

April 30, 1994

Dear Shareholders:

From inception on June 2, 1993, through March 31, 1994, the end of our first fiscal year, the Crescent Fund has returned 11.27%. This compares to the S&P 500 Stock Index (with dividends reinvested) which gained only 0.47%.

The S&P 500 Stock Index declined 3.79% during the first quarter of 1994. The poor performance was in part driven by an increase in interest rates that pushed the 30 year bond from 6.4% at year end 1993 to 7.2% by March 31, 1994. The Shearson Lehman Intermediate Treasury Bond Index declined more than 1.73%. We are pleased to report that the Crescent Fund ended the first three months of 1994 with a 1.47% gain.

	Crescent Fund	S&P 500	DJIA	Value Line
12/31/93-3/31/94	1.47%	-3.79%	-3.15%	-3.53%
6/2/93-3/31/94	11.27%	0.47%	2.36%	1.16%

We remain committed to our philosophy of seeking investments offering high risk-adjusted returns. In other words, we are not comfortable holding a portfolio of companies growing 30% per year that is being valued at 25 times earnings. We do not sleep well at night with a high growth, high valuation portfolio. We prefer to invest in companies that offer both earnings growth and multiple expansion.

Excess liquidity has driven the stock market higher the past few years. Many individuals have reinvested their low yielding CDs in the stock market with the hope of achieving a higher return. In a self-fulfilling prophecy mutual funds invested this huge inflow, driving the market to new heights and luring even more people into mutual funds.

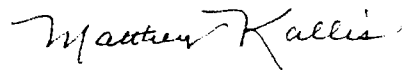
Investors appear focused on the poor return they are currently receiving, and the gains they hope to achieve. Risk does not seem to be a major consideration. Unlike savings institutions, mutual funds do not carry a deposit guarantee. To achieve success, investors must consider potential risk as well as reward.

When times are good, investors focus on the prospects for great returns. When times are bad, they focus on the high degree of risk. Times are usually neither as good, nor as bad as they appear. Here lies the opportunity for the astute investor who has the confidence to stand apart from the herd. This remains the cornerstone of our philosophy.

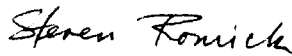
Which direction the stock market will go remains a function of interest rates. Should interest rates continue to increase, stock prices will likely move lower. The greater risk in our opinion is whether or not investors will sell their mutual funds if the stock market declines further. Investors have held inflated expectations for stock and bond returns.

The past ten years provided stock returns of 14.9% , versus the past sixty-five year compound return of 9.5% . This long term performance still handily outperforms the bond market historic returns of 5.3% and inflation of 3.4% . We continue to conservatively position the Crescent Fund portfolio to take advantage of future opportunities.

Sincerely,

Handwritten signature of Matthew Kallis in cursive script.

Matthew Kallis

Handwritten signature of Steven Romick in cursive script.

Steven Romick