



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

February 11, 2012

Subject: Cedar Creek Partners January 2013 Unaudited Results

Dear Partner:

The U.S. stock market got off to a strong start in January, as all the major indices posted strong gains. The fund outperformed all the major indices during the month, rising by 9.1%, net of fees and expenses, all while maintaining an average cash position of approximately 18%.¹

	Jan '13	2012	Inception	Ave. Annual
Cedar Creek	9.1%	7.1%	193.7%	16.5%
DJIA	6.1%	10.2%	53.1%	6.2%
Russell 2000	6.3%	16.4%	40.1%	4.9%
Nasdaq	4.1%	15.9%	35.6%	4.4%
S&P 500 (SPY)	5.2%	16.0%	34.5%	4.4%

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

January Details

By far the largest impact on the portfolio was from Hennessy Advisors (HNNA) which rose 67% during the month. We profiled Hennessy in our November letter. Hennessy reported a 333% increase in earnings, right in line with our estimates. Other significant contributors were Conrad Industries (CNRD) and Trinity Biotech (TRIB). The most notable decliner in January was Revett Minerals (RVM) which fell 19% due to its mine remaining offline after unstable ground conditions were discovered.

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished the month at 19%. The higher percentage is in line with our approach of being more patient for excellent opportunities. We exited our call position in Safeway, and purchased a modest position in a large technology company. Subsequent to month end we have continued

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).

to reduce our exposure to companies with subpar management and companies lacking growth. We have also initiated a couple of new positions in companies with excellent near term prospects.

Historically, we have gained the majority of our returns from companies trading at low price to earnings ratios that also exhibited solid growth. I would use the acronym GARP to describe our approach, but that was already used a few years back to describe Growth at a Reasonable Price. That was more of a hybrid approach blending growth and value. We aren't interested in paying a Reasonable Price; we want to pay a *Ridiculous* Price. We want the growth for free. It lowers our downside risk and gives us tremendous upside potential. While free growth is difficult to find, particularly in large caps, it can be found more frequently in small and micro caps, which is why they are our primary focus.

The end result will be fewer positions in the fund but hopefully positions that are more likely to increase in price in the coming year versus a portfolio consisting of deep value stocks, most of which have a three to five year time horizon. At times, cash balances will be high; however, we are convinced that we will generate higher returns by staying in cash and continuing to search even harder, rather than settling for something lesser. When we do find the right opportunity we also want to be prepared to move quickly.

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. 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 2012 and 2013 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.