

October 20, 1995

As the stock market continues its ascent, the Crescent Fund has become more conservatively postured. Cash, as of September 30, 1995, stood at 17%. Since that time it has increased somewhat more. Below, we have provided you with information regarding the year to date net returns and annualized net returns since inception, June 2, 1993, of the Crescent Fund:

The Crescent Fund's trailing twelve month return (September 30, 1994, to September 30, 1995) was 23.7%. This year's nine month return, the return for 1994, and the annualized return since inception, June 2, 1993, are as follows:

<b>Time Period</b>	<b>Crescent Fund</b>	<b>Balanced Index</b> 75% S&P 500 25% Lehman T-Bond	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Value Line</b>	<b>Lehman Interm. T-Bond</b>
12/31/94-09/30/95	23.3%	24.8%	29.8%	24.9%	19.3%	10.7%
12/31/93-12/31/94	4.3%	0.5%	1.3%	2.1%	-6.0%	-2.0%
06/02/93-09/30/95	15.9%	12.2%	14.6%	13.7%	7.2%	5.1%

Below are The Crescent Fund's ten largest investments as of September 30, 1995. These investments account for approximately 31% of the total portfolio value:

- American Express
- Duff & Phelps
- Dundee Bancorp
- ECI Telecommunications
- Littelfuse
- Price Enterprises
- Rockefeller Center 13% Notes Due 12/31/2000
- Santa Barbara Bancorp
- Semi-Tech Global
- U.S. Facilities

The Crescent Fund has taken positions in two money management firms, Duff & Phelps and Dundee Bancorp. Duff & Phelps will have \$36 billion under management after merging with Phoenix Securities next month. Its stock trades at \$10.75 per share and following the merger, shareholders will receive a \$1.75 cash dividend and 1/10 share of a new \$25 convertible preferred. Adjusting the common stock for these distributions leaves a price of \$6.50. Duff & Phelps should report have reported earnings in 1996 between \$.60-.65 per share. In addition, the company has non cash charges to earnings of \$.16 per share which brings free cash flow per share up to \$.75-.80. The company has a free cash flow multiple of less than 9x earnings. This stands in comparison to T. Row Price and Ben Franklin which have mid-double digit earnings multiples.

Dundee Bancorp is a Canadian money management firm with \$3.6 billion under management. They also have an investment portfolio which exceeds the value of the current stock price. Effectively, we are getting the money management business for free.

On the fixed income side, we continue to seek select investments in high yield securities. There was, however, very little change in the portfolio during the quarter.

The Crescent Fund had the following asset composition as of September 30, 1995. As you can see, we remain conservatively postured. The relatively poor risk/reward in the stock market today keeps us from aggressively investing the fund's cash position.

Common Stocks	63.8%
Preferred Stocks	3.7%
Corporate Bonds	15.3%
Cash	17.2%

As fundamental investors, we stake no claim in our ability to forecast the economy. Today's economic landscape does not lead us to any insightful conclusions, hence we spare you our amateur ruminations.

Best regards,

Steven Romick

Matthew Kallis