CEDAR CREEK PARTNERS, LLC

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

April 5, 2013

Subject: Cedar Creek Partners March 2013 Unaudited Results

Dear Partner:

The U.S. markets finished the first quarter with solid gains, with nearly all the major indices rising more than 10%. The fund rose 1.0% in March, and was up 10.2% in the quarter, net of fees and expenses, all while maintaining an average cash position of approximately 20%.[1]

	Mar '13	2013	Inception	Ave. Annual
Cedar Creek	**1.0%**	**10.2%**	**196.6%**	**16.3%**
DJIA	3.9%	11.9%	61.5%	6.9%
Russell 2000	4.6%	12.4%	48.2%	5.6%
Nasdaq	3.4%	8.2%	41.0%	4.9%
S&P 500 (SPY)	3.8%	10.5%	41.4%	4.9%

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

March Details

Notable contributors in March were February's detractors - Revett Minerals (RVM) and DirecTV (DTV) calls. Notable detractors from performance were last month's contributors - Hennessy Advisors (HNNA) and Teton Advisors (TETAA).

Cash Levels and Fund Repositioning

The fund's cash levels, excluding short credits, finished the month at 22%. The higher percentage is in line with our approach of being more patient for excellent opportunities, and is also a reflection of our positions in DirecTV and AIG being purchased via in the money call options. During the month we continued to reduce our exposure to companies with subpar management and companies lacking growth. We did not initiate any new positions, but did add to some existing companies with excellent near term prospects.

[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).

Our Most Recent Value Investing Letter Article on Blucora

This Stock Won't Leave You Feeling Blue

The goal of every enterprising investor is to achieve attractive absolute returns and to outperform a passive index approach over time. The best way to achieve that is to focus on the least efficient segments of the stock universe. As Seth Klarman wrote in *Margin of Safety*, "ample investment opportunities may exist in the securities that are excluded from consideration by most institutional investors. Picking through the crumbs left by the investment elephants can be rewarding" (pg. 54). In other words, we should fish where others are not.

That is the basis of how we manage money. We spend our time looking at the unknown, unloved and misunderstood - companies with small market capitalizations, spin offs, stocks trading under $5 per share, unlisted companies, etc. We then strive to find cash flow generators, since we believe that free cash flow is essentially what the investor is buying.

The best cash flow generators score high on four metrics - high profit margins, growing sales, pricing power, and low capital intensity. This allows the business to reinvest its cash flows back into the business when attractive, or use it in a shareholder friendly manner – dividends, share repurchases, acquisitions, or debt repayment. A recent addition to our portfolio that is representative of what we look for is Blucora (BCOR).

Blucora – Terrible Past, Terrific Future

Blucora is in the online search and tax preparation business. It has a market cap of $650 million. It is definitely unknown (due to a name change), unloved (due to the past tech boom and bust) and misunderstood (assumed to be poorly positioned). The company was previously known as InfoSpace, but changed its name in 2012 after acquiring TaxACT. Anyone familiar with InfoSpace from the tech boom and bust probably cringes at the thought of it being an attractive investment, yet it is. Through cutting costs and a wonderful acquisition, the company has repositioned itself to create substantial shareholder value.

Blucora's search business, still called InfoSpace, does not generate its own search content. InfoSpace aggregates content from providers such as Google and Yahoo!, who pay InfoSpace to distribute the content. InfoSpace provides the search technology, content, and other services to its distribution partners (third party websites). In other words, they are a reseller of Google and Yahoo!'s search business to third parties, such that when a consumer clicks on a paid ad, the third party, InfoSpace, and the search provider all generate revenue.

TaxACT provides online tax preparation for individuals, tax preparation software for professionals, and ancillary services. The business was acquired on January 31, 2012 after TaxACT's proposed sale to H&R Block was barred by a federal judge after objections by the Justice Department because it would diminish competition in the tax preparation market. The decision opened the door for Blucora to match the $287.5 million selling price and pick up a wonderful business.

You won't find Blucora popping up on a screen for low PE stocks. Blucora's shares trade for just under $16 per share with trailing earnings of $0.54 per share. It is only when you dig deeper that you discover Blucora's impressive cash flow. 2012 reported earnings of $22.5 million are substantially lower than actual cash earnings of $70.8 million, or $1.72 per share, due to three non cash items – stock based compensation of $13.2 million, amortization of intangible assets of $19.2 million, and non cash tax expenses of $13.6 million.

As a policy, we never add back stock based compensation to earnings. We view it as a real cost. The other two items do not represent true costs. The acquired intangible amortization is largely related to the recent acquisition of TaxACT, and is not reflective of any decline in the value of TaxACT. Tax ACT is continuing to increase revenues and earnings. The non cash tax expenses are due to historical operating losses, which resulted in over $720 million of net operating losses (NOLs). The NOLs don't expire for 8 to 12 years. In other words, Blucora's income statement shows a normal tax rate; however, due to the NOLs, it will actually pay very little in the way of income taxes over the next decade.

Blucora	**2010**	**2011**	**2012**
Net Income (000's)	4,680	21,594	22,526
Discontinued Operations	4,593	9,927	-
Stock Based Compensation	13,918	7,688	13,223
Amortization Acq. Int. Assets	9,197	2,595	19,199
Non Cash Tax Expense	8,530	(13,000)	13,559
Other	(154)	(40)	2,253
Non-GAAP Net Income	40,764	28,764	70,760
Diluted non-GAAP EPS	$ 1.11	$ 0.74	$ 1.70
Our Adjusted non-GAAP EPS	**$ 0.75**	**$ 0.56**	**$ 1.43**

Thus, what at first glance appears as $22.5 million in earnings is more accurately $57.6 million, or $1.43 per share in economic earnings once we include the stock based compensation. As we noted above, Blucora has a $650 million market cap. Enterprise Value (market cap + debt – cash) is $560 million, or just ten times our adjusted economic earnings. That is fairly attractive for a company showing no growth.

Here is the kicker. Blucora is actually experiencing substantial growth and we believe investors get that growth for free. The company guidance for the March 2013 quarter is for 35% revenue growth versus the prior year. More impressive is a 100% projected rise in GAAP net income and 50% increase in non-GAAP net income. I would note that nearly half of the revenue increase is due to owning TaxACT for the full quarter versus only two months in 2012.

As we noted in the introduction we ideally look for cash flow generators - companies with high profit margins, growing sales, pricing power, and low capital intensity. In 2012 Blucora had 34% operating margins, which is very good. Search Revenues grew over 50% year over year, while TaxACT grew at nearly 10%. TaxACT doesn't charge customers for its basic federal filing. If TaxACT chose it could change the business model and begin charging fees; however, it prefers to have free basic services as a draw and then charge for add on services such as state filings. We would certainly defer to their judgment.

Regarding capital intensity, Blucora is on the extreme end of the spectrum. Tangible book value is just $52 million. What is incredible is that the figure is not only less than the economic earnings in 2012, it is not adjusted for the net cash balance of $88 million, nearly all of which is not needed to support the existing business and is available for additional acquisitions.

In March 2013 Blucora announced a $175 million convertible debt offering. The debt is convertible into shares at $21.66 per share. While we agreed with issuing debt in the current low rate environment, we probably would have preferred conventional debt to avoid any dilution. Regardless, between the $88 million in net cash on the books at year end and the projected debt offering Blucora will have nearly $250 million of dry powder to work with. Thus we would expect Blucora to continue implementing its business plan to acquire technology and internet related businesses by making another acquisition in 2013 allowing it to make further use of its NOLs to shield much of the tax bite. The future is certainly bright for Blucora.

Tax Information – K-1's and Form ADV Part 2

The fund's auditors have completed our annual audit. All investors in the fund have agreed to have their K-1's transmitted electronically. If you need to have it resent to you, please email us.

Investors in the fund will also find the annual audit and Eriksen Capital Management's Form ADV Part 2, which includes our privacy policy, attached.

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 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.