CEDAR CREEK PARTNERS, LLC

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

January 21, 2012

Subject: Cedar Creek Partners December 2012 Unaudited Results

Dear Partner:

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

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

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

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

December Month Details

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

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

Cash Levels and Increased Positions in the Fund

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

Brief Look at the Economy

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

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

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

Equities versus Bonds

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

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

Room for New Members and/or Additional Funds

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.