

[if you are unable to view this email, click here to view this letter in your browser](#)



CEDAR FUND

3464 BOSTON TWP. LINE ROAD • RICHMOND IN 47374-9421
EDWARD S. HARRIS • (314) 579-0154
MARK W. HARRIS • (765) 277-1710
EMAIL: CEDARFUND@HARFAM.ORG

March 2015

Dear Cedar Fund Partner:

The Cedar Fund had a strong 2014 with a gain of 10.4%. Despite trailing the S&P 500 Index return of 13.7%, the Cedar Fund outperformed many active and passive investment strategies with exposure beyond the S&P 500 Index. For example, two highly regarded mutual funds that consist of a basket of index funds returned 7.2% in 2014. These types of funds are often used by investors seeking exposure to smaller U. S. stocks, international equities and fixed income, in addition to the large U. S. stocks included in the S&P 500 Index. It appears the Cedar Fund also outperformed many traditional active asset allocation strategies and rebalancing approaches used by other financial advisors. Our limited anecdotal evidence suggests the average returns of many of these advisors were in the mid-single digits.

The stock market was driven last year almost entirely by large U.S. stocks while small stocks were up only 4.9%, and international equities declined 4.5%. The Cedar Fund also benefited from this surge in large U.S. stocks. Our mega-cap stock, Berkshire Hathaway, led all of our managers with a robust 27% gain. It was the only one of our managers to exceed the S&P 500 Index, while several were grouped around 6-7%. It is worth noting that five of our managers have outperformed the S&P 500 Index over the past five years, led by Ruane, Cunniff & Goldfarb at 20.1% annualized compared to 15.5% for the Index.

In last year's letter we looked back over the past 25 years to the beginning of the Cedar Fund. We noted that \$100,000 grew to nearly \$1.4 million, which was competitive with the S&P 500 Index's growth to almost \$1.2 million. The annualized rate of return of Cedar Fund was 11.0% compared to 10.3% for the S&P 500. We also explained the stringent criteria we developed over those 25 years to select superior money managers. The managers we have chosen for the Cedar Fund are generally well positioned for the next 25 years.

While peering into the future is always perilous, asking two questions may help provide insight. First, does the investment manager have a corporate culture that will produce longevity of returns? Second, are young, emerging portfolio managers being groomed to carry that investment culture forward? We watch carefully the development of people in all of our funds, some of which we have been connected with for more than 30 years. This has given us the opportunity to view them in a wide variety of investment conditions. All the Cedar Fund managers continue to score well on these two criteria for long lasting performance. In fact, several of our funds are already in their second or third generation of capable leadership.

We continue to be grateful for your confidence and trust in our management of your investments. We always enjoy hearing from you, so please feel free to pick up the phone or write us with your questions or comments.

HARRIS HARPER COUNSEL, INC., General Partner

Edward S. Harris, President

Mark W. Harris, Secretary-Treasurer

OTHER INFORMATION AVAILABLE TO CEDAR FUND PARTNERS

- [click here to view the Cedar Fund financial statement](#) audited by CPA Firm Rodefeld, Kassens & North, LLP (this statement includes a list of the Cedar Fund investments).
- [click here to view our privacy policy](#) that explains the confidentiality of your personal information.
- [click here to view our website](#) (user name and password required, contact us for this information) which includes:
 - Cedar Fund holdings
 - Harfam Partners holdings
 - Bear Market chart
 - Growth of \$100,000 chart

Upon written request the following will be made available to investors:

- Our website user name and password
- Printed copies of any document on our website
- Form ADV, Investment Advisor Registration.
- Form ADV Brochure.

Schedule of Regular Communication Sent by Email:

- February – Form K-1 sent to partners
- March – Annual Letter, Audited Financial Statements, Privacy Policy
- Quarterly (mid-April, mid-July, mid-October, mid-January)
 - Performance results
 - Value of your account

This email and any attachments may contain privileged or confidential material and is solely for the use of the intended recipient. If you have received this email in error, please notify the sender immediately and delete this email. The company does not guarantee that this email or any attachments are free from viruses.