

MARCH 2024

CEDAR FUND 2023 ANNUAL REPORT



***WE DON'T HAVE TO BE SMARTER THAN THE REST:
WE HAVE TO BE MORE DISCIPLINED THAN THE
REST. — Warren Buffett***

INVESTMENT SUMMARY

	2023	3 YEARS	5 YEARS	10 YEARS	15 YEARS
Cedar Fund	15.7%	7.7%	9.0%	6.4%	8.0%
S&P 500	26.3%	10.0%	15.7%	12.0%	14.0%
Russell 3000 Value	11.7%	8.8%	10.8%	8.3%	11.0%

Dear Fellow Partners:

In 2023 Cedar Fund investments increased \$1.8 million on the heels of a performance rate of 15.7%. S&P 500 performance was 26.3% and the Russell 3000 Value Index rose 11.7%. The value of your Cedar fund per unit finished at \$6,314.

Cedar Fund has less risk than those stocks in the S&P 500 because of our managers' focus on a margin of safety (market price significantly below intrinsic value). The Russell 3000 Value Index is a market-capitalization weighted equity index based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform by including only value stocks. The Russell 3000 Value Index is composed of companies from the broad-based Russell 3000 index that are considered to be value stocks.

Value stocks trade at generally lower prices relative to fundamentals, and tend to pay higher dividends, making them attractive to value investors. Last year's report I mentioned stubbornly high inflation, rising interest rates, and talk of a possible economic recession rattled markets for much of the 2022. I believe the same holds true for 2024. Inflation slowed down in 2023 thus makes investors more optimistic about interest rates. There still a lot of chaos going on in the world that has some investors cautious how the two wars continue to rage on and inflation is still having an impact on individuals wallets.

The power of compounding Berkshire Hathaway over decades. Recent news coverage spoke of Ruth Goottesman, whom declared Warren Buffett as "a longtime friend" and was among the partners of Buffett, Mrs. Goottesman and her late husband recently donated \$1 Billion dollars of their fortune to the Albert Einstein College of Medicine. Buffett said of the donation, "I've never seen anybody behave better with a billion dollars".

Warren Buffett in his tribute to Charlie Munger shared the following:

"Charlie, in 1965, promptly advised me: "Warren, forget about ever buying another company like Berkshire. But now that you control Berkshire, add to it wonderful businesses purchased at fair prices and give up buying fair businesses at wonderful prices. In other words, abandon everything you learned from your hero, Ben Graham. It works but only when practiced at small scale." With much back-sliding I subsequently followed his instructions." - Warren Buffett, 2023 Berkshire Annual Report

MORNINGSTAR'S Key Takeaways from its 2024 outlook for stock market and economy report:

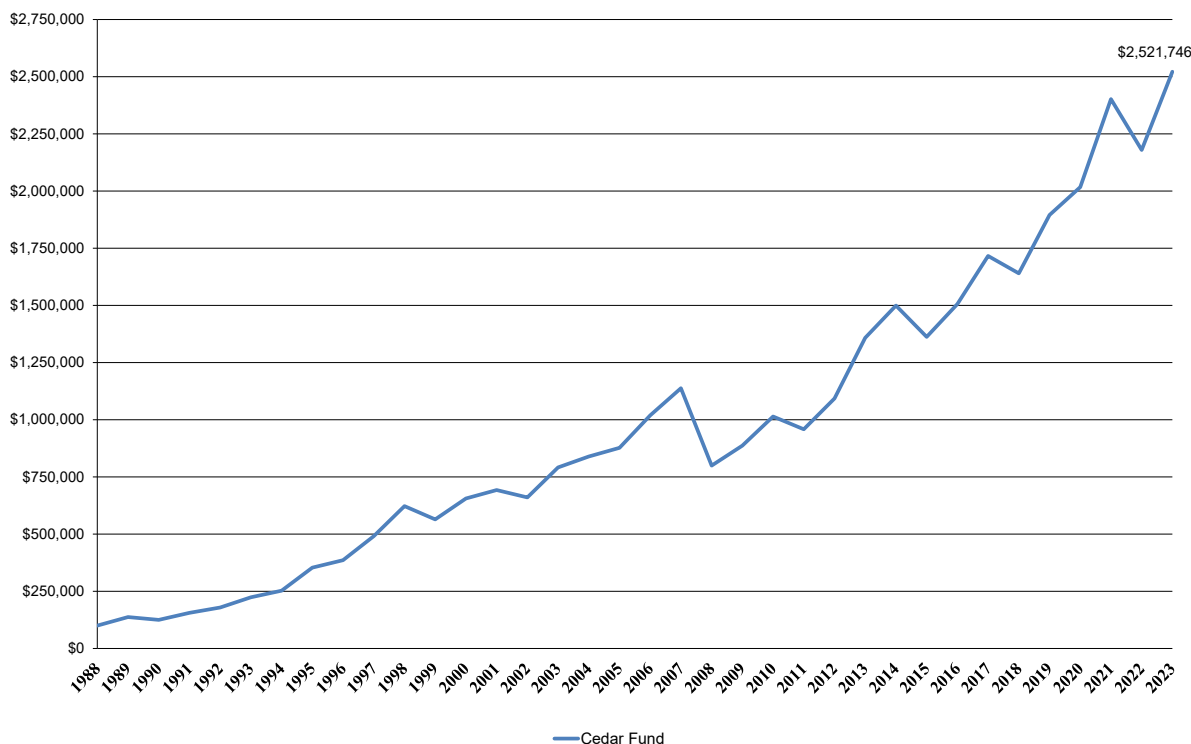
- 2024 is going to be a year of really getting back to basics, really looking at a lot of individual company and sector fundamentals and getting away from a lot of those macroeconomic and behavioral catalysts that we had seen over the past couple of years.



- We do expect that the rate of economic growth will slow not only in the 2023 fourth quarter, but for the next three quarters before then starting to reaccelerate.
- While the stock market itself may be broadly at fair value, we still see a lot of opportunities in individual stocks.
- We expect the Fed to proceed aggressively over the course of 2024 heading into 2025, wrapping up cuts by 2026. And that lower federal-funds rate will drive the 10-year Treasury yield ultimately down to our long-term projection of 2.75% down from current levels of 4%.
- On the GDP growth front, we're pretty close to consensus in the near term, although on a five-year time horizon we do expect a cumulative 3% more real GDP growth than consensus, owing to principally our views on the supply side of the economy in terms of labor force expansion and also productivity growth.
- Inflation has fallen back greatly, and by the end of 2024, we expect inflation to come back to the Fed's 2% target.
- Our projection is that core PCE will hit 2% year over year by the second quarter of this year.

Growth of \$100,000

Inception through 12/31/2023



2023 PORTFOLIO SUMMARY

	PERFORMANCE	DOLLAR AMOUNT	ALLOCATION
Akre Focus	28.8%	\$601,934	3.5%
Sequoia Fund	27.8%	\$1,147,269	6.7%
FPA Crescent	20.3%	\$3,195,297	18.7%
Longleaf Partners Small Cap.	20.2%	\$524,366	3.1%
Berkshire Hathaway Cl. A	15.8%	\$3,255,750	19.1%
Berkshire Hathaway Cl. B	15.5%	\$3,744,930	22%
First Eagle Global	13.1%	\$3,269,951	19.2%
Tweedy Browne International	12.5%	\$914,508	5.4%
NET CASH		\$392,631	2.3%

MANAGER'S HIGHLIGHTS (insights from Manager's year end reports)

- From **Akre Focus Fund** — “As we look to 2024, we remain agnostic as ever about market direction. Consider that just a year ago, the consensus market outlook for 2023 called for recession and a commensurately gloomy outlook for stocks as the necessary and logical outcome of interest rate tightening by the Federal Reserve. Clearly, the market had other ideas! As we hope you have come to understand and expect, we do not invest on the basis of headlines, market prognostications, or geopolitics. As interesting as these can be, they are lousy guides when it comes to compounding capital. We focus instead on quality and value as the primary drivers of investment decisions. Whatever the new year has in store, business quality and value will remain our touchstones.”
- From **Berkshire Hathaway Class A and Class B** — “Our goal is simple: We want to own either all or a portion of businesses that enjoy good economics that are fundamental and enduring. Within capitalism, some businesses will flourish for a very long time while others will prove to be sinkholes. It’s harder than you would think to predict which will be the winners and losers. And those who tell you they know the answer are usually either self-delusional or snake-oil salesmen.”
- From **FPA Crescent** — “We have been around long enough not to get so excited about a good year, knowing that a bad year might be just a flip of the calendar away. After one has strung together the good, the bad, and the ugly years, we hope to have delivered good risk-adjusted returns by investing globally in various asset classes. But, as Clint Eastwood’s Blondie character from The Good, the Bad, and the Ugly aptly said, “We’re gonna have to earn it.”



- From **First Eagle Global** — “Because the Global Value team invests with a decade-long investment horizon, our focus is not on the performance of a business over the next few quarters but rather on how it will evolve over the next few years. As Julien Albertini, portfolio manager on multiple Global Value team strategies, discusses, we seek companies whose leadership teams have a similar mindset.”
- From **Tweedy Browne International** — “Sparked by improving inflation data and increasing market optimism around the prospects for interest rate cuts early in 2024, global equity markets gained considerable momentum on the upside in Q4 2023 and finished the year with a “Santa Claus” rally that drove equity valuations materially higher. In the roughly eight-and-a-half-week period between October 27 th and year-end, the MSCI EAFE and World Indexes were up approximately 15% and 16%, and finished the full quarter up 10.42% and 11.42%, respectively. In this highly charged, momentum-driven, risk-on environment, the Tweedy, Browne Funds made considerable financial progress, but as one might expect, trailed their benchmark indices, producing returns between 5.71% and 9.41% for the quarter, and between 12.37% and 15.20% for the full calendar year.”
- From **Longleaf Partners Small Cap.** — “Our research team was busy in 2023. At the start of the year when everyone was still predicting an imminent recession, we saw opportunity as contrarians and improved our portfolio with weighting changes and compelling new investments, many of which have already contributed to the portfolio. In the fourth quarter, we have seen a growing consensus about a soft landing. This consensus view concerns us for the same reasons we were excited to be buying earlier in the year when everyone was fearful. However, we are confident in our ability to keep delivering double-digit returns with our portfolio of competitively advantaged, financially strong businesses with management teams that can take self-help measures in any environment. 2023 showed us that our investment approach can add meaningful value, even in a challenging period for bottom-up active equity managers.”
- From **Sequoia** — “We devoted copious time and energy to re-analyzing the portfolio following our weak result in 2022, and with a few exceptions, we did not detect diminution in the intrinsic values of the businesses underlying the stocks in the portfolio. A year later, we believe the progression of earnings growth and stock prices across many Fund holdings have validated our assessments.”

DESCRIPTION OF STOCKS AND MUTUAL FUNDS

Akre Focus — Targets stocks with ample free cash flows, sustainable competitive advantages, and strong records of cash reinvestment and management decisions, choosing to own just a relatively small number that the managers consider great companies. The Fund is managed by John Neff and Chris Cerrone.

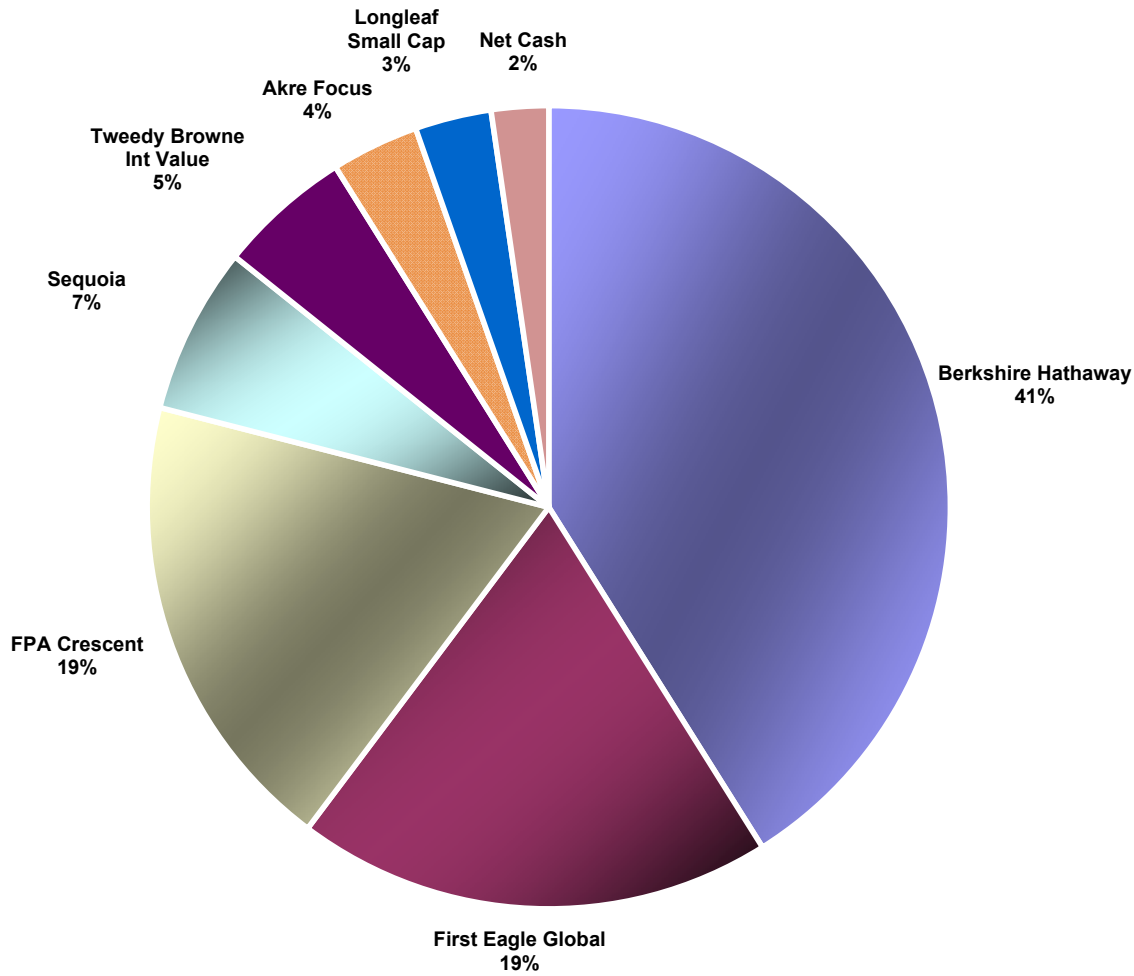
Berkshire Hathaway — Holding company owning subsidiaries engaged in a number of diverse business activities, including property and casualty insurance and reinsurance, railroad, utilities and energy, finance, manufacturing, service and retailing. Warren Buffet is the CEO of the company.

First Eagle Global — a mutual fund managed by a team led by Matthew McLennan and Kimball Brooker, Jr. The fund invests in a range of asset classes in the United States and countries around



Cedar Fund Holdings

December 31, 2023



% of Portfolio	Manager	Amount
41%	Berkshire Hathaway	7,000,680
19%	First Eagle Global	3,269,951
19%	FPA Crescent	3,195,297
7%	Sequoia	1,147,269
5%	Tweedy Browne Int Value	914,508
4%	Akre Focus	601,934
3%	Longleaf Small Cap	524,366
2%	Net Cash	392,631
		\$17,046,636



the world using a highly disciplined, bottom-up approach with fairly broad diversification.

FPA Crescent — A contrarian value mutual fund managed by Steve Romick, Mark Landecker and Brian Selmo. The fund's primary focus is on protecting capital by vigilantly managing downside risk. It follows a broad mandate to invest across company capital structure, asset classes, sizes of companies, industries and location, giving it attributes similar to a hedge fund. The fund tends to be fairly concentrated and can hold a significant allocation to cash.

Longleaf Small Cap — Concentrated, small-cap mutual fund managed by Mason Hawkins, Staley Cates and Ross Glotzbach. The fund's approach is focused on buying companies at substantial discounts to their assessed values. The fund has an absolute performance goal equal to the rate of inflation plus 10%, and all fund company employees must utilize the Longleaf Funds for all of their publicly-held investments.

Sequoia — Growth-oriented, large-cap mutual fund managed by four individuals, Arman Gokgol-Kline, John Harris, Trevor Magyar and Chase Sheridan. The fund focuses on companies with strong balance sheets, sustainable competitive advantages and talented management teams that are effective capital allocators. The fund can be quite concentrated and invests sizable portions of the fund in its top holdings.

Tweedy Browne International Value — Global equity mutual fund managed by its Management Committee, which is led by Jay Hill, Thomas H. Shrager, John D. Spears, Roger R. deBree, Frank H. Hawrylak, Andrew Ewert and Robert Q. Wyckoff, Jr. The fund has historical connections to Benjamin Graham and follows a version of Graham's investment approach. It typically holds at least 80% of its assets in non-US companies but attempts to hedge its foreign currency risk back into the US dollar.

OTHER INFORMATION

As I have stated in my previous letters, reviewing a portfolio periodically is important. I review our portfolio monthly with our consultant, Corey Harper, to keep in line with our allocation goals and to minimize realized capital gains. I refrain from looking at the portfolios daily and feel that rebalancing too frequently may do more harm than good. Reacting to every movement in the market is at odds with the benefits of taking a long-term approach to investing.

Cedar Fund's website (www.cedarfund.harfam.org) provides access to current charts, past annual reports and past financial statements.

I am deeply grateful for your confidence and trust in our stewardship of your investments over many years. I remain committed to 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.



Mark W. Harris, President
Harris Harper Counsel Inc., Cedar Fund's General Partner

