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

October 13, 2020

Subject: Cedar Creek Partners Third Quarter 2020 Results

Dear Partners and Friends:

First and foremost, we continue to hope you, your families, and your friends are safe and well. All the major indices we track against performed well in the third quarter. The fund returned 5.4%, net of fees and expenses.[1] Returns for the indices we compare against ranged from 3.7% for the Russell Micro Cap to 11.0% for the NASDAQ. Year to date return for the fund is 7.2%, net of fees and expenses, which compares favorably to the indices we compare against, except for the NASDAQ, which has risen over 24.5% year to date.

	Q3 '20	'20 YTD	Inception	Ave. Annual
Cedar Creek	**5.4%**	**7.2%**	**452.0%**	**12.3%**
NASDAQ	11.0%	24.5%	382.0%	11.3%
DJIA (DIA)	8.2%	-1.0%	259.1%	9.1%
S&P 500 (SPY)	9.0%	5.6%	250.5%	8.9%
Russell 2000	4.9%	-8.7%	160.3%	6.8%
Russell Micro Cap	3.7%	-7.9%	109.0%	5.2%

* 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 $551,978 as of September 30, 2020, net of fees and expenses, whereas $100,000 invested in the indexes we compare against would have only grown to between $208,971 in the Russell Micro Cap and $481,973 in the NASDAQ.

Fund Holdings are at Incredibly Attractive Prices

On the whole, the fund's holdings are trading at 7.7 times our estimate of earnings for the coming year, and just 4.8 times earnings net of cash at the respective businesses.[2] Weighted price to book is 0.9. Dividend yield is 4.2%. Weighted return on equity was 11.9%. We believe these to be very attractive levels, particularly in light of the fact that a couple of core positions (e.g. **Pendrell** (PCOA) and **JG Boswell** (BWEL)) are deep value, where the thesis is not based on current earnings, but rather unlocking of balance sheet value.

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[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.

Cash Levels and Fund Repositioning

We started the quarter with cash levels at 10% and ended the quarter at 21%. We had a lot of activity in the quarter. We exited our position at **Diamond Hill** (DHIL) after a disappointing earnings release. We have been in and out of the stock over the last fifteen years. We believe there has always been a tension on whether the firm was being run for shareholders or its employees, which gets reflected in their operating margin. Second quarter operating margins were well below our expectations, and the company decreased their share buyback when the share price declined sharply, the exact opposite of what they should have done. We also exited very small positions in **Westaim** (WEDXF), **Saker Aviation** (SKAS), and sold our last few shares of **Schmitt Industries** (SMIT).

We added three new positions – **Charles Schwab** (SCHW) and two smaller positions we are not revealing as we are still looking to buy more. The Schwab thesis is rather simple. They are a first-class company that is always innovating and we believe they should be able to gain significant synergies with the TD Ameritrade acquisition over the coming years.

Best SPAC Play We Know Of - Pendrell Corporation

Pendrell (PCOA) is an interesting company we purchased shares in during the second quarter. It is controlled by Craig McCaw. In our second quarter letter we gave an overview of Pendrell's history (link). A significant event occurred in the third quarter that we want to update you on. Before that, we will briefly walk through the valuation when we purchased.

Pendrell's last publicly filed annual report for the year ended December 31, 2017 showed equity of $199 million, with $184 million of cash and $20 million of receivables, and, adjusted for subsequent reverse splits, a total share count of 968 shares. By spring of 2020 we knew there were only 793 shares outstanding. Our estimate of book value, which we believed was mostly cash and investments, was $160 to $170 million, or $200,000 to $215,000 per share. We had not seen any mention of an acquisition on the company's website, so we acted on the assumption that the balance sheet was still mostly cash and investments. In May we purchased shares for $75,000 per share, which was less than 40% of our estimate of book value. We assumed minimal cash burn of a few million dollars per year.

Subsequent to our purchase we saw on otcmarkets.com that the share count as of May 31, 2020 was down to 757 shares. We confirmed this amount with Pendrell. We don't know if Pendrell had been one of the buyers at $75,000 to $85,000 per share or not, but if so, that was a great deal for shareholders when book value was over $200,000 per share.

Then things got even more exciting than just a simple deep value play. A fellow fund manager informed us that Pendrell was sponsoring a special purpose acquisition company (SPAC). The company, named **holicity** (HOLU) sold 27.5 million shares for $10 each. A SPAC, or blank check company, is a company created and funded with cash that then seeks to find an acquisition. Once the SPAC finds one it is presented to shareholders for approval. Shareholders who do not like the acquisition can choose to get their original investment back with interest, if any has been earned.

What is interesting is how SPAC's are structured and that Pendrell shareholders get to participate. The sponsor of the SPAC gets an incredible deal. The sponsor gets what are called "founder's shares." Instead of the normal IPO price of say $10 per share, the sponsor pays pennies. It is assumed the sponsor is getting paid to source the acquisition and make a smart deal. For the founders shares to retain full allotment an attractive deal must be presented, which results in a minimal number of shares choosing to have their investment refunded. Obviously due to the low price for founder's shares, it is by the most lucrative piece in a SPAC. Pendrell is the first time we had seen a way for the public to participate on the opportunity for founders shares in a SPAC.[3]

Pendrell's SPAC, holicity, sold 27.5 million shares to the public for $10 each. Pendrell, as the sponsor, received roughly 8 million shares for $25,000 total, or roughly 3 cents per share. Pendrell distributed about 800,000 of the shares to directors and management of holicity but over 7 million are still owned by Pendrell. If holicity fails to complete an acquisition the shares are forfeited, but if they do, they should initially be worth $10 per share, or over $71 million to Pendrell. That works out to over $94,000 per Pendrell share. In addition, Pendrell purchased 5.5 million warrants with a $11.50 strike price for $7 million.

Pendrell (PCOA)			
Estimate of Book Value (3/31/2020)			
Equity	$ 160,000,000	to	$ 170,000,000
Shares	793		793
Per share	$ 201,765		$ 214,376
After Share Repurchases (36 at presumed $85,000 per share)			
Equity	$ 156,940,000	to	$ 166,940,000
Shares	757		757
Per share	$ 207,318		$ 220,528
holicity SPAC Potential Value			
Holicity shares	6,106,100	to	7,137,350
IPO price	$10		$10
Added Value	$ 61,061,000		$ 71,373,500
per PCOA share	$ 80,662		$ 94,285
Total Potential per share	**$ 287,980**		**$ 314,813**

The current bid and ask for Pendrell is $110,000 and $149,000. We believe the odds are favorable that holicity makes an acquisition, and that eventually Pendrell's shares can trade at 80 to 100% of book value. If they do, the fund will have a 3 to 4x return on our investment. If they can make an attractive acquisition, the warrants could be in the money making our Pendrell shares worth even more. Recent examples of successful SPAC's are Nikola (NKLA), WillScot Mobile Mini Holdings (WSC), Virgin Galactic (SPCE), and Restaurant Brands (QSR). We think the "free option" Pendrell shareholders are getting via holicity is a rare opportunity for a low risk/high reward opportunity that due to Pendrell's unusually high share price and lack of public financials has not been discovered by the market.

[3] BostonOmaha Corporation (BOMN) has recently filed for a SPAC, Yellowstone Acquisition Company, to raise up to $150 million, or $172.5 million if the over-allotment is exercised. Should BOMN successfully raise funds and find a deal, it could potentially be worth another $40+ million to BOMN shareholders, or 10% to current shareholders equity, or roughly 8% based on current market value. In comparison, Pendrell has already raised $275 million, and should it consummate a deal, the founders shares could be worth roughly $70 million, or 45% more than Pendrell's current $167 million of equity, or roughly 68% more than current market value based on the $145,000 current ask price.

Update on Other Portfolio Holdings

Solitron Devices (SODI), where I am the CEO, rose 16% in the quarter from $2.46 per share to $2.86. On September 24 Solitron issued a press release noting preliminary first and second quarter results for fiscal 2021. For the fiscal 2021 first quarter, three-month period ended May 31, 2020, net sales were approximately $2.7 million versus $2.6 million in the fiscal 2020 first quarter. Earnings in the fiscal 2021 first quarter were projected to be approximately $0.2 million to $0.3 million. For the fiscal 2021 second quarter, three-month period ended August 31, 2020, net sales were approximately $3.1 million versus $2.4 million in the fiscal 2020 second quarter. Earnings in the fiscal 2021 second quarter were projected to be between $0.4 million and $0.6 million. While first half bookings were down from the year earlier period, Solitron increased fiscal 2021 bookings expectations from $10.0 million to $11.5 million. Net sales expectations for the year was kept at $10.5 million.

P10 Holdings (PIOE) – During the quarter we significantly reduced the fund's position from 7% to less than 1%. Our cost basis was just over $1 per share, with most of the shares purchased in the summer of 2018. During the quarter the bid price increased 57% from $2.51 to $3.94 per share. In Q3 they announced the acquisition of TrueBridge. TrueBridge has assets under management of roughly $3.3 billion. As we analyzed the acquisition, we came to the conclusion that based on an EBITDA run rate of $55 million and a fully diluted enterprise value of over $800 million that the stock was fairly valued.

DBM Global (DBMG) declined by 1% in the quarter. We received a $1.30 per share dividend in July and a $3.51 per share legal settlement payment in August. DBM is 92% owned by **HC2 Holdings** (HCHC). The likelihood of a sale of DBM may have decreased due to HC2 raising equity via rights offering. In the five years we have owned the stock we have collected almost $26 per share in total dividends, which is not too far below our $32.50 average cost.

Beaver Coal Company (BVERS) paid a $40 distribution in the quarter, year-to-date distributions are $115 per unit. Coal royalties are roughly 60% of Beaver's revenues, so we expected a decline in distributions due to the economic impact of the coronavirus on metallurgical coal prices. From everything we have read, Arch's Beckley mine is a low cost mine and should stay in operation even if prices fell further. As a reminder there are 24,878 units outstanding and the partnership owns nearly 50,000 acres of land in West Virginia. At $1,350 per unit, it trades at roughly $675 per acre.

PharmChem (PCHM) continues to perform well. The company makes a sweat patch to detect drugs. Revenues have been rising in recent years and climbed 20% in the first half of 2020 versus 2019. Net income climbed from $0.16 to $0.19 per share. We had a nice half hour call with CEO Joe Halligan the other day. One of the advantages of focusing on micro caps is the ability to speak directly with management. He has a wide level of experience, having worked for two companies that I remember from my childhood in Southern California, Fotomat, an overnight photo service (which probably seems bizarre to those under thirty-five) and Laura Scudders, a maker of peanut butter and potato chips.

We are expecting the strong sales for PharmChem to continue and possibly grow even faster in the second half of 2020. Added to that, the company has made it clear that it is for sale at the right price.

PharmChem Inc								
PCHM								
	2015	**2016**	**2017**	**2018**	**2019**		**1H 2019**	**1H 2020**
Net Sales	3,233,777	4,168,305	4,690,663	5,160,753	5,540,442		2,866,756	3,455,005
COGS	1,241,589	1,580,472	1,742,900	1,984,698	2,109,683		1,082,462	1,245,612
Gross Profit	1,992,188	2,587,833	2,947,763	3,176,055	3,430,759		1,784,294	2,209,393
SG&A	1,338,727	1,555,040	1,715,748	1,717,522	1,798,206		889,197	1,056,932
Operating Income	653,461	1,032,793	1,232,015	1,458,533	1,632,553		895,097	1,152,461
Div Income	(29,078)	3,506	2,089	8,264	99,370		54,133	19,152
Before Tax Income	624,383	1,036,299	1,234,104	1,466,797	1,731,923		949,230	1,171,613
Taxes	16,389	20,995	55,685	(92,575)	13,500		9,450	58,970
Net Income	607,994	1,015,304	1,178,419	1,559,372	1,718,423		939,780	1,112,643
EPS - basic	$ 0.10	$ 0.17	$ 0.20	$ 0.27	$ 0.29		$ 0.16	$ 0.19
EPS - diluted				$ 0.23	$ 0.25		$ 0.14	$ 0.16
Dividend		**$ 0.05**	**$ 0.05**	**$ 0.06**	**$ 0.12**		**$ -**	**$ 0.10**
Shares	5,852,593	5,852,593	5,852,593	5,852,593	5,852,593		5,852,593	5,852,593
Diluted Shares				6,868,155	6,928,155		6,923,593	6,992,593

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. Should you have any questions regarding the fund, please don't hesitate to call or email.

Sincerely,

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Fund Performance

The financial performance figures for 2020 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.

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.