



CEDAR FUND

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Dear Fellow Partner:

Cedar Fund's 2017 return is a positive 14.0% compared to the S&P 500 index's +21.8% and the Russell 3000 Value index's +13.2%. The per unit value of Cedar Fund increased to \$4,298.05.

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>

Cedar Fund's 2017 Winners and Losers

Berkshire Hathaway	+21.9%
Sequoia	+20.1%
Harfam Partners	+16.1%
Tweedy Browne Global	+15.4%
First Eagle Global	+13.8%
IVA Worldwide	+13.8%
FPA Crescent	+10.4%
Longleaf Small Cap.	+9.0%
S&P 500 Index	+21.8%
Russell 3000 value index	+13.2%
MSCI ACWI	+24.0%

COMMENTARY

The corporate tax change, deregulation of fiscal policy and individual tax reform fueled the tailwinds of the stock market and the economy. Over time, these should be beneficial to companies and their owners. This does not mean the problems we face today have gone away, but it does increase consumer confidence and a strong economic environment for business.

We never try to predict the direction of the stock market. It is impossible to anticipate what the market is going to do in the immediate future, but we believe long term the market is going to be higher.

Berkshire Hathaway, Cedar Fund's largest holding at 32%, led all holdings with a 21.9% return in 2017. For Berkshire 2017 brought in very few acquisitions and was a year in which insurance claims following hurricanes Harvey, Irma and Maria will probably result in an underwriting loss. On January 10, 2018, Berkshire executives Gregory Abel and Ajit Jain were elected to the Board of Directors. Mr. Abel was appointed Vice Chairman –

Non-Insurance Business Operations, and Mr. Jain was appointed Vice Chairman – Insurance Operations. These appointments are intended to strengthen the board and clarify the leadership succession of Berkshire.

Harfam Partners, a partnership of the Harris Harper Family, constitutes 15% of Cedar Fund’s holdings and returned 16% in 2017. Harfam’s top performer, Semper Vic benefitted from its exposure to international and emerging markets.

Semper Vic	+27.0%
Berkshire Hathaway	+21.9%
Ruane Cunniff	+16.9%
First Eagle Global	+13.8%
FPA Crescent	+10.4%
Longleaf Small Cap	+9.0%
Kingstown Partners	+9.0%

In our **mutual fund** line up we eliminated FPA Capital a long time holding that has gone through a rough time lately. FPA Capital was ranked at the bottom of its mid-cap value category in 2017 and has struggled since the retirement of its legendary manager Bob Rodriguez in 2009. A number of subsequent managers changes and errant stock-picking has cost FPA Capital the benefit of the doubt.

Cedar Fund, anchored by Berkshire Hathaway, should provide stable and respectable returns over time. Our managers are averse to risk, have keen analytical skills and are able to identify companies with high quality earnings. Cedar Fund’s strong conviction is that true value is added by the deployment of capital in financially sound investments with a significant margin of safety for the long term. In this regard, Cedar Fund’s managers are some of the very best in the field.

OTHER INFORMATION

- Cedar Fund’s website (www.cedarfund.harfam.org) has been undergoing a re-design. The username to access the second page is “cedarfund” and the password is “43091”. This site provides access to charts, past annual reports and past financial statements.
- In February you will receive by email a K-1 statement.
- In March a link to Cedar Fund's audited financial statements will be available to download. A printed copy can be provided at your request.

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.

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

Regards,



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