price to free cash flow which for most of our holdings is very similar). The lower the price paid for a $1 of earnings the better. As of December 31, 2017, the fund was paying just over $8.30 for a $1 of earnings while buying the S&P 500 index meant paying over $19.20 for a $1 of earnings. Absent future growth, paying $8.30 for a $1 of earnings results in 12% returns, or earnings yield, whereas paying $19.20 results in 5.2% returns. We find 12% a lot more attractive starting point than 5.2%.

We obviously do have to factor in growth, or changes in earnings over time, to fully analyze which portfolio is better. This gets to be very challenging mathematically, and subject to much more varied opinions. We don't spend our time analyzing potential growth rates for the S&P 500. We do analyze all of the fund's positions. We expect mid to high single digit growth on average from most of our major holdings, which should, all else equal, when added to the 12% earnings yield noted above, result in high teen results at the company level. Assuming management is wise with capital, we believe fund returns before fees and expenses should approximately match individual company level performance over time. Additional fund returns can come if the market values any of the fund's holdings at a higher multiple in the future. Given the similar returns on equity, we believe it is more likely to occur when buying a company at 8 times earnings than at 19 times earnings.

Potential returns are negatively impacted by market changes, errors in analysis, and unexpected events. We have no control over the movement of overall prices. We do our best to prepare for potential pitfalls. Errors in analysis are solely the fault of the fund manager. A cheap company could see earnings decline, which typically results in a lower market valuation, causing negative returns for that security, and in turn overall fund performance. Minimizing those occurrences is what we spend much of our time thinking about. No analyst is right all the time. The key is minimizing damage when wrong.

Impact of Corporate Tax Cut on Equities and the Economy

After Trump won the election in 2016 and Republicans controlled both houses of Congress, our thoughts focused on the likelihood of a corporate income tax cut and what impact it would have on stocks overall, and the fund's holdings in particular. In general, we knew that smaller companies were paying higher rates than larger, and those with international operations were paying lower rates than those focused domestically. In other words, the area of the fund's focus – small, US based companies, were the highest payers and would benefit the most. We also were confident that rates would be lowered since it was an idea that President Obama had called for as well.

We expected the market to recognize that many companies would immediately experience a substantial increase in earnings due to lower rates. By fall it was clear that the rate would be near 20%, and ultimately 21% was agreed upon. For full tax payers, this would result in an approximately 22% increase in earnings in 2018 due to the lower rate. Previously every $100 in earnings was taxed at 35% resulting in $65 in net income for shareholders. Under the new law, the tax rate is 21% resulting in $79 in net income for shareholders, which is a $14 increase, or nearly 22%. Essentially the government voluntarily reduced its "royalty" on corporate profits from 35% to 21% in exchange for nothing. All else equal, stock prices should reflect that increase less the risk of it being raised in the future.

We believe this is more than just a huge win for corporations and shareholders, but also for the American economy and workers. A lower tax rate encourages repatriation, discourages corporate inversions, increases the number of profitable investments, strengthens pensions, and increases overall growth of the economy. Of course, it comes with a cost – reduced tax revenue. Based on static scoring, the Treasury is expected to see an approximately $125 to $150 billion annual decrease in tax collections. All else equal the deficit would rise from roughly $650 billion to $775 billion. Dynamic scoring which tries to incorporate additional impacts from the lower rate calculates a smaller cost, but still some cost.

We already know that companies like Apple are planning on repatriating much or all of their offshore cash holdings. In Apple's case that is around $250 billion, resulting in a one-time tax payment of $38 billion. Apple alone, could offset one fourth of the first year revenue decline. Other large caps such as Pfizer, Microsoft, Alphabet, etc. are estimated to be holding nearly $3 trillion in offshore cash. It seems possible that there will be no revenue loss in year one. Additionally, those funds will be put to good use – paying dividends, repurchasing shares, paying down debt, and investments (more on that later).

In recent years, a growing number of companies have completed inversions. In order to reduce its tax burden, a company would move its headquarters to a foreign country with a lower tax rate. This was most frequently done by companies that earned more of their profits internationally. The new lower tax rate should significantly reduce the benefits from this strategy, which would mean more tax revenue and more high-paying upper management jobs staying in the United States.

As we noted above, the repatriation of funds provides capital for additional investments. More importantly the lower tax rate (along with immediate expensing of capital expenditures) should result in projects that previously did not meet a company's return threshold to now worthy of undertaking. Any discounted cash flow analysis for a proposed project will now only face a 21% tax hit versus 35%. In other words, cash flows would be higher, possibly as high as the 22% noted earlier. The other benefit is immediate expensing of capital expenditures. This generates a tax savings immediately.

We have heard some criticism of immediate expensing as a corporate give away or handout. We disagree with this thinking. In fact, we would argue that anything other than immediate expensing is actually an unfair penalty. The value of a deduction five or ten years from now is much less than the value of it today. If a company spends $1 million dollars on capital expenditures but can only deduct it over five to twenty years, it never gets to deduct the full present value. Immediate expensing also puts manufacturing on a more level playing field with companies that could invest in their business in a way that was immediately expensed like service industries paying salaries. Our economy needs both.

The lower corporate tax rate is also a benefit is for those who participate in pensions or 401ks. As noted above lower taxation should all else equal result in higher stock prices. Many pensions are struggling with funding and satisfactory returns due to lower interest rates. Higher sustainable stock prices are a great benefit in shoring up plans.

The last benefit is the wealth effect created by the higher stock prices. Greater wealth tends to lead to greater spending which increases overall economic activity. If GDP is $20 trillion, each additional percentage point of growth equals $200 billion, which is a substantial number and greatly improves people's lives across the whole economic spectrum. It would also generate approximately $35 billion of additional federal tax receipts each and every year.[2] Since economic growth compounds, that additional $200 billion would also grow higher every year. Greater economic growth also helps push wages higher, which is something that has been lacking for many years. We have been pleasantly surprised by the number of companies raising their wages in response to the lower tax rates.

Is the Corporate Tax Cut Priced into Stocks?

After the sharp rise in 2017, the big question is whether the benefits of the corporate tax cut are fully priced into the market. We don't think it is, and here is why. First, the market rose early in the year when conventional wisdom was that Republicans would be unsuccessful in passing reform. Secondly, the market has been led by larger mega-caps, many of which have international operations. In other words, the market was led by those who benefit the least percentage wise, not the most. The worst performing index we track was the Russell Micro Cap followed by the Russell 2000, yet from studies we have seen, smaller stocks pay five to ten percentage points higher effective tax rates than large caps.

If the tax cut was fully priced in, one would expect, all else equal, that smaller companies would have outperformed larger, since they are the biggest beneficiaries. That has not happened. We would also expect our positions that are high tax payers to have moved up the most, yet that did not occur. A quick look at the fund's holdings and the number of low price to earnings ratios among them support this idea. We would also note that some companies like Hennessy Advisors (HNNA) fell in 2017 despite no meaningful change in their business. Hennessy's share price declined by 20% during the year, even though assets under management rose by 5%, and the company reduced its net debt from $25.4 million down to $9.7 million.

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[2]Based on the US currently collecting roughly 17.5% of GDP in overall taxes.

Top Ten Holdings (alphabetically)	Price	EPS est	P/E
Customers Bancorp (CUBI)	$ 26.00	$ 3.05	8.5
DBM Global (DBMG)	$ 47.00	$ 8.66	5.4
First Internet Bancorp (INBK)	$ 38.15	$ 3.54	10.8
Hennessy Advisors (HNNA)	$ 16.54	$ 2.70	6.1
Image Sensing Systems (ISNS)	$ 3.00	$ 0.45	6.7
Mind CTI (MNDO)	$ 2.77	$ 0.24	11.5
Orbit International (ORBT)	$ 5.45	$ 0.63	8.7
Sitestar (SYTE)	$ 0.115	$ 0.006	19.2
Solitron Devices[3] (SODI)	$ 4.30		
Western Capital Resources (WCRS)	$ 5.15	$ 0.58	8.9

Cash Levels and Fund Repositioning

The fund's cash level was 6% at the end of the year. During the quarter, we closed out one position, **AIG warrants** (AIG/WS), where we changed our minds on the attractiveness of the stock. The investment was predicated on the company continuing its share repurchases which we believed were very accretive to shareholders. The new CEO has shifted to making acquisitions instead.

We made one new addition to the fund in the quarter, **Orbit International**, (ORBT). Orbit is a micro-cap stock in nearly the same industry as Solitron Devices. It only has 3.6 million shares outstanding and currently trades at $6 per share. Trailing earnings were $0.52 per share, although that overstated true earnings due to a portion of it being from tax benefits. The company consolidated its facilities a few years ago, paid off its outstanding debt, and then began aggressively repurchasing shares. Those items alone would make the company worth a deeper look. What really got us excited was first understanding that the facility consolidation was done with the goal of gaining operational efficiencies that would result in high incremental margins on additional sales. The second item was seeing that its backlog was rising sharply due to new contracts. While a significant portion is from a large contract that will have "considerably lower" margins, we still think earnings will increase to $0.80 to $1.00, or 60% to 100%. We think incremental margins are near 50%, which means every $1 million in additional revenue equates to a nearly $0.15 increase in annual EPS.

Performance Review

Top Ten Holdings*	12/31/2017 Price	12/31/2016 Price	Basis	Dividends	Change
Sitestar (SYTE)	0.115	0.069		-	67%
DBM Global (DBMG)	47.00	36.00		5.17	45%
Mind CTI (MNDO)	2.77	2.46		0.32	26%
Solitron Devices (SODI)	4.30	3.50		-	23%
First Internet Bancorp (INBK)	38.15	32.00		0.24	20%
Orbit International (ORBT)	5.45		5.01	-	9%
Western Capital Resources (WCRS)	5.15	5.00		0.10	5%
Customers Bancorp (CUBI)	26.00	35.82	27.52	-	-6%
Image Sensing Systems (ISNS)	3.00	3.70		-	-19%
Hennessy Advisors (HNNA)	16.54	21.17		0.30	-20%

- Ranked by performance not position size. We sold out of CUBI and re-entered later at a lower price.

[3] Solitron Devices estimates are not included due to the fund manager being the part-time CEO at the company and having access to material non-public information.

Sitestar (SYTE) was the best performing major position in 2017. It rose 67% on the year. When we purchased the position in late 2016, the shares were restricted so we valued it at a discount to the bid price of twenty percent based on an analysis by an independent firm. We began amortizing the discount over six months. The restrictions were recently removed from the shares, and the position is valued at the most recent bid price, as is our practice for all over-the-counter stocks. We are very pleased with the progress Steven Kiel and his team are making at Sitestar. Trading at nearly twenty times earnings, Sitestar is at a higher valuation multiple than we normally like to own, but we believe Steven's team can increase shareholder value at a rate that justifies the higher price.

DBM Global (DBMG), formerly known as Schuff Steel, increased 45% for the year. Half of the gain was due to special dividends. DBM is *extremely* illiquid, but trades at under six times our 2018 earnings estimate. The company will benefit from lower corporate tax rates. We know HC2 wants to buy the remaining shares out, they just don't want to pay a reasonable price. We expected HC2 to force shareholders out and for us to have to pursue appraisal but that has not happened as of yet. The good news is the company has to issue dividends for HC2 to gain access to earnings, so we have done well in the position even though it has played out differently than we expected. They may be waiting on the result of a shareholder lawsuit related to their tender offer a few years ago. Trial is currently scheduled for March.

Mind CTI (MNDO) increased by 26% on the year, including dividends. The small Israeli based company has a long history of paying large annual dividends. Twenty five percent of the dividend is withheld for Israeli taxes; however, US investors are able to claim a credit for that tax. This why you will see a small foreign tax credit on your K-1. The stock trades at about ten times earnings, and about six times earnings adjusted for its net cash.

Solitron Devices (SODI) gained 23% on the year. The company has incurred a long delay in filing its fiscal 2017 financials. As part-time CEO I am limited as to what I can say publicly. I will say that I am very pleased with the performance of Mark Matson and the team, and they are making great progress in turning around a company that was more broken than anyone knew. I am looking forward to getting the inventory adjustment behind us and being able to focus more on growing the business.

Image Sensing Systems (ISNS) declined by 19% to $3.00 per share in 2017. The company launched a product refresh in 2017 which occasionally causes a temporary slowing in sales as customers wait on evaluations of the product. Revenue for the first nine months of 2017 declined ten percent versus the prior year period. Despite the revenue decline, earnings of $0.27 per share for the first nine months were unchanged from the prior year. ISNS is debt free and beginning to grow its cash balance. Cash was up to $0.54 per share as of September 2017. A majority of ISNS's revenue is from royalties, thus any increase in revenue should have very high margins. We have confidence in the board to do what is in shareholder interests. I've known the Board's Executive Chair for many years and worked for him at Walker's Manual back in 2004-2005. He now runs a value hedge fund and is a large shareholder in ISNS.

Hennessy Advisors (HNNA) was the worst performing position in the fund for 2017, declining by 20% during the year. As we noted earlier, Hennessy's assets under management increased by 5% during the year, and the company drastically reduced its debt from $25.4 million down to $9.7 million. They should be debt free by summer, even after completing a small acquisition for $2 million in January. We estimate GAAP earnings of $2.70 and cash earnings closer to $2.90 for 2018. The stock is trading at a price to earnings ratio of just over six. Like many small stocks, we think improved earnings will cause investors to value the stock at a higher price as the year progresses.

Room for New Members and/or Additional Funds

Despite overall market levels, we have more quality ideas than we do capital. Thus, there is 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,

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DISCLAIMERS

Fund Performance

The financial performance figures for 2017 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.

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.