

Firm Brochure

(Part 2A of Form ADV)

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(Item 1)

This brochure provides information about the qualifications and business practices of Crown Advisors Management, Inc. If you have any questions about the contents of this brochure, please contact us at: (214) 922-9691 or (415) 925-9950. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Crown Advisors Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov

MARCH 25, 2015

Material Changes (Item 2)

Annual Update

The Material Changes section of this Firm Brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

This Firm Brochure, dated March 25, 2015, amends the Firm Brochure of Crown Capital Management, dated March 13, 2014. Material changes to this brochure include the following:

- In 2014, Crown Advisors Management, Inc., a Texas Subchapter S corporation (“Crown”) merged with and into Crown Capital Management, a California corporation (the “Predecessor Corporation”), with Crown continuing as the surviving corporation of the merger (the “Merger”). Robert Scott Fearon was the president, sole shareholder and portfolio manager of the Predecessor Corporation prior to the Merger and has continued as the president, sole shareholder and portfolio manager of Crown.
- Prior to the Merger, the Predecessor Corporation served as the general partner of Foundation Partners, L.P. (the “Fund”) and provided investment advisory services to the Fund. In 2014, the Fund changed its state of incorporation from California to Delaware pursuant to a conversion transaction. The Fund is now a Delaware limited partnership. Crown, as the successor to the Predecessor Corporation, continues to serve as the general partner of the Fund and provide investment advisory services to the Fund.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (214) 922-9691 or (415) 925-9950.

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Item 4. Advisory Business

Crown Advisors Management, Inc., a Texas Subchapter S corporation (“Crown”), has been in business since 2014. In 2014, Crown merged with and into Crown Capital Management, a California corporation (the “Predecessor Corporation”), with Crown continuing as the surviving corporation of the merger (the “Merger”). Robert Scott Fearon was the president, sole shareholder and portfolio manager of the Predecessor Corporation prior to the Merger and remains the president, sole shareholder and portfolio manager of Crown.

Prior to the Merger, the Predecessor Corporation served as the general partner of Foundation Partners, L.P. (the “Fund”) and provided investment advisory services to the Fund. In 2014, the Fund changed its state of incorporation from California to Delaware pursuant to a conversion transaction. The Fund is now a Delaware limited partnership. Crown, as the successor to the Predecessor Corporation, continues to serve as the general partner of the Fund and provide investment advisory services to the Fund. Crown also provides investment advisory services to separately-managed accounts (“SMAs”). As of December 31, 2014, Crown had total discretionary assets under management of approximately \$143.8 million. Crown only manages assets on a discretionary basis.

Investment advisory services provided to the Fund include: (1) establishing the Fund’s investment objectives; (2) buying or selling portfolio securities on behalf of the Fund; and (3) periodically reporting to each of the Fund’s investors in accordance with the Fund documents. This document is not a public offer for investment in the Fund. Please refer to the Fund documents for more detailed information.

Investment advisory services provided to the SMAs include: (1) defining an investment strategy within the stated investment objectives for the SMA; (2) buying or selling portfolio securities on behalf of the SMA; and (3) reporting to the SMAs’ investors in accordance with the SMA documents.

Crown tailors its investment advice for the Fund and the SMAs in accordance with their respective investment objectives and strategy, as set forth in the Fund and SMA documents, but does not tailor its advisory services to the needs of any particular investor in the Fund or the SMA. Crown invests principally, but not solely, in equity and equity-related securities that are traded publicly in U.S. markets on behalf of its clients, but is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the applicable Fund or SMA documents.

The investors in the Fund and the SMAs have no opportunity to select or evaluate any fund investments or strategies. Crown selects all fund investments and strategies. There are no material limitations on the markets or instruments in which the Fund or the SMAs may invest or the strategies which Crown may employ.

Item 5. Fees and Compensation

Crown charges the Fund an annual fee of 1.0% of assets under management, which amount is payable in quarterly installments at the end of each calendar quarter based on the net market value of the Fund's account on the date the fee accrues and becomes payable. Crown is also allocated from each investor of the Fund a performance allocation equal to 20% of the net profits (including both realized and unrealized gains and losses) otherwise allocable to such investor. Performance allocations are assessed in arrears on an annual basis, and are only applied to the portion of profits that exceed the cumulative losses previously allocated to the Fund. Crown complies with Rule 205-3 under the Investment Advisers Act of 1940, to the extent required by applicable law. Performance allocations may create an incentive for Crown to make more risky and speculative investments than it would otherwise make.

Fees for SMAs are negotiable.

Crown deducts management fees and performance allocations directly from client accounts.

Accounts that invest in mutual funds also pay, indirectly, investment advisory fees to the managers of those funds. Crown believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in an investment limited partnership of which Crown is general partner, to use the "alternative reporting option" to report Crown's compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

Relationships with Crown's clients are terminable on the expiration or earlier termination of the applicable Fund or SMA document and, with respect to the Fund, the dissolution of the Fund or Crown's withdrawal as general partner of the Fund. Each limited partner of the Fund may withdraw from the Fund on specified prior written notice on the last business day of any calendar quarter in accordance with the terms of the Fund documents.

In all cases, expenses, the pro rata portion of the management fee, and the performance allocation through the date of termination are charged to the account. All prepaid but unearned management fees are refunded on termination of an SMA. However, an investor who withdraws from the Fund on a date other than the last business day of a quarter (if so permitted by Crown) does not receive a refund of the management fee previously paid.

Each account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and the fees and expenses charged by any fund administrator for its accounting, bookkeeping and other services. Crown bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. All or part of these costs and expenses may be paid, however, by securities brokerage firms that execute clients' securities trades, as discussed in Item 12 below.

Item 6. Performance-Based Fees and Side-by-Side Management

Crown currently manages only accounts that pay performance-based compensation as described in Item 5. It does not manage accounts that do not pay performance-based compensation.

Item 7. Types of Clients

Crown provides investment advice to the Fund and the SMAs. Investors in the Fund and the SMAs must be accredited investors and "qualified clients." Investors in the Fund must have a net worth of at least \$2,000,000 and are required to invest a minimum of \$200,000. Crown generally requires a minimum investment of \$1,000,000 for an SMA. In either case, Crown may waive this minimum investment amount at its discretion.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis & Investment Strategy

Crown primarily invests long and short in equity securities. Crown believes that companies that grow their revenues and earnings over the economic cycle will be beneficiaries of higher stock prices over time, and that companies that under-deliver revenues and earnings tend to under-perform as well, over time. Crown seeks out these two types of companies (growth vs. non growth) over the global stock markets to find suitable long and short investments. Crown looks at companies across global markets and invests accordingly. Crown considers all types of companies for investment, including growth, GARP (i.e., growth at a reasonable price) and value. Although Crown has the ability to invest in foreign local markets, Crown typically invests in foreign companies through American Depositary Receipts (ADRs).

Crown invests along thematic global trends, and seeks the best long and short opportunities through a combination fundamental research, quantitative screening and technical analysis.

Crown considers all market capitalizations, focusing on companies with a market capitalization of \$500 million and above. The goal is positive returns in all markets,

using hedging when deemed appropriate by Crown, to attempt to reduce risk and volatility of a portfolio while seeking positive returns. Crown seeks positive returns on both its long and short positions, viewing each side of its portfolio as a profit generator.

The investment strategies summarized above represent Crown's current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities in which Crown may take positions on behalf of its clients, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. Crown may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities markets and the economy generally, Crown may pursue any objectives or use any techniques that it considers appropriate and in clients' interest.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that Crown manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause investors to lose substantial amounts of money. Below is only a brief summary of some of the risks that a client or investor may encounter. Potential investors in a fund should review such fund's offering circular carefully and in its entirety, and consult with their professional advisers before deciding whether to invest.

- Client accounts may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- An account's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which a fund has invested may cause significant losses.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect an account's investments.
- An account may hold stocks that disappoint earnings expectations and decline, and may short stocks that beat earnings expectations and rise.
- Crown may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. Crown also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.

- Crown may take positions in securities of small, unseasoned companies that are less actively traded and more volatile than those of larger companies.
- Crown may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. Crown is not obligated to hedge a client's portfolio positions, and it frequently may not do so.
- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- Crown sells securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase.
- Management and stockholders of an issuer may sue short sellers to prevent short sales of the issuer's securities. Crown could be subject to such actions, even if they are baseless, and clients could incur substantial costs defending them.
- Crown may use leverage by borrowing on margin, selling securities short and trading derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation could result in losses.
- Crown may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- Counterparties such as brokers, dealers, custodians and administrators with which Crown does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- Crown may cause a client to enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- Crown may cause clients to invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated

significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.

- Crown may acquire for a client a large position in an issuer's securities but the client nevertheless is unlikely to have any control over the issuer's management. In addition, if Crown holds a large position in an issuer's securities, it could depress the market for those securities.
- Some of an account's positions may be or become illiquid, in which case Crown may not be able to sell such positions.
- An account may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.
- Crown determines the value of securities held in client accounts, whether or not a public market exists for such instruments. If Crown's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in a fund might receive an interest that is worth less than the investor paid and an investor that is withdrawing assets might receive more than the amount to which the investor is entitled, to the detriment of other investors.
- The client and not Crown is responsible for any trade errors that Crown makes in an account, even when the error hurts the client.
- Crown and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached Crown's fiduciary duty to the client or investor.
- There is not and will not be an active market for fund interests. It may be impossible to transfer any such interests, even in an emergency.
- A fund may not be able to generate cash necessary to satisfy investor withdrawals. Substantial withdrawals in a short period could force Crown to liquidate investments too rapidly, and may so reduce the size of a fund that it cannot generate returns or reduce losses.
- A fund may limit or suspend withdrawals of an investor's assets from the fund.
- A fund may establish a reserve for contingencies if Crown considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- If the assets that Crown and its affiliates manage grow too large, it may adversely

affect performance, because it is more difficult for Crown to find attractive investments as the amount of assets that it must invest increases.

- No client or investor has been represented by separate counsel. The attorneys who represent Crown or its manager do not represent clients or investors. Clients and investors must hire their own counsel for legal advice and representation.
- A fund may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- Crown, an administrator or any government agency may freeze assets that any of them believes a client holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of Crown, a fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- The funds do not intend to make distributions, but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from a fund without a cash distribution to pay the related taxes.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Crown must devote to regulatory compliance to the detriment of investment activities.
- The equity interests in the Fund are not registered under the Securities Act of 1933, and the Fund is not a registered investment company under the Investment Company Act of 1940. Crown believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, Crown and the Fund could be subject to expensive legal action and potential termination. In addition, investors in the Fund do not have certain regulatory protection that they would have if these registrations were in place.
- Crown's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.
- Crown's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- Crown and its affiliates may spend time on activities that compete with a fund without accountability to investors, including investing for other clients and their own accounts. If Crown receives better compensation and other benefits from managing other assets or client accounts compared to managing a fund, it has

incentive to allocate more time to those other activities. These factors could influence Crown not to make investments on a fund's behalf even if such investments would benefit the fund.

- Crown may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal rights that it does not provide to other investors or clients.

The above is only a brief summary of some of the important risks that a client or investor may encounter. Before deciding to invest in a fund that Crown manages, you should consider carefully all of the risk factors and other information in the fund's offering circular.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Not applicable.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Crown has adopted a Code of Ethics which describes the general standards of conduct that Crown expects of all its personnel (collectively referred to as "employees") and focuses on two specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information; and
- Personal securities trading.

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination of employment with Crown. Any investor or prospective investor may request a copy of Crown's Code of Ethics, which will be provided at no cost.

The following basic principles guide all aspects of Crown's business and represent the minimum requirements to which Crown expects employees to adhere:

- Clients' interests come before employees' personal interests and before Crown's interests.

- Crown must fully disclose all material facts about conflicts of interest of which it is aware between itself and its clients and between Crown's employees and Crown's clients. Crown and its employees will operate in a manner designed to reasonably mitigate those conflicts and their impact on Crown's clients.
- Employees must operate, on behalf of Crown and its clients, in a manner that is consistent with the Fund and SMA documents, as applicable. Crown and its employees must not take inappropriate advantage of their positions of trust with, or responsibility to, Crown's clients.
- Crown and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information. The Code of Ethics contains a policy against the use of nonpublic information in conducting business for Crown. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades or recommending clients' securities trades.

Personal Securities Trading. Personal trading by Crown's employees is monitored by Crown and limited to certain securities. Employees must disclose to Crown any individual securities held by them prior to their employment with Crown. Employees are prohibited from investing in initial public offerings and private placements without the prior approval of Crown's chief compliance officer. Crown does not allow its personnel to front-run any client without the prior approval of Crown's chief compliance officer. Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually, as well as provide quarterly brokerage statements to Crown.

Potential Conflicts of Interest

Crown and its manager and employees may personally invest in securities of the same classes as Crown purchases for clients and may own securities of issuers whose securities that Crown subsequently purchases for clients. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a client account to profit personally by the market effect of such transactions and recommendations. To address this conflict, except as described in Item 12 regarding aggregating securities transactions, if Crown purchases or sells a security for clients and any of Crown and its manager and employees on the same day, Crown and its managers and employees typically trade after the clients. Crown and its manager and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which Crown does not believe appropriate to buy or sell for clients.

Because Crown manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, Crown selects investments for each client based solely on investment considerations for that client.

Different clients may have differing investment strategies and expected levels of trading. Crown may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. Crown attempts to resolve all such conflicts in a manner that is generally fair to all of its clients. Crown may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client so long as it is Crown's policy, to the extent practicable, to allocate investment opportunities to its clients fairly and equitably over time. Crown is not obligated to acquire for any account any security that Crown or its manager or employees may acquire for its or their own accounts or for any other client, if in Crown's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

Item 12. Brokerage Practices

Crown has complete discretion in selecting the broker that it uses for client transactions and the commission rates that clients pay such brokers. In selecting a broker for any transaction or series of transactions, Crown may consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities;
- order of call;
- offering to Crown on-line access to computerized data regarding clients' accounts;
- computer trading systems; and
- the availability of stocks to borrow for short trades.

Crown may also purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- research reports, services and conferences, including third-party research fees;
- technical data;
- periodical subscription fees;
- consultations;
- performance measurement data;
- on-line pricing;
- news wire and data processing charges;
- quotation services;
- custody, recordkeeping and similar services;

- proxy voting services;
- computer hardware and software;
- office rent;
- office equipment;
- supplies;
- salaries;
- secretarial, clerical and administrative services and assistance;
- telephone and utility charges;
- expenses incurred in visiting companies and attending research conferences (for example, airfare, hotel accommodations and meals)
- accounting fees; and
- legal fees.

Crown may receive soft dollar credits based on principal, as well as agency, securities transactions with brokers or direct a broker that executes transactions to share some of its commissions with a broker that provides soft dollar benefits to Crown.

Crown has retained Goldman Sachs & Co. and Citigroup, collectively (the “Firms”) to serve as the prime brokers and fund custodians for the Fund and the SMAs. The services that the Firms provide as prime brokers and custodians may include providing custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage and custody agreements entered into with the Fund and the SMAs. Crown receives other services from the Firms. These services may include: technology services (such as internet access, IT support, Bloomberg connections, wireless networking, email archiving and disaster recovery systems), capital introduction services, portfolio reporting and access to Electronic Communications Networks. The arrangement may be deemed to be a soft dollar arrangement. Crown expects to use a substantial portion of these services for research and trading on behalf of the Fund and the SMAs, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e) of the Securities Exchange Act of 1934. Although many prime brokers and custodians provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Crown did not receive these services from the Firms, Crown would be required to pay for all or some portion of them. Crown expects to direct most of the Fund’s and the SMAs’ securities transactions to the Firms and their respective affiliates, but is not required to direct a particular number of trades to them or to continue to use them as the prime brokers and custodians of the Fund and the SMAs, but it has an incentive to do so based on their prior and continued services.

The Fund’s and the SMAs’ obligations to the Firms and their respective affiliates will be secured by way of a first priority perfected security interest over all of the Fund’s and the SMAs’ assets held in custody by the Firms. The Firms and their respective affiliates may transfer to themselves all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for their own purposes. If any such transfer occurs, the Fund or the SMA,

as applicable, will rank as such custodian's (or affiliate's) unsecured creditor. If such custodian or affiliate becomes insolvent, the Fund or SMA, as applicable, may not be able to recover such equivalent securities in full. In addition, the Fund's and the SMAs' cash held by a custodian may not be segregated from such custodian's own cash and, if not so segregated, may be used by such custodian or affiliate in the course of its business and the Fund and the SMAs will therefore rank as an unsecured creditor in relation thereto.

If any of the Fund's or an SMA's investments are registered in the name of a custodian or affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or its affiliate's own investments and if such custodian or affiliate becomes insolvent, the Fund or the SMA, as applicable, may not be able to recover such equivalent investments in full.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If Crown uses commission dollars to pay for products or services that provide administrative or other non-research assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor.

Crown may pay to a broker commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker provides. Crown has determined in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Crown's overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or markups based on account trading activity. The research and other benefits resulting from Crown's brokerage relationships benefit Crown's operations as a whole and all accounts that it manages, including those that do not generate the soft dollars that pay for such research and other benefits and accounts of clients that direct Crown to use a broker that does not provide Crown with soft dollar services. Crown does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

Crown's relationships with brokers that provide soft dollar services influence Crown's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. Crown has an incentive to select or recommend a broker based on Crown's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution.

These conflicts of interest are particularly influential to the extent that Crown uses soft dollars to pay expenses it would otherwise be required to pay itself.

Crown addresses these conflicts of interest by annually evaluating the trade execution services that Crown receives from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers.

Crown considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers, increasing or decreasing targets for each broker and the appropriate level of commission rates.

Crown may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that Crown manages or with accounts of its affiliates. In such event, Crown may charge or credit a client the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if Crown were not executing similar transactions concurrently for other accounts. Crown may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

Crown may direct a certain amount of brokerage to a broker in return for the broker's referral of prospective clients or investors. Directing brokerage in exchange for client or investor referrals creates a conflict of interest in that Crown has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct transactions. Crown has policies and procedures to review its brokerage practices regularly, including its use of brokers from which Crown receives client or investor introductions.

Item 13. Review of Accounts

Robert Scott Fearon, Crown's president and portfolio manager, reviews all accounts weekly. Those reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels.

Crown provides each investor of the Fund with a monthly written letter, discussing Fund performance for the month and investment outlook. In addition, each SMA receives an account statement directly from the account custodian at least on a quarterly basis.

Item 14. Client Referrals and Other Compensation

Crown may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and Crown complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

Item 15. Custody

The Fund

Custody is defined as having access to investors' securities or funds. Since the portfolio manager is affiliated with the general partner for the Fund, the portfolio manager is considered to have custody of the Fund's assets, even though these assets are held by an outside custodian.

The portfolio manager manages this risk by:

- Using a "qualified custodian" to hold the Fund's assets;
- Engaging an accounting firm registered and inspected by the Public Company Accounting Oversight Board (PCAOB) to audit the Fund's financial statements annually; and
- Sending each investor a copy of the Fund's audited financial statements each year within 90 days of the Fund's fiscal year-end.

The SMAs

Crown uses a "qualified custodian" to hold the SMAs' assets. Because Crown generally has the authority to instruct the custodian to deduct investment advisory fees directly from the SMA accounts, Crown is considered to have "custody" of the SMAs' assets. This limited access is monitored by the client through receipt of account statements directly from the custodian. The custodian provides each SMA with account statements at least on a quarterly basis, showing the deduction of management fees within the list of all transactions occurring during the reporting period.

Item 16. Investment Discretion

Crown has discretionary authority to manage investment accounts on behalf of clients pursuant to a grant of authority in the Fund and SMA documents. The discretion granted Crown enables Crown to determine what securities are traded, in what amounts, when and where the trades are enacted. Crown has complete investment and brokerage discretion for the Fund and the SMAs. Crown has the authority to determine, without obtaining specific investor consent, the selection and amount of securities bought or sold on behalf of the Fund or an SMA.

Item 17. Voting Client Securities

Crown votes all proxies on behalf of each account over which Crown has proxy voting authority based on Crown's determination of such account's best interests. In determining whether a proposal serves an account's best interests, Crown considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

Crown abstains from voting proxies when Crown believes that it is appropriate to do so. If a material conflict of interest over proxy voting arises between Crown and a client, Crown will vote all proxies in accordance with the guidelines described above. If Crown determines that these guidelines do not adequately address the conflict of interest, Crown will notify the client of the conflict and request that the client consent to Crown's intended response to the proxy solicitation. If the client consents to Crown's intended response or fails to respond to the notice within a reasonable time specified in the notice, Crown will vote the proxy as described in the notice. If the client objects in writing to Crown's intended response, Crown will vote the proxy as the client directs.

If Crown does not have proxy voting authority for a client, the client will receive proxy material directly from the account custodian by either email or U.S. mail.

Clients may obtain a copy of Crown's proxy voting policy, information regarding votes Crown casts with respect to securities in the client's account, and information about specific proxy solicitations by contacting Crown at: (214) 922-9691 or (415) 925-9950.

Item 18. Financial Information

Not applicable.

Item 19. Requirements For State-Registered Advisers

All of the information required by this Item is disclosed elsewhere in Crown's Form ADV.

Privacy Policy

Crown and the Fund:

- collect non-public personal information about their clients and investors from the following sources:
 - information received from clients or investors on applications or other forms; and
 - information about clients' or investors' transactions with Crown, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

Brochure Supplement (Part 2B of Form ADV)

ROBERT SCOTT FEARON, CFA

Educational Background:

- Date of birth: March 19, 1959
- Stanford University (1981) – A.B. in Economics
- Northwestern University (1983) – Master of Management, Finance and Marketing

Business Experience:

- 1985–1987 - Equity Portfolio Manager, Texas Commerce Bank, Houston, TX
- 1987-1990 - Equity Portfolio Manager, G.T. Capital Management, San Francisco, CA
- 1990-2013 – President & Portfolio Manager, Crown Capital Management, Greenbrae, CA
- 2014-Present - President & Portfolio Manager, Crown Advisors Management, Inc., Dallas, TX (successor to Crown Capital Management)

Disciplinary Information: Not applicable

Other Business Activities: None

Additional Compensation: None

Supervision:

Mr. Fearon, Crown's president, sole shareholder and portfolio manager, is Crown's only supervised person. At the direction of Mr. Fearon, Crown has implemented certain policies and procedures which govern Mr. Fearon's activities, including the investment advice that he provides to clients.

Requirements for State-Registered Advisers:

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None