

# Cedar Fund, L.P.

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Cedars of Lebanon • Ezekiel 31  
*Symbol of majesty and strength*

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March 21, 1994

To the Limited Partners of the Cedar Fund:

In 1993 your investment in the Cedar Fund rose **24.9%** as the value of a unit rose to **\$56,052** from \$44,873 a year ago. This compares to 10.1% for the S&P 500 Index. The Fund has more than doubled to 124.2% since it started five years ago. This translates to a **17.5%** compound annual rate of return. We are pleased to be able to better our goal of making 15% a year for you.

## **Berkshire Hathaway**

As in the past several years, the Cedar Fund's excellent return is because of a dramatic increase in the value of Berkshire Hathaway -- 38.9% last year. One reason for the surge may be the investing public's discovery of Warren Buffett. Last year he became the richest man in America with \$8.3 billion and appeared on the cover of Forbes magazine.

## **Common Stocks**

Hoping to capitalize on the decline in health care stocks, we made a modest new commitment to Merck and Johnson & Johnson. Last year we eliminated Philip Morris at a loss. Our position in Wells Fargo continues to improve nicely with the turn around in the California economy.

We have one note of caution to those Cedar Fund partners who have money in the Gabelli Growth mutual fund. Liz Bramwell, the manager of the fund, left the Growth Fund at the beginning of February after a disagreement with Mario Gabelli and started her own money management firm. To date Mario Gabelli has not picked her successor. Because Liz's style is eclectic and quite different than Mario's, we are uncertain about the future performance of the Growth Fund. Therefore, we recently reduced our position in the fund until we evaluate the new manager soon to be selected by Gabelli.

## **Harfam Partners**

Harfam Partners increased 19.8% last year. By its investment in Harfam, the Cedar Fund has access to outside money managers. The 1993 performance of

these managers is as follows:

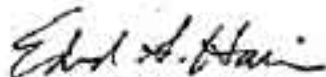
28.8 %	Elizabeth Bramwell
22.7 %	Semper Vic Partners - Tom Russo
17.3 %	Emerald Partners
<u>9.0 %</u>	<u>Ruane Cunniff</u>
19.8 %	Harfam Partners - Total return

Liz Bramwell has done a superior job of managing our account; in fact, it is far better than the returns she achieved at Gabelli Growth Fund. For this reason we will continue to have her manage our monies under Bramwell Capital Management.

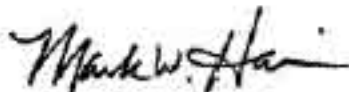
### The Future

When the Cedar Fund started five years ago, we decided to divide the assets between Berkshire Hathaway, Harfam Partners and common stocks investments that we make. Over the five years, Berkshire Hathaway has grown to 47% of Cedar Fund assets and Harfam Partners has also grown substantially. Our common stock results, however, have lagged behind Berkshire and Harfam. This combined with the difficulty of finding good investments causes us to wonder if we should put more assets with outside managers through Harfam. As Berkshire's returns moderate to 15% as Buffett expects, we anticipate Harfam Partners will take over as the investment leader in Cedar Fund. It is possible, therefore, Cedar Fund may shift to more of a "fund-to-funds" approach by making a larger investment in Harfam Partners and its outside money managers.

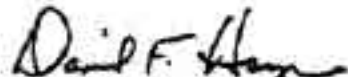
Enclosed is the 1993 financial statement for the Cedar Fund prepared by the CPA firm of Geo. S. Olive & Co. Please let us know if you have any questions or comments. We will continue to do our best to preserve and enhance your investment.



Edward S. Harris



Mark W. Harris



David F. Harper