



Managing Member – Tim Eriksen

Eriksen Capital Management, LLC

May 12, 2012

Subject: Cedar Creek Partners April 2012 Unaudited Results

Dear Partner:

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

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

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

### April Month Details

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

### Cash Levels and Increased Positions in the Fund

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

<sup>1</sup> While, no single index is directly comparable to Cedar Creek Partners, we believe that it is important to compare our performance to a passively managed approach. At the core of our investment philosophy is the belief that we can generate superior risk-adjusted returns by holding a more concentrated portfolio of under-valued securities, than an index holding a far greater number of securities. Index returns as reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

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

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

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

### Largest Positions in the Fund as of April 30

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

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

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

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

### **Room for New Members and/or Additional Funds**

We still have plenty of room for existing partners to increase their investment and for others to join. Please consider referring friends of yours who may be potential new investors. The basic requirements are 1) that each invests a minimum of \$50,000 and 2) that new members are accredited (high net worth) individuals. Subsequent investments must be for a minimum of \$10,000.

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

Sincerely,



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## DISCLAIMERS

### Fund Performance

*The financial performance figures for 2012 presented in this report are un-audited estimates based on the best information available at the time of the letter, and are subject to subsequent revision by the Fund's auditors. Past performance may not be indicative of future results and no representation is made that an investor will or is likely to achieve results similar to those shown. All investments involve risk including the loss of principal.*

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

### Index Returns

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

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

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

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

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

### Forward Looking Statements

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