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

May 5, 2024

Subject: Cedar Creek Partners 2024 First Quarter Results

Dear Partners and Friends:

The major indices we track all experienced a strong start to 2024. The market continued to be led by a small handful of tech companies propelling the NASDAQ to Q1 returns of 9.2% and the S&P 500 of 10.4%. Smaller companies lagged once again. The Russell 2000 was up 5.2% and the Russell MicroCap index was up 4.7%. Cedar Creek increased by 2.4% in the first quarter, 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.

Cedar Creek's average annual return over our 18+ year history is 14.4%, net of fees and expenses, which compares favorably to all the indices we compare against. Cumulative returns since inception for Cedar Creek were 1,067.2%, net of fees and expenses.

	Q1 '24	2023	Inception	Ave. Annual
Cedar Creek	**2.4%**	**20.3%**	**1,067.2%**	**14.4%**
NASDAQ	9.2%	43.4%	607.2%	11.3%
S&P 500 (SPY)	10.4%	26.2%	458.5%	9.9%
DJIA (DIA)	6.0%	16.2%	450.1%	9.8%
Russell 2000	5.2%	16.9%	284.2%	7.7%
Russell Microcap	4.7%	9.3%	192.7%	6.1%

* 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 $1,167,175 as of March 31, 2024, net of fees and expenses, whereas $100,000 invested in the indices we compare against would have only grown to between $292,668 in the Russell MicroCap and $707,239 in the NASDAQ.

[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).

Fund Holdings are at Incredibly Attractive Prices

On the whole, as of the end of March 2024, the fund's holdings were trading at 7.9 times our estimate of earnings for the coming year, and 6.5 times expected earnings net of cash at the respective businesses.[2] Trailing earnings multiple was 10.4 times. The primary reason for the recent increase in multiples was due to one company having a poor 2023 and our lowered expectation for 2024. Weighted price-to-book was 1.6. Dividend yield was 1.7%. Weighted expected return on equity as of March 31, 2024, was 20%.

Cash Levels and Fund Repositioning

We started the year with cash levels at 7% and ended the quarter at 3%. We increased our holdings in **ENDI Corp** (ENDI) and **Saker Aviation** (SKAS) along with a couple of other smaller names. We discuss ENDI in detail below. Saker trades below net cash and we estimate 2024 earnings of $1.70 per share. It is extremely small, with a market cap of only $8.5 million. The fund filed a 13G in January noting that it owns more than 5% of Saker.

Expert Market Exposure

Three positions make up about 75% of the expert market exposure – **Propel Media** (PROM) is about 10% of the fund, **PD-Rx Pharmaceuticals** (PDRX) is about 7% of the fund, and **Pacific Coast Oil Trust** (ROYTL) is roughly 4% of the fund.

Our exposure to stocks trading in the expert market decreased in the quarter due to a decrease in the market price of all three of our largest holdings. 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. We started the quarter with 35% exposure to the expert market and ended at 28% of the fund.

An Attractive Asset Manager

Over the past nine months we have been able to build up a decent size position in **ENDI Corp** (ENDI) at around $4 per share, or two times earnings net of cash. It has since climbed to above $6.50 per share. ENDI Corp, formerly known as Enterprise Diversified and prior to that Sitestar, has been quite a ride for long-term shareholders. Eight years ago, the company was taken over by private investor Jeff Moore and Steven Kiel of Arquitos Capital. The company invested into Alluvial Fund, managed by Dave Waters. Then the wheels came off. An investment into an Arizona HVAC company failed miserably. The real estate investment, Mt. Melrose, grew too quickly and spent capital buying more homes than they could rehab and market in a reasonable amount of time, and was eventually sold. Then the Alluvial investment, the only major part of the business performing well, grew too big and triggered Investment Co. Act of 1940 regulatory issues. Management decided to fully redeem the investment and by late 2021 ENDI was left with a pile of cash, a small yet profitable internet dial up business, Sitestar, and Willow Oak Asset Management which had small revenue shares from a few small hedge funds along with offering administrative and compliance services to a handful of funds.

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[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 for Pacific Coast Oil Trust (ROYTL).

In late December 2021 they announced a merger with CrossingBridge Advisors and Cohanzick Management, an investment advisory firm led by David Sherman that focused on mutual funds with shorter term debt instruments. Prior to starting Cohanzick and CrossingBridge, Mr. Sherman was a senior executive and Treasurer of insurance operations at Leucadia. The deal closed in August 2022. The end result was a "new company" and new management albeit with the same ticker – ENDI (note: older SEC filings are under Sitestar while newer ones are under ENDI Corp.). As part of the deal, CrossingBridge contributed some of its advisory agreements in exchange for shares valued at $8 per share, leaving the new entity with a large amount of cash and a profitable asset management business.

The costs of closing the deal hurt results in 2022 yet they still reported $0.66 in EPS. In 2023 ENDI reported EPS of $0.46 per share. The share price was languishing around $4 per share. You might think things were trending in the wrong direction. Not at all! In fact, a number of positive events occurred in 2023 and even more in early 2024.

On May 12, 2023, the company closed on agreement to acquire RiverPark Strategic Income Fund, which was sub-advised by David Sherman and Cohanzick. Essentially ENDI would own the full revenue stream from the advisory fees and pay RiverPark up to 50% of the revenue for the next three years and then 20% of revenue in years four and five.

On October 23, 2023, ENDI launched a UCITS fund, the CrossingBridge Low Duration High Income Fund. The fund is similar to its US Low Duration High Income Fund but is intended for investors outside North America. The fund had reached $59 million in assets under management (AUM) by December 31, 2023, and over $80 million by March 31, 2024. According to the April 19, 2024, conference call this was accomplished without a seeder, and they are yet to target large family offices.

On January 12, 2024, the company filed Form 15 to deregister with the SEC. This should reduce professional fees.

On March 9, 2024, Crossing Bridge replaced Cohanzick as sub advisor to the RiverPark Short Term High Yield Fund as part of a deal for ENDI to acquire all remaining assets of Cohanzick for a $10 million note yielding 8%. This increased AUM by roughly $800 million.

ENDI has 5.47 million shares outstanding. A current price of roughly $6.50 per share, for a $36 million market cap. Insiders own about 53%. What we felt the market was missing was that the company was no longer what it was, and more importantly it significantly increased earnings power based on the recent growth in AUM. Assets under management are currently $2.9 billion versus $1.8 billion at the end of 2023 and $1.5 billion at the end of 2022. Due to the March acquisition, true earnings power will not be reflected until the June quarter, but we estimate 2024 earnings at $0.86 per share.

What made ENDI even more attractive was that they had cash and investments of $16.7 million, or $3.06 per share, as of the end of 2023. The most recent deal added $10 million of debt so net cash has subsequently decreased to $1.25 per share, but cash should build faster than earnings due to ENDI not being a full tax payer.[3] We estimate March 2024 cash

[3] Accounting Note: I ignore the impact of warrant liability change on reported earnings. It is one of my 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.

and investments at nearly $1.50 per share. At $6.50 per share ENDI is trading at just six times earnings net of cash.

We think shares of ENDI are worth eight to ten times current earnings plus net cash, or $8.35 to $10 per share today with that value growing $0.25 per share every quarter. Thus, by the end of the year we see fair value being $9.75 to $11.50 per share based on slightly higher earnings run rate and an estimated cash balance of $2.30 per share. Unfortunately, due to ENDI's small size, it will be a smaller position for the fund, but big enough to be meaningful. We should note the stock has not had much liquidity the last month or so.

Update on a Few of Our Top Holdings

Solitron Devices (SODI) - the bid price for shares increased by 18% in the first quarter of 2024 from $15.25 per share to $18.05 per share. As a reminder, I am CEO and CFO of Solitron. During the quarter, Solitron reported its first quarter of earnings since closing its acquisition of Micro Engineering Inc. (MEI). MEI produces electronic components primarily for the medical industry. Fiscal third quarter revenue was approximately $4.1 million with operating income of $0.2 million. Included in the quarter were one-time costs related to the acquisition of $715,000. Thus, adjusted operating income would have been $933,000 for the quarter.

PharmChem (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 rose from $2.56 per share at the end of 2023 to $2.71 per share at the end of the first quarter. PharmChem makes sweat patches used to detect drugs of abuse. It is an alternative to urine testing. Over the last few years PharmChem spent aggressively to expand its sales force with the goal of increasing sales in existing markets and expanding into direct-to-consumer and private employer. In the third quarter of 2023 we eliminated spending on private employer and at the end of the year we reduced our cost structure for direct-to-consumer. We retained the sales staff based on how it is performing. In the first quarter we entered into a separation agreement with our CEO who was hired in part to oversee the two initiatives that we have dialed back. Thompson Clark, one of the board members, was named Interim CEO. In 2023, the Company was able to repurchase shares and options that reduced diluted shares by roughly 12% and pay a $0.20 per share dividend. 2023 earnings were $0.17 per share.

PharmChem reported Q1 earnings of $0.034 per share and that was after $100,000 of one-time expenses. Proforma for taxes, per share earnings would have been $0.05 per share. The CEO change will result in the elimination of PharmChem's stock option expense and a lower cost for the CEO role as well. I cannot provide an earnings estimate, but an investor can figure out how the rest of the year should look.

Propel Media (PROM) **–** in January 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. We were able to purchase shares for $0.23 per share after becoming aware of the deal in published reports. Propel declared two dividends prior to the deal being called off and paid an additional dividend in February 2024 and announced one for May. All told the dividends amount to $0.0352 per share, or over 15% on our cost basis.

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. 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).

During the first quarter the **very** illiquid stock had a trade of 220 shares at just $0.05 per share occur. The fund was the buyer. We had a decision to make – do we let new people into the fund based on a $0.05 valuation for Propel? Do we redeem exiting partners based on that valuation? We did not think it was an appropriate valuation.

In general, the fund values otc stocks at their most recent bid price, and expert market stocks at their most recent sale price. For either pricing, management has the right to override if in its judgment the price is not reflective of the market. We never had in the past. In this case, the bid on Propel jumped to over thirty cents per share within minutes of the $0.05 trade. But there were no trades. We did not think it fair to investors redeeming or contributing to value Propel at $0.05 per share. The trades prior to the $0.05 trade, after the deal was called off totaled over 80,000 shares and were at prices between $0.70 and $0.75 per share. Since we did not know actual earnings, and only had three recent quarterly dividends, we adopted a valuation model with the value being based on an expected dividend yield of 6%. This resulted in a valuation as of the end of March of $0.69 per share versus the yearend price of $0.89 per share. This valuation was in line with recent trades other than the one $0.05 tiny trade. The May 2024 dividend was lower than the average of the prior three, therefore, the valuation model currently has the value at $0.59 per share in May. The current bid is $0.32 per share and the ask is $1.00 per share.

Pacific Coast Oil Trust (ROYTL) units decreased from $0.415 to $0.36 per unit in the quarter. Not much new happened in the quarter. The group we are part of that called the special meeting was not able to find a qualified custodian willing to serve. This has allowed the current custodian, BNY Mellon, to stay in place. The court prevented the operator from replacing the custodian with a liquidation specialist. The custodian received court approval to delay liquidation until completion of the audits for 2019-2023. Four months have passed since then and no progress has been announced on any of the audits for those years.

We don't see how the audits will magically be completed in the coming months if they haven't been able to complete them for four years. BNY Mellon has not communicated what is causing the delay. The recent increase in oil prices is also a positive event. It allows for faster repayment of the asset retirement obligation (ARO) assessed by the operator, PCEC. In a worst-case scenario of dissolution and sale, higher oil prices should result in higher bid prices for the net profits interest.

As of the April 30, 2024, production update, the operator has withheld $35.1 million for asset retirement obligations. If the withheld funds are credited with interest at the discount rate of 7.36% used in the ARO calculations, it puts a total value of $40.7 million. Total units outstanding are 38.58 million. Thus $0.91 per unit have been withheld and the withheld funds amounted to $1.06 per unit after interest as of the end of February 2024. Significantly more than the quarter end $0.36 unit price. If the trust is dissolved and the net profits interest sold, it is still our argument that the ARO liability transfers to the buyer, thus unitholders should be credited the withheld ARO funds less legal costs incurred by the trust and operator but should not be assessed any interest charges on current or past ARO balances. We suspect the operator would try an argue that the ARO doesn't transfer to the buyer, which would be amazingly hypocritical in our opinion, since it transferred to the operator when they purchased the properties, and (allegedly) transferred by the operator to the trust at its creation[4], but nevertheless we suspect they would still argue it.

Another way to look at the investment is to calculate the amount of cash flows that the trust would generate to the potential buyer assuming ARO is not transferred or not assessed until incurred. Over the last twelve months, the trust's 80% net profits interest in the production

[4] We say allegedly because the offering documents in the 2012 IPO all show the ARO as remaining with the operator. It was only assessed to the trust after new owners took over in 2019.

has resulted in approximately $8.9 million of distributable proceeds. The operator charges the trust about $1.2 million annually. Trust expenses would be eliminated if the field was sold, leaving trailing twelve-month cash flow of $7.7 million. The unknown is what multiple of cash flow bidders will be willing to pay. The market cap at the end of March was $13.9 million, or less than two years' worth of cash flows.

Citizens Bancshares (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 rose from $37.70 per share at the end of 2023 to $49.60 per share at the end of the first quarter. Citizens typically does not report quarterly earnings, but the bank does file quarterly Call Reports which are available on otcmarkets.com. Earnings for 2023 were $6.23 per share, but that included a large loss reserve for a loan. Absent the reserve earnings would have been approximately $8 per share. Citizens filed its first quarter call report and reported net income of $3.9 million versus $3.6 million for the first quarter of 2023. They have reduced their share count by 10% over the last year, from 2.0 million shares to under 1.8 million shares, so earnings per share in the first quarter of 2024 increased by roughly 20% versus the first quarter of 2023.

We would note that call reports report earnings for the bank and not the bank holding company. Citizens retains some investments at the holding company level and thus generates additional income; however, the holding company also incurs overhead expenses, additional taxes, and pays preferred dividends. In general, quarterly earnings for the holding company, which is what shareholders actually own, are typically $150,000 to $175,000 less than what is reported on the bank's call report.

Tax Information and K-1's

Investor K-1's were issued electronically on April 4. The fund's annual audit report was sent electronically on April 27 and again on May 4 due to email issues. If any of the fund's investors did not receive either, please contact us.

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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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.