CEDAR CREEK PARTNERS, LLC

Managing Member – Tim Eriksen Eriksen Capital Management, LLC 8695 Glendale Road, Custer, WA 98240

February 10, 2025

Subject: Cedar Creek Partners 2024 Results

Dear Partners and Friends:

Stock markets in 2024 continued to be led by the NASDAQ and a few major tech stocks. For the year, the NASDAQ rose 28.6% and the S&P500 (SPY) rose 24.9%. Other indices we track posted double-digit returns. Cedar Creek was up 5.2% on the year, net of fees and expenses.[1]

While Cedar Creek Partners focuses primarily on microcap stocks, and over-the-counter stocks in particular, we compare our returns against larger indices as well since we believe we need to outperform the most prominent passive benchmarks over time in order to justify our existence. While we fell short of the major indices in 2024 we like the way the portfolio is constructed and believe we can generate solid returns in the coming years.

Cedar Creek's average annual return over our 19 year history is 14.0%, net of fees and expenses, which compares favorably to all the indices we compare against. Cumulative returns since inception for Cedar Creek were 1,099.8%, net of fees and expenses.

	Q4 '24	2024	Inception	Ave. Annual
Cedar Creek	**0.4%**	**5.2%**	**1,099.8%**	**14.0%**
NASDAQ	6.2%	28.6%	733.4%	11.8%
S&P 500 (SPY)	5.4%	24.9%	552.5%	10.4%
DJIA (DIA)	0.9%	15.2%	497.8%	9.9%
Russell 2000	0.3%	11.5%	307.4%	7.7%
Russell Microcap	5.9%	13.7%	217.9%	6.3%

* 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 in January 2006 would have grown to $1,199,796 as of December 31, 2024, net of fees and expenses, whereas $100,000 invested in the indices we compare against would have only grown to between $317,893 in the Russell MicroCap and $833,425 in the NASDAQ.

Fund Holdings are at Incredibly Attractive Prices

On the whole, as of the end of December 2024, the fund's holdings were trading at 7.7 times our estimate of earnings for the coming year, and 6.2 times expected earnings net of cash at the respective businesses.[2] Trailing earnings multiple was 10.0 times. Weighted price-to-book was 1.4. Dividend yield was 3.7%. Weighted expected return on equity as of September 30, 2024, was 18.5%.

[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 are calculated from information reported on Yahoo! Finance, Dow Jones, and Russell (see DISCLAIMER for more information).

[2] Ratio excludes cash held by the fund. We add back non-economic amortization in our earnings estimate. Due to the uncertainty of the situation, we did not attribute any earnings or book value for Pacific Coast Oil Trust (ROYTL). We did not include excess capital of our ECIP bank holdings as excess cash.

Cash Levels and Fund Repositioning

We started the quarter with cash levels at 3% and ended the quarter at 8% largely due to new money coming into the fund and a couple of holdings being acquired. There were no major sales in the quarter.

We re-entered **Evercel** (expert: EVRC) after the Company strangely announced that any shares sold after February 26, 2024 do not include the rights to its minority investment in ZAGG, the maker of cell phone covers and screen protectors, which Evercel contributed to a liquidating trust. This is unlikely to be true in our opinion since there is no evidence that the transfer was reported to FINRA, no related security was issued, and trading was not halted. In those cases, the security typically trades with all rights attached. We decided to purchase shares after they plummeted for two reasons:

1. because in our opinion, we saw a great risk/reward opportunity believing the shares are trading with full rights to potential ZAGG proceeds, and
2. since we had previously sold some shares after February 26, 2024 that were held on February 26, 2024, we were effectively "hedged" on some of the shares we bought.[3]

Shares are currently at $0.26 per share just a bit above our average cost basis. Evercel has 27.1 million shares for a market cap of just $7 million. ZAGG was purchased in 2021 for $200 million, $70 million of which was equity. Evercel paid $36 million for just over 50% equity ownership, which was later reduced to 40%. ZAGG was expected to generate about $500 million in sales. If ZAGG was still worth what Evercel paid in 2021 it would be worth $28 million or four times the price we paid. If sales have grown, and/or debt has been reduced, its value could be higher.

We also re-entered two old favorites **Pardee Resources** (otc: PDER) and **Western Capital Resources** (expert: WCRS). Pardee Resources is a natural resources company with royalty interests in coal, natural gas, timber and agriculture. Market cap is $200 million. Pardee paid a $25 per share special year-end dividend in December and announced in October that it was putting 47,000 acres of its timberland portfolio for sale. The purpose was to rebalance its resource portfolio. The year-end special dividend is becoming regular. Pardee paid $15 per share in 2021, $20 per share in 2022, $15 per share in 2023 and $25 per share in 2024. The regular dividend is $1.80 per quarter. We estimate Pardee still has over $40 per share in cash at year end. Trailing EBITDA per share is over $41. Most recent share price was $310 per share.

Western Capital is a holding company whose primary holdings include 270 Cricket wireless stores, Jackson & Perkins, a retailer of roses, plants and seed, and three ice rinks in Michigan. It has significantly reduced its share count over the last year and a half. By usings its cash to buy 255,564 shares from individuals at $4.58 per share average, and, more importantly, by purchasing interests in two WCR Investment LLC's which own approximately 63% of the company's shares it has effectively reduced its share count from 9.1 million to 6.0 million.

Date	Cost	Purchased	effective # shares	per share
Jun-23	$ 7,081,422	36.3% WCR Investment LLCs	2,023,263	$ 3.50
in 2024	$ 1,170,000	common stock	255,564	$ 4.58
Mar-24	$ 3,495,157	14.75% WCR Investment LLCs	822,390	$ 4.25
Total	**$11,746,579**		**3,101,217**	**$ 3.79**

[3] If the company was right in their interpretation, the shares we previously held, and subsequently sold, would receive proceeds from any sale of ZAGG thus we would have a gain on those shares offsetting some of the loss on the recently acquired shares.

Earnings for WCRS in 2022 were $10.2 million and in 2023 were $10.6 million. Reported earnings are understated due to intangible amortization which was $2.0 million in 2022 and $2.4 million in 2023. Thus, cash earnings were $12.2 million and $13.0 million in 2022 and 2023, respectively. In the first half of 2024, which is their stronger half, earnings were $7.2 million, or $1.20 per share. Cash earnings were $8.4 million, or $1.40 per share. Book value as of June 30, 2024, was $90.4 million, or $15.07 per share. Net cash was $39.9 million, or $6.65 per share. The company continues to look for acquisitions at 4-6 times EBITDA. Last trade on the expert market was $9 per share. We were the happy buyers. Where else are we going to be able to buy shares in a company for one times earnings, net of cash, in company that has reduced its share count by nearly 35% in the last eighteen months?

Expert Market Exposure

Our exposure to stocks trading in the expert market increased to 31% of the fund. Expert market stocks are companies impacted by SEC Rule 15c2-11. For those unfamiliar, the rule prevents brokers from not only displaying quotes for non-reporting companies but also restricts transactions to selling only. Institutional accounts, depending on the broker, are not subject to the buying restriction.

There are a wide range of differences among "non-reporting" companies. Some are completely dark – meaning they do not communicate any financial results to shareholders. Others update quarterly or annually on their website, sometimes behind a password login. Others mail annual results out to shareholders but do not post them publicly.

Four positions make up about 75% of the fund's expert market exposure – **Propel Media** (expert: PROM) is about 10% of the fund, **First IC** (expert: FIEB) is 5%, **PD-Rx Pharmaceuticals** (expert: PDRX) and **Pacific Coast Oil Trust** (expert: ROYTL) are each roughly 4% of the fund.

Most of the fund's underperformance this year was due to the decline in the valuation of our expert market holdings. At the beginning of the year, Propel was valued at last sale of $0.89 per share. At year end, it was valued based on a dividend discount model at $0.603 per share. PD-Rx was valued at last sale of $7 per share at the beginning of the year and $3.05 per share at the end of the year. Pacific Coast Oil Trust started the year at $0.415 per unit and was valued at $0.26 per unit as of year-end. First IC performed well. It increased from $6.50 per share to $9.30 per share during the year and paid a $1 per share dividend. Despite the poor performance from our major expert stocks in 2024 we believe they will generate satisfactory returns for the fund over time.

Update on Our Control Positions

We decided to break out our control positions from other positions in the fund. By control, we mean that I am on the Board or in a position to significantly influence decision making, not that I have total control and get what I want. Both companies have strong boards, which is the way it should be at all companies.

Solitron Devices (otc: SODI) - the bid price for shares increased from $15.25 per share to $15.85 per share during the year. As a reminder, I am CEO and a board member of Solitron. The fund owns 11.6% of Solitron's outstanding shares. I own about 2.5% personally. During the quarter Solitron released fiscal second quarter results. Earnings were just $17,000 or $0.01 per share due to a supplier issue that resulted in both a loss of revenue and increased costs from scrapping of over 2,000 parts. We announced fiscal third quarter results in January. Earnings were $266,000, or $0.13 per share. Both quarters were negatively impacted by lower revenues due to decreased backlog at the beginning of the year. That is rapidly changing.

Solitron had its largest quarterly bookings (orders) in at least twenty years. Bookings were $8 million in the quarter, versus sales of $3.4 million. Bookings included a large two year order from L3Harris for HIMARS (High Mobility Artillery Rocket System) – our second largest defense program. We have been told to expect a $5 million order from our largest defense program, AMRAAM (Advanced Medium-Range Air-to-Air Missile) for RTX (formerly Raytheon) in the current quarter. The order is expected to include parts for two or three years of SM-6 missile production as well.

At Solitron's annual meeting in January I made detailed comments regarding our largest customers. HIMARS launcher vehicle production capacity increased from 48 to 96 in 2024 (see picture). They are running at maximum capacity. Demand exceeds production based on its success in Ukraine. While we do not know for certain, we suspect our parts are used in launcher kits and not the launch vehicles.

It has been reported that AMRAAM production has been increased to 1,200 missiles annually. This is a 50% increase in just over two years. Foreign governments have ordered, or requested to order, over 3,300 AMRAAM in the past 12-15 months. Solitron management expects both programs to run at maximum capacity for a while.

It is still unknown what will happen with the US stockpile program that was part of the 2023 National Defense Authorization Act. The purpose was to replenish US stockpiles. A number of programs were included. HIMARS, AMRAAM, and SM-6 were the major ones Solitron supplies parts to. The Act approved 700 additional HIMARS launchers, 5,100 AMRAAMs, and 1,500 SM-6 missiles. In our minds it is impossible for the US government to replenish stockpiles based on current production levels and foreign demand. For HIMARS it would take more than seven years of full production to complete replenishment, but that would mean allocating nothing to current US and foreign demand. For AMRAAM it would take over four years of production. For SM-6, it would take over ten years based on reported production levels of 125 missiles per year. If the government is serious about replenishing stockpiles it would seem to require production levels for all three programs to be increased from current levels. The problem is we just don't know if the government will follow through on the replenishment or not; regardless, all three programs have strong tail winds.

PharmChem (otc: PCHM) – the fund is the largest owner, at 33% of outstanding shares, and I serve as Chairman of the Board. The bid price for shares increased from $2.56 per share to $3.07 in 2024. PharmChem also paid a $0.25 per share dividend in the fourth quarter. PharmChem makes sweat patches used to detect drugs of abuse. It is an alternative to urine testing. Third quarter earnings were $0.076 per share. The company is debt free and had $2.5 million in cash, or $0.53 per share before paying the dividend.

In January 2025 we announced the exploration of strategic alternatives (link). PharmChem will consider various options, including acquisitions, potential sale of the Company, merger or a debt financed special dividend. There have been numerous comments in the public sphere by HHS Secretary nominee Robert F. Kennedy Jr., Attorney General Pam Bondi, and Vice President Vance pushing for a focus shift toward increased monitoring and prevention versus the previous administration. This could be beneficial to PharmChem's sales.

Update on Other Top Holdings

Citizens Bancshares (otc: CZBS) - is an Atlanta, Georgia based bank that received $95.7 million of additional capital via the US Treasury's Emergency Capital Investment Program (ECIP) at the end of June 2022. The bid price increased from $37.70 per share at the beginning of the year to $51.15 per share at the end of the year. In addition, they paid a $1.00 per share dividend. Citizens has reduced its share count by 10% over the last two years, from 2.0 million shares to 1.8 million shares. Earnings for the first nine months of 2024 were $4.55 per share versus $4.23 per share in the first nine months of 2023. Results in both years were negatively impacted by $3 million loan loss provisions on the same loan that has now been fully reserved.

Due to the ECIP funds Citizens is one of the most over capitalized banks in the US. Annualized earnings run rate after preferred stock expense is roughly $7.50 per share. The stock is an incredible bargain at seven times earnings for a massively overcapitalized bank that is shareholder friendly. We expect them to either make an acquisition or increase organic growth, all the while continuing to return capital to shareholders via dividends and share repurchases.

Propel Media (expert: PROM) **–** in January of 2024 the acquisition of Propel by **IQVIA** (IQV) was blocked by the FTC and both Propel and IQVIA decided to walk away rather than fight. As you may recall the deal was reportedly for between $700 and $800 million, or $2.75 to $3.15 per Propel share. In June 2023, we were able to purchase shares for $0.23 per share after becoming aware of the deal in published reports.

We purchased the stock in hopes of the deal going through. We had the possibility of 10-12x return. We knew that if it didn't happen, we were still likely getting a bargain. We doubted that the next best liquidity event would value the company at 1/10 of the potential merger price with IQVIA. We still believe that and are willing to wait.

Propel began paying a quarterly dividend in August 2023. In total we have received over $0.055 per share in dividends, or 24% of our purchase price. We expect another dividend in February. The dividends are a nice bonus to receive while we wait (see our 2023 Q2, Q3 and yearend letters for more details on our thoughts).

With a new administration having come into power, it is likely that significant changes will occur at the FTC. Whether the parties will revisit their merger is unknown, but we do expect to see a more business-friendly FTC over the next four years.

ENDI Corp (otc: ENDI) – we profiled ENDI in our 2024 first quarter letter. The share price rose during 2024 from $4.02 per share to $11.43 per share. ENDI owns CrossingBridge Advisors which manages fixed income mutual funds and a few managed accounts. Assets under management (AUM) for CrossingBridge grew over 30% in 2024, from $2.6 billion at the beginning of 2024, adjusted for the acquisition of the RiverPark Short Term High Yield Fund, to $3.4 billion at the end of 2024. According to their website as of the end of January 2025, AUM was $3.5 billion. We think the current interest rate environment is attractive for short term bonds. In October they started a new fund – Nordic High Income fund, which has raised over $30 million in its first four months.

ENDI's third quarter operating margin was 32% but that is misleading. ENDI incurs significant amortization charges related to its acquisition of CrossingBridge and other investment management contracts. Adjusted operating margin in the third quarter was 48%. Assuming similar adjusted operating margins in the fourth quarter, quarterly cash earnings should be approximately $0.32 per share, or $1.30 per share annualized.[4] Net cash and investments at the end of 2024 should be approximately $2.25 per share, meaning the stock is trading at just seven to eight times earnings, net of cash.

Our fair value estimate just keeps rising as the company continues to execute. We wrote in our 2024 first quarter letter that we thought shares of ENDI were worth eight to ten times current earnings plus net cash, or $9.75 to $11.50 per share by year end. That valuation estimate was based on no growth – yet they grew AUM 30% in 2024! If we used the same no growth valuation it would equate to $12.60 to $15.25 per share today with that value increasing $0.35 per share every quarter due to earnings. But that would be absurd. In hindsight we were way too conservative using an 8-10 times earnings plus net cash valuation. We may still be too conservative, but using 12 to 15 times the current run rate of cash earnings plus net cash would result in a value between $17.85 and $21.75 per share.

Pacific Coast Oil Trust (expert: ROYTL) units decreased from $0.415 at the end of 2023 to $0.26 per unit at the end of 2024. We covered the trust in great detail in our third quarter letter. We think the Trustee is making a number of mistakes that are harming unitholders. We have continued to add to our position throughout the year.

Change in Fund Administrator

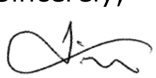
The fund was recently notified by Unkar that they plan to close operations as of the end of 2024. We have changed our administrator to Fleming Fund Services as of January 2025.

Room for New Members and/or Additional Funds

We continue to have more attractive ideas than 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. You can find more letters at eriksencapitalmgmt.com/investor-letters. Should you have any questions regarding the fund, please don't hesitate to call or email.

Sincerely,



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[4] Accounting Note: We ignore the impact of warrant liability change on reported earnings. While we understand the intent, it is one of our least favorite accounting rules. If the stock price goes up during the quarter the company is hit with a non-cash expense since the "cost" of the previously issued warrants is now higher. Conversely, if the stock declines in the quarter the company reports a credit to expense. The actual pricing of the warrants remains unchanged under both scenarios. The end result is the better the business does the worse reported results are and vice versa. That makes no sense to us. We prefer the impact be captured in diluted earnings per share.

DISCLAIMERS

Fund Performance

The financial performance figures for 2024 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, except for unlisted stocks classified as expert market, which do not have public availability of quotes, and are marked to last sale.

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.