

April 25, 1995

Dear Shareholder:

Shaking off the blues of 1994, the stock and bond markets roared back in the first quarter of 1995. The S&P 500 with dividends reinvested has appreciated 9.7% and the bond market (as measured by the Shearson Intermediate Treasury Index) increased 4.2%. Money that U.S. investors had placed overseas has lately been returning to the U.S. given the uncertainty and poor performance in foreign markets, particularly emerging markets. Broader market averages have not fared as well year to date. The Russell 2000 gained only 4.2% for the first quarter. Your investment in the Crescent Fund increased 6.4% for the quarter.

For our fiscal year ending March 31, 1995, and annualized since inception, June 2, 1993, the Crescent Fund performed versus its benchmarks as follows:

Period	Crescent Fund	S&P 500	DJIA	Value Line	SLH Intermediate T-Bond
3/31/94 - 3/31/95	9.35%	15.57%	4.35%	2.52%	3.87%
6/2/93 - 3/31/95	11.32%	8.50%	8.98%	2.01%	3.01%

Currently, investor sentiment is extremely positive. The bulls outnumber the bears. This is not unusual after strong stock market performance. The stock market has been driven to new highs, in part, by a focus on high-quality growth companies. As a result, valuations on such companies as Coca-Cola, Gillette and Disney are at all time highs. We continue to search for companies that have the opportunity for both earnings growth and multiple expansion. The companies that have driven the market higher do not share these characteristics. Although these companies are certainly growing, we do not feel it reasonable to expect that their price/earnings multiples will expand.

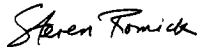
We have recently started buying Vodaphone, the largest British cellular company. In addition, to being the only cellular operator to cover virtually all of England, they also have substantial stakes in foreign cellular franchises that cover a population equal to that of their home market. Vodaphone has excellent growth potential in its home market despite increased competition today. Their overseas growth should be even greater. What lends additional excitement to this as an investment is that the company could be taken over by an acquisitive foreign telecommunications company (such as, AT&T). Laws restricting foreign ownership are quite lax in England.

The retailer Price-Costco recently divided its company and distributed stock in its real estate division, Price Enterprises, to their shareholders. Price Enterprises trades at \$12, a substantial discount to its \$22 book value. Sol Price, one of our country's great retail innovators, traded his entire investment in the retailer for stock in this real estate company. Over the next couple of years, Price will be selling off poor properties and reinvesting the money in better properties leading to higher cash flow. The value of the shares should trade closer to its book value as this is recognized.

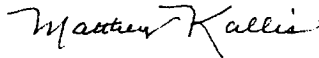
Price also owns an interactive electronic retailing business, an export/import business and global development rights to Price-Costco's membership warehouse clubs. Price enterprises has substantial appreciation potential if they succeed in their non-real estate ventures. We feel we are only paying for the real estate, and a discounted price at that, and receiving everything else for free.

Each of the above examples of equity investments reflect the expectation of earnings and cash flow growth and the opportunity for multiple expansion (*i.e.*, a higher price/earnings ratio or a higher price/book multiple).

Best Regards,



Steven Romick



Matthew Kallis