

ADVISER'S PERSPECTIVE QUARTERLY | Q1 2009

QUAKER MID-CAP VALUE FUND

The recession deepened in the first quarter, as the market waited for government intervention and then got confused by those same programs. Tighter regulation with weaker accounting and lower interest rates coupled with higher taxes made for a difficult investing environment. While the market froze, we believe our longer term orientation and cash flow modeling enabled Kennedy Capital to make sound stock decisions. In another difficult quarter for the mid cap equity market, the Quaker Mid-Cap Value Fund outperformed the Russell Midcap® Value Index returning -7.01% (before sales charges, -12.12% after sales charges) compared to -14.67% for the index for the quarter ended March 31, 2009.

In the portfolio, stock selection drove performance. We saw snap backs from deeply oversold retailers in the Consumer Discretionary sector. Having held these stocks as they advanced, we are near equal weight to the index in the sector. Our suspicion is that we will see evidence of an economic recovery in consumer spending first. Stock selection was also strong in the Energy sector, where the market favored one of our exploration and production stocks which had a steady production profile. We believe that supply and demand in the oil and gas markets are beginning to balance.

It seems that we cannot write a quarterly commentary without discussing the financial stocks. After being near our maximum underweight in the sector for the last two years, we are now equal weight to the index. During the first quarter, we purchased two banks, bringing our total from zero six months ago, up to four. We are now overweight in the banking industry, as our analysts report signs of deposit bases rising and loan spreads increasing. We believe these factors will generate rising cash flow returns on investment for the banks.

Gauging the soundness of these analyses in an uncertain economic environment is our daily pursuit. While some areas, like consumer and energy, are showing signs of stabilization, recent order data seems to suggest continued industrial deceleration. We believe we have factored this company-by-company information into our analyses, and the portfolio is positioned accordingly. We are optimistic that we can navigate the volatile market in the quarters ahead.

Provided by Chuck Bryant, Vice President of Marketing, Kennedy Capital Management

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Performance	For Calendar Quarter Ended 3/31/2009		
	Before Sales Charges	After Sales Charges	Russell Midcap Value Index
Class A Inception 12/31/1997			
3 Months	-7.01%	-12.12%	-14.67%
Year-to-Date	-7.01%	-12.12%	-14.67%
1 Year (Cumulative)	-41.62%	-44.83%	-42.51%
5 Years (Annualized)	-6.46%	-7.51%	-3.81%
10 Years (Annualized)	2.50%	1.92%	3.12%
Life of Share Class (Annualized)	1.92%	1.41%	2.94%
Since Fund Manager Inception - 10/1/08 (Cumulative)	-26.92%	-30.94%	-37.61%

Maximum Expense Ratio: 1.64%

The returns shown above reflect the performance of the former No-Load Class for periods ending before June 23, 2000, and Class A Shares thereafter. Performance data shown before sales charges does not reflect the deduction of the sales load for periods end. Performance data shown after sales charges for periods after June 23, 2000 reflects the Class A maximum sales charge of 5.50%.

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: Kennedy Capital Management, Inc.

Fund Assets: \$9.6 Million

Public Offering Price: \$ 8.85

Ticker Symbols

Class A: QMCVX

Class B: QMCBX

Class C: QMCCX

Institutional Class: QMVIK

Mutual Fund Exposures

% Assets

Long Positions 96.66%

Cash 3.34%

Top 10 Positions

% Assets

Cephalon Inc. 3.22%

ConAgra Foods Inc. 3.02%

DPL Inc. 3.00%

Intuit Inc. 2.66%

PNC Financial Services Group 2.59%

UMB Financial Corp. 2.59%

Denbury Resources Inc 2.52%

Xcel Energy Inc. 2.48%

Pitney Bowes 2.44%

Forest Laboratories Inc. 2.44%

Total 26.96%

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.



This Fund invests in companies with a market capitalization range from \$1B to \$18B. Their stock prices often react more strongly to changes in the marketplace and can be more volatile. Additionally, 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 a company’s value are wrong, the securities may not perform as expected, reducing the Fund’s return.

The Russell MidCap® Value Index is a widely recognized, unmanaged index of companies included in the Russell 1000® Index with current market capitalizations between \$45 million and \$16.7 billion. You cannot invest directly in an index.

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Cash Flow Return on Investmet: A valuation model that assumes the stock market sets prices based on cash flow rather than on corporate performance and earnings.



Kennedy Capital Management, Inc. (KCM) founded in 1980, is an independent, employee-owned, Investment Advisory firm located in St. Louis, Missouri. KCM’s investment process has evolved over time, but the core tenets of their process and philosophy have been in place and consistently applied for over two decades. KCM currently has approximately \$2.0 billion in assets 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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