

ADVISER'S PERSPECTIVE QUARTERLY | Q1 2009

QUAKER CAPITAL OPPORTUNITIES FUND

If there is one thing that seems like a constant in today's stock market, it's volatility. And the good news is, at least in the first quarter, we got some upside volatility. How's this for a roller-coaster: the first quarter was the worst first quarter in percentage terms since 1939, yet March was the best month in seven years! While this seems paradoxical, it's because of the huge swing intra-quarter: from year-end 2008 to March 6, the S&P 500 was down 24%, then, from that low-point, it climbed nearly 17% to close the quarter (for the full quarter, the S&P 500 was down 11%).

The reversal of fortunes in the market seemed to be driven by sentiment, versus being based on hard evidence of an improving economic landscape. It was led by the Financial sector which, at its lowest point in the quarter, had been down close to 50% year-to-date. The upswing started with a few bank CEO's noting that Q1's business climate was getting better and that they were likely to be profitable for the quarter. The next catalyst was the Fed's announcement that they were going to buy \$300 billion in treasuries to improve liquidity and spur new credit creation. A series of other policy responses was initiated in February and March, including the FSP (Financial Stability Plan), Homeowner Affordability and Stability Plan, expansion of the TALF (Term Asset-Backed Securities Loan Facility) and, most recently, the Public-Private Partnership Investment Program. As the Bank Credit Analyst noted in a recent piece: "the important point is that the Fed has been in "whatever it takes" mode for some time, but has shifted into overdrive in order to get ahead of the curve." While some might question the ahead-of-the-curve part, the overdrive characterization seems appropriate.

From a relative performance perspective, we had a reasonably good quarter, booking more of our positive differential during the down-phase of the quarter. This would be expected given our defensive positioning and lack of exposure to financial stocks. Our best performance came from our holdings in the Healthcare sector, as we were the beneficiaries of a take-over (Genentech) and some strong up-moves in other holdings. In the Materials sector, we had both an overweight and stock selection working in our favor; stocks in the agriculture-related and industrial gases industries did best for us there. Energy was the sector that detracted most from performance – mostly from poor selection.

Economic Outlook:

There is no easy remedy that will produce immediate results and restore the nation's confidence (and balance sheet) overnight. However, by attacking the root of the problem, declining home values and the poor lending practices, we believe our Government

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Performance	For Calendar Quarter Ended 3/31/2009		
	Before Sales Charges	After Sales Charges	S&P 500®
Class A Inception 1/31/2002			
3 Months	-7.53%	-12.62%	-11.01%
Year-to-Date	-7.53%	-12.62%	-11.01%
1 Year (Cumulative)	-31.03%	-34.83%	-38.09%
3 Years (Annualized)	-9.80%	-11.48%	-13.05%
5 Years (Annualized)	-1.41%	-2.52%	-4.76%
Life of Share Class (Annualized)	0.42%	-0.37%	-2.89%

Expense Ratio: 1.60%

Class A Shares of the Fund have a maximum sales charge of 5.50%. Performance data shown before sales charge does not reflect the deduction of the sales load. Performance data shown after sales charges reflects the Class A maximum sales charge of 5.50%. For the performance of the other available share classes, please consult the website.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end is available by calling us toll free at 800-220-8888.

Additional disclosures about the Fund appear on the next page.

Sub-Adviser: Knott Capital Management

Fund Assets: \$10.3 Million

Public Offering Price: \$7.02

Ticker Symbols

Class A: QUKTX

Class C: QCOCX

Institutional Class: QCOIX

Mutual Fund Exposures % Assets

Long Positions 91.86%

Exchange Traded Funds 13.82%

Cash & Cash Equivalents 3.67%

Options -9.35%

Top Positions % Assets

iShares TRS 7.70%

International Business Machines 7.03%

Total SA ADR 6.65%

iShares Comex Gold Trust 6.12%

Gilead Sciences Inc. 5.38%

Thermo Fisher Scientific Inc. 5.18%

Range Resources Corp 4.98%

AT&T Inc. 4.88%

Monsanto Co. 4.82%

Oracle Corp. 4.81%

Total 57.55%

The Fund's holdings and characteristics are as of 3/31/2009 and are subject to change. Current and future holdings are subject to risk.



The Fund invests in companies that appear to be “undervalued” in the marketplace (i.e. trading at prices below the company’s true worth). If the Fund’s perceptions of value are wrong, the securities purchased may not perform as expected, reducing the Fund’s return. A portion of the Fund is invested in companies with medium market capitalizations (generally from \$1.5 to \$6 billion). Their stock prices often react more strongly to changes in the marketplace and can be more volatile. The Fund also invests in smaller companies (less than \$1.5 billion market capitalization). Smaller companies can be riskier investments than larger companies.

The S&P Total Return 500 Index is a widely recognized, unmanaged index. It is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The Index assumes reinvestment of all dividends and distributions and does not reflect any asset-based charges for investment management or other expenses. You cannot invest directly in an index.

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has the tools and the willingness to halt the threat of deflation and lay the necessary foundation for economic recovery. Fed Chair, Ben Bernanke, has clearly stated that he will do whatever is necessary to prevent a collapse of the banking system and to keep deflation at bay. If needed, the Obama Administration will add more stimuli, adjust more mortgages and supply more safety nets if they are required. The U.S. is the world’s reserve currency; we capture all the other funds whenever there is a flight to quality. This should bolster our Treasury Notes and Bonds, lower our costs of funds and improve our capital flows.

Despite the current state of the economy, we attempt to see through market pressures to uncover the opportunities they inevitably create. Our investment process is designed to adjust to this ever-changing environment using our distinct combination of macro-economic analysis and fundamental research. In today’s world, where new economic data contributes to the daily volatility of equity markets, we believe our investment approach will continue to deliver value to our client base.

Provided by Knott Capital Management

At the end of the quarter, the Fund did not hold a position in Genentech.



Knott Capital Management, based in Exton, PA, was founded in 1998 and currently has more than \$600 million under management.

Mutual fund investing involves risk, including the possible loss of principal.

Consider investment objectives, risks, charges, and expenses carefully before investing. The Prospectus contains this and other information and is available for download at www.quakerfunds.com or by calling 800-220-8888. Read the Prospectus carefully before investing.



QUAKER® FUNDS

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