



CEDAR FUND

7327 FYXEN RUN, ROANOKE IN 46783-9328

MARK W. HARRIS • (765) 277-1710

EMAIL: CEDARFUND@HARFAM.ORG

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Dear Fellow Partner:

Cedar Fund's June 30th year to date return was -0.98% compared to the S&P 500 index's +2.7% and the Russell 3000 Value index's -1.16%. The per unit value of Cedar Fund is \$4,256.06.

YOUR INVESTMENT INTEREST

Cedar Fund is pleased to provide you with the following information concerning the value of your partnership interest:

<u>Partner</u>	<u># of Units</u>	<u>Cost Basis</u>	<u>Market Value</u>
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COMMENTARY

For the second quarter in a row, Cedar Fund performance was flat. The market in general seems to be trying to find its footing amidst uncertainty in the world. Issues dominate, including the North Korean crisis, the impact of Brexit, and changing European political environments. In the U.S., the economy is going relatively strong and jobs are easier to find, but rising interest rates, a growing federal deficit, and an escalating tariff battle between the U.S. and its trading partners continue to put a damper on corporate profit growth.

Growth stocks generally continued to outperform which is a long-running trend. Small-cap growth stocks were the best performers, gaining about 11%, large-cap value declined slightly during the period. It has been a long difficult run for large-cap value stocks. In terms of the best-performing sectors, technology and healthcare continues to lead the way. Gold stocks and other precious metals equities continued their slump, losing about 7% in the year's first half.

The last five years have seen Cedar Fund's investments be consistent in a changing worldview environment. These are volatile, uncertain times and we believe this is another short-term weakness that will bring opportunities going forward.

The attached document includes a historical performance chart and brief capsules providing an overview and analyst comments for each investment holding in Cedar Fund. I hope this will be helpful in better understanding Cedar Fund's investments.

OTHER INFORMATION

Cedar Fund's website (www.cedarfund.harfam.org) provides access to current charts, past annual reports and past financial statements. The username to access the second page is "cedarfund" and the password is "43091".

Cedar Fund's 2017 financial statement audit is available on our website and can be downloaded. Harris Harper Counsel's ADV brochure and privacy policy are also available on our website for downloading.

If you have relocated or changed your mailing address, please let us know your new address via email as soon as possible so that we can keep our records up to date.

I am grateful for your trust and investment in Cedar Fund. Rest assured that I continue to be engaged in Cedar Fund, working closely with Corey Harper, our consultant, and watching closely the activities of the different managers in Cedar Fund.

I welcome any comments or questions you have about Cedar Fund, its holdings and its investment philosophy. I can be reached by phone at (765) 277-1710 or by e-mail at Mark@harfam.org.

Regards,

A handwritten signature in black ink that reads "Mark W. Harris". The signature is written in a cursive, flowing style.

Mark W. Harris, President, Harris Harper Counsel Inc.
General Partner, Cedar Fund L.P.

CEDAR FUND-MANAGER PERFORMANCE

Investment	YTD	1 Year	3 Year	5 Year
Cedar Fund*	-1.0%	7.4%	4.6%	9.4%
Harfam Partners*	0.6%	9.3%	2.8%	8.2%
Berkshire Hathaway	-5.2%	10.7%	11.3%	10.8%
First Eagle Global	-1.2%	4.9%	6.7%	7.2%
FPA Crescent	-0.7%	4.2%	5.8%	6.9%
IVA Worldwide	-1.3%	4.6%	5.1%	5.9%
Longleaf Small Cap	7.7%	11.9%	8.3%	11.2%
Sequoia Fund	7.2%	17.3%	0.4%	7%
Tweedy Browne Global	0.3%	5.2%	5.9%	6.4%
Russell 3000 Value**	-1.2%	7.3%	8.5%	10.4%
S & P 500 Index***	2.7%	14.4%	11.9%	13.4%
MSCI ACWI****	-0.4%	10.7%	8.2%	9.4%

**3 and 5 year performance numbers are as of 12/31/17.*

***Russell 3000 Value Index is a market-capitalization weighted equity index which measures how U.S. stocks in the equity value segment perform. Included are stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates.*

****S&P 500 is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value. The S&P 500 is a market value or market-capitalization-weighted index and one of the most common benchmarks for the broader U.S. equity markets.*

****MSCI ACWI is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world.*

Berkshire Hathaway, Cedar Fund's largest holding, is a company with a wide array of subsidiaries engaged in diverse activities, including insurance, railroad, energy, manufacturing, service, investments and retailing operations. Berkshire holds a large cash position, waiting for the right time to purchase additional companies. The biggest challenges Berkshire has going forward are the size of the business and succession. It is widely believed that its size will prevent the company from growing at double digit rates. As for succession planning, Warren Buffett has gradually introduced individuals to take new leadership roles in the company so that it is well prepared in the event of his death.

Harfam Partners, the second largest holding in Cedar Fund, is invested in a global hedge fund, a growth focused separate account, other mutual fund and stock holdings. Semper Vic, the global hedge fund, invests in companies with strong global brands that offer growth potential in emerging markets. The firm concentrates its investments in the food, beverage, tobacco and media sectors. Ruane Cunniff, a separate account manager, looks for businesses run by quality leaders that can compound their earnings rapidly.

In recovering from its debacle with Valeant Pharmaceuticals, the firm has undergone an operational makeover, which included notable changes to the investment process. Early in 2018 Harfam Partners dropped its long time investment in FPA Capital and replaced it with Oakmark, a large blend fund vetting companies for financial health, business-growth potential, and management's talent for capital allocation.

First Eagle Global primarily invests in global equities in a range of asset classes using a highly disciplined, bottom-up approach with fairly broad diversification. The management has maintained its valuation-conscious strategy and its goal of losing less in down markets. This fund runs more than \$72 billion in this strategy, which overlaps significantly with the closed First Eagle Overseas fund.

FPA Crescent, a contrarian value mutual fund, primarily focuses on protecting capital by managing downside risk. It follows a broad mandate to invest across company capital structure, asset classes, sizes of companies, industries and location. The fund tends to be fairly concentrated and can hold a significant allocation in cash. The management team now also includes eight analysts with an average of nearly four years at FPA, which has helped broaden the fund's investment universe as its asset size has grown.

Sequoia Fund is a growth-oriented, large-cap mutual fund managed by Ruane Cunniff. The fund focuses on companies with strong balance sheets, sustainable competitive advantages and talented management teams that are effective capital allocators. As referenced in the capsule about Harfam Partners, Ruane has finished its operational makeover, which included notable changes to its investment process. The fund's portfolio has also received a makeover. Since March 2016, healthcare stocks have gone to 15.6% of the portfolio to 6.3% as of September 2017. Meanwhile, tech stocks grew to 21.9% from 13.4%, led by a 10% stake in Alphabet. However, this remodeling wasn't painless, as it generated massive capital gains distributions in 2016 and 2017.

Longleaf Partners Small Cap is focused on buying companies at substantial discounts to their assessed values. This fund uses a value-based, low-turnover, concentrated approach. The managers look for firms that, ideally, earn high marks in three areas: business model, management, and price. The degree to which manager decisions affect this fund's performance is higher than with most active funds because of this team's wide latitude in constructing its concentrated portfolio.

IVA Worldwide invests in a range of securities and asset classes from markets around the world. This fund has very experienced managers who have remained committed to their unusual but logical approach even when market trends would have favored more aggressive action. The fund seeks returns that will exceed the all-stock MSCI All Country World Index over the long haul. The managers' value bent and focus on capital preservation are key here. When markets are in an upward trend for an extended period, this fund can have trouble keeping up. But over the long term, its discipline should pay off.

Tweedy Browne Global Value is a global equity fund typically holding at least 80% of its assets in non-US companies, attempts to hedge its foreign currency risk back into US dollars. The fund will buy deep-value names, but its team prefers to own quality stocks with strong franchises over the long term. The managers often invoke Ben Graham, but

their style also incorporates Warren Buffett. They hold positions for years, using a long time horizon to their advantage. Turnover is typically below 15%, partly in an effort to minimize capital gains.

Sources: morningstar.com; managers quarterly reports.