

ITEM 1 — COVER PAGE

CAK CAPITAL MANAGEMENT, INC.

d/b/a KNOTT CAPITAL MANAGEMENT (“KNOTT CAPITAL”)

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This Brochure provides information about the qualifications and business practices of CAK Capital Management, Inc, d/b/a Knott Capital Management (hereinafter referred to as “Knott Capital”). If you have any questions about the contents of this Brochure, please contact us at (610) 854-6000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Knott Capital is a registered investment adviser. Registration of an Investment Adviser with the SEC or a particular State does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Knott Capital also is available on the SEC’s website at www.adviserinfo.sec.gov.

Since December 1998, Knott Capital has been an investment adviser registered with the SEC. Knott Capital does NOT approve or endorse any professional designation. An investment adviser or investment adviser representative may only transact business in a particular state after licensure or satisfying qualifications, requirements of that state.

ITEM 2 — MATERIAL CHANGES

This 2011 Brochure is a new document. It is prepared according to the new requirements and rules of the SEC published in mid-2010. As such, this Document is materially different in structure and includes certain new information not required in our previous brochure, dated June 28, 2010.

In the future, in this Item 2., we will discuss only specific material changes in information in the Brochure that has become materially inaccurate and provide clients with a summary of such changes.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to the information in this and subsequent Brochures within 120 days of the close of our fiscal year. We will further provide you with a new Brochure as necessary based on material changes in information, including material new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Joyce Marr, Chief Compliance Officer, at (610) 854-6000 or jmarr@knottcapital.com. Our current Brochure is also available on our website, www.knottcapital.com, and free of charge.

Additional information about Knott Capital is also available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Knott Capital who are registered, or are required to be registered, as investment adviser representatives of Knott Capital.

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ADV 2 B — BROCHURE SUPPLEMENT (see separate section)

ITEM 4 — ADVISORY BUSINESS

A. BUSINESS DESCRIPTION / OWNERSHIP – Knott Capital, founded in December 1998, is an employee-owned, SEC-registered investment advisory firm based in Exton, Pennsylvania. Charles A. Knott, Chief Executive Officer and Chief Investment Officer, founded our firm. Our firm maintains the same risk-adverse strategy Charles Knott created and successfully employed for more than 30 years prior to founding Knott Capital. Knott Capital provides comprehensive investment supervisory/advisory services to both individual and institutional clients in the form of our Large Cap Equity portfolios.

Over 90% of Knott Capital is employee owned. Employees that are considered integral to the investment process and distribution efforts of our company have been given the opportunity to buy shares of the company. In addition, company ownership has been distributed to some employees in lieu of bonuses as a reward for outstanding performance. Our firm believes its success derives in large part from the employees' motivation resulting from firm ownership. Charles Knott is a principal owner of our firm.

B. TYPES OF ADVISORY SERVICES OFFERED – Knott Capital provides investment supervisory services in the form of active portfolio management. Our firm assists clients, and their financial advisors, in establishing suitability requirements to help ensure that our investment strategies are aligned with client's financial situations and investment objectives. Representatives of Knott Capital, upon client or financial adviser request, will assist in conducting portfolio reviews for the portion of each client's assets our firm manages.

Knott Capital offers portfolio management capabilities in the form of four (4) products:

(1) Dual Contract Account (Model Based)

For consideration in the Knott Capital Composite, a client executes two (dual) investment agreements: a) the first is a client agreement with the client's preferred Designated Broker, or the Primary Advisor; and b) the second, the "Knott Capital Investment Advisory Agreement (with a Designated Broker)" with Knott Capital as the investment manager of assets. This type of client is directed to Knott Capital by a Primary Advisor, and this type of client represents the majority of Knott Capital's business.

For the model based account, we manage a large cap core equity strategy with an inception date of January 1, 1999. Accounts are managed individually for clients and tied to a model portfolio of stocks. Our services for dual contract accounts are established using the Investment Advisory Agreement between the client and Knott Capital. Included in the Investment Advisory Agreement is a client suitability assessment, which ensures that, when a client opens a new account, Knott Capital's investment strategy is appropriate for the client's investment objectives and financial situation and resources.

(2) Sub-advisory (WRAP)

Knott Capital manages separate accounts on a sub-advisory (WRAP) basis for several broker-dealer affiliates. (In a WRAP account a client's primary brokerage firm, or the WRAP Program Sponsor, manages an investor's portfolio for a flat quarterly or annual fee. This fee covers all administrative, commission and management expenses, including fees paid to Knott Capital.) Similar to our dual contract clients, these accounts are managed individually and tied to a model portfolio of stocks. Client suitability is the responsibility of the Program Sponsor, who also performs due diligence on Knott Capital to ensure that the client's investment objectives are appropriate for our investment strategy.

(3) Dual Contract Account (Directly Managed)

Knott Capital manages accounts individually for clients with specific investment objectives and/or restrictions which preclude them from investment in our model portfolio. Direct managed accounts are only authorized upon client request and represent the smallest component of our assets under management.

(4) Mutual Fund: Quaker Capital Opportunities Fund (QUKTX Fund)

Knott Capital serves as the investment sub-adviser of the QUKTX Fund, a series fund of Quaker Investment Trust, a registered investment company (the "Quaker Funds"). Our firm provides investment management with respect to all of the assets of the QUKTX Fund. The QUKTX Fund shares the same investment objectives as our separately managed model based accounts and is managed similarly. The QUKTX Fund is often used by clients who do not meet the minimum asset requirements (\$100,000) for our separate accounts.

C. TAILORING ADVISORY SERVICES TO INDIVIDUAL NEEDS OF CLIENT

(1) For Dual Contract Accounts (Model Based)

Clients may impose investment restrictions for pre-determined securities with the caveat that the total number of restricted securities does not preclude our portfolio manager from building a diversified portfolio.

(2) For Sub-advisory (WRAP)

Clients may impose investment restrictions for pre-determined securities with the caveat that the total number of restricted securities does not preclude our portfolio manager from building a diversified portfolio. These restrictions are also subject to approval by the Program Sponsor.

(3) For Dual Contract (Directly Managed)

Clients may impose investment restrictions for pre-determined securities with the caveat that the total number of restricted securities does not preclude our portfolio manager from building a diversified portfolio. In addition to these restrictions, Knott Capital will

customize portfolios with specific cash-withdrawal needs or changing risk tolerance. This may include buying higher yielding securities or introducing lower risk/lower reward investments such as cash or bonds.

(4) For Mutual Fund (QUKTX Fund)

We are not able to customize our investment advisory services to meet the individual needs of clients who invest in the QUKTX Fund due to the nature of the Mutual Fund, which invests all the assets of the fund collectively.

D. KNOTT CAPITAL'S ASSETS UNDER MANAGEMENT – As of December 31, 2010, Knott Capital manages 97% of its accounts on a discretionary basis.

	<u>U. S. Dollar Amount</u>
Discretionary:	\$396,000,000
Non-Discretionary:	<u>\$ 13,000,000</u>
Total:	\$409,000,000

Calculated as of: December 31, 2010

E. KNOTT CAPITAL'S PROPRIETARY PERIODICALS AND REPORTS – Knott Capital's investment team issues periodicals and periodic reports which may include reference to individual securities:

- **Knott Capital Commentary:** This report, typically released on a monthly basis, includes information regarding the macroeconomic views of the investment team and how they influence our current portfolio positioning. Our commentary is available on our website and is distributed to those clients and financial advisors who request it.
- **Knott Capital Trading Update:** Members of the investment team collaborate to produce this report, which is issued to financial advisors who request it via email. The report covers recent activity in our model portfolio and includes buy and sell rationale regarding individual securities in the portfolio.
- **Knott Capital Quarterly Performance Report:** For those clients who request it, Knott Capital produces a quarterly performance report, which includes client specific information such as account holdings, trading activity, performance and fees.
- **Knott Capital Sales & Marketing Reports:** For clients and prospective clients, Knott Capital produces several reports at each quarter end, including our *Client Presentation* and our *Performance Summary Fact Sheet*. These reports are approved for the general public and available on our website.

F. WRAP FEE PROGRAM PARTICIPATION

- (1) Wrap Fee Sponsor Names:** Knott Capital does not sponsor WRAP Fee Programs, but does participate as a sub-advisor to the following WRAP program sponsors:

WRAP Sponsor	WRAP Program Name
Stifel Nicolaus	Stifel Managed Assets Program (SMAP)
Credit Suisse Securities/via Lockwood Advisors, Inc.	Preferred Advisors Program
Regent Retirement Planning Inc.	As designated by WRAP Sponsor Advisor—management of assets only.
Adhension Technologies, Inc.	Wealth ADV Model Data
WAKM Financial Advisors LLC	As designated by WRAP Sponsor Advisor—management of assets only

- (2) Differences between the management of wrap fee accounts versus other accounts:** Wrap Fee accounts are included in our composite and use the same investment methodology that our Dual Contract (Model Based) accounts and QUKTX Fund accounts share. Wrap Fee accounts are included in our trade-allocation software to ensure fair execution of trades and mitigate performance dispersion.
- (3) How does Knott Capital earn a WRAP fee?** For WRAP accounts, Knott Capital has a signed sub-advisory agreement with each Program Sponsor which details the fee assigned to Knott Capital. The fee is paid by the Fund Sponsor Broker-dealer on a quarterly basis as a percentage of assets under management by Knott Capital and represents a portion of the all-inclusive WRAP fee charged to the client.

ITEM 5 — FEES AND COMPENSATION

Knott Capital incorporates different fee structures for the following three (3) different account services:

(1) For Dual Contract (Model Based) and Sub-advisory (WRAP) Accounts

Knott Capital's fee schedule for investment advisory services is determined as a percentage of assets under management (AUM) and calculated as follows:

<u>Market Value of AUM</u>	<u>Fee (Annual Rate)</u>
\$ 0 – 5,000,000	1.00%
> \$ 5,000,000	0.75%

Fees may be subject to negotiation or modification depending upon the nature of the service, the particular circumstances of the client or otherwise. Fees for sub-advised relationships, including all WRAP relationships, are negotiated with each Program Sponsor, and will vary. Investment management fees are payable quarterly (calendar quarters) in advance based upon the prior quarter end market value of AUM. In the event that a model based or WRAP account termination occurs, any fees paid in advance shall be refunded on a pro rata basis from the effective date of termination to the next quarter end.

(2) For Mutual Fund (QUKTX Fund)

Knott Capital is a party to a Sub-advisory Agreement for the QUKTX Fund under which Knott Capital charges an annual fee as described in the QUKTX Fund's Prospectus. The fee is computed at the end of each month and payable within five business days thereafter. It is based upon the average daily net assets of the Fund for the preceding month. This fee may be negotiable. Knott Capital's sub-advisory agreement can be terminated upon sixty (60) days' notice.

(3) For Dual Contract (Directly Managed)

Knott Capital's fee schedule for investment advisory services is determined as a percentage of AUM and calculated as follows:

<u>Market Value of AUM</u>	<u>Fee (Annual Rate)</u>
\$ 0 – 5,000,000	1.00%
> \$ 5,000,000	0.75%

Fees may be subject to negotiation or modification depending upon the nature of the service, the particular circumstances of the client or otherwise. For a small percentage of our directly managed clients, we offer a fixed fee alternative to the asset-based fee. With this fixed fee alternative, the client agrees to pay a fixed fee each quarter, based on services provided by Knott Capital. The fixed fee is negotiable based on AUM. These Fees are payable quarterly, and for the fees that are based on a rate applied to the AUM, are based

upon the prior quarter end market value of AUM. In the event that a directly managed account termination occurs, any fees paid in advance will be refunded on a pro rata basis from the effective date of termination to the end of the then current calendar quarter.

Payment of Fees. All of the fees described above are paid directly to Knott Capital by the custodian or the primary adviser, which is not affiliated with Knott Capital, or, in the case of the QUKTX Fund, by the primary investment adviser to the QUKTX Fund. Knott Capital does not deduct or withdraw fees from client accounts or the account of the QUKTX Fund.

Fees and Expenses, Other than Investment Management Fees, Paid by Clients. In connection with the advisory services provided by Knott Capital to its separately managed account clients, other than its Wrap account clients, the clients will pay separate custodian and brokerage fees, in addition to the investment management fees.

At the client's request, Knott Capital may suggest the names of a number of possible custodians. If the client selects its own custodian, the client is responsible to negotiate the fees to be charged by the custodian.

For brokerage fees, which the Knott Capital client pays and which are separate from the investment management fees and custodian fees described above, see Item 12 below.

For Wrap account clients, all advisory investment management fees, including fees charged by Knott Capital, custodian fees, brokerage fees and other expenses of the account, are included in the single Wrap account fee charged to the client. Information regarding the Wrap account fee, and, in certain cases, the fee components, is provided to the Wrap account clients by the Program Sponsor with respect to each Wrap account. Knott Capital's Wrap account clients may also request information regarding the Wrap account fee and the component of the fee represented by Knott Capital's investment management fee from the WRAP account sponsor.

Shareholders of the QUKTX Fund pay, in addition to the investment management fee, custodian fees, brokerage fees, distribution fees and other expenses of the fund, which are deducted from the assets of the fund. The fees and expenses paid with respect to the QUKTX Fund are disclosed in the section at the beginning of the fund's prospectus entitled "Fees and Expenses of the Fund." This section has two parts. The first subsection is entitled "Shareholder Fees," which discloses fees paid directly from the shareholder's investment in the fund. The second subsection is entitled "Annual Fund Operating Expenses," which discloses the expenses that the shareholder pays each year as a percentage of the value of the shareholder's investment in the fund. Additional information regarding the fees and expenses paid by fund shareholders and by the fund are described in later sections of the fund's prospectus and in the fund's statement of additional information (SAI). Knott Capital clients who are investors or prospective investors in the QUKTX Fund should read the prospectus and SAI prior to investing in the fund.

Refund for Investment Management Fees Paid in Advance. Over 95% of Knott Capital's clients pay the investment management fees to Knott Capital in advance for each calendar quarter. In the event that the investment advisory contract with a Knott Capital client who has paid in advance is terminated before the end of the calendar quarter for which the advance fee has been paid, the fees

paid in advance shall be refunded on a pro rata basis from the effective date of termination until the end of the calendar quarter. In such event, the client does not have to request a refund, but this pro rata amount will be automatically refunded to the client. Knott Capital determines the amount of the refund by dividing the fee paid in advance by the number of days in the calendar quarter and multiplying the quotient by the number of days remaining in the calendar quarter after the date of the termination of the advisory contract.

ITEM 6 — PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Knott Capital does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

ITEM 7 — TYPES OF CLIENTS

Knott Capital provides portfolio management services to individuals, high net worth individuals, an investment company, corporate pension and profit-sharing plans, charitable institutions, estates, corporations and other business entities. For all separate account clients, a minimum of \$100,000 is necessary to open a new account. For the QUKTX Fund, for which Knott Capital serves as a sub-advisor, account minimums are included in the fund prospectus, which can be viewed by going to the Quaker Funds website: www.quakerfunds.com

ITEM 8 — ANALYSIS METHODS, INVESTMENT STRATEGIES & RISK OF LOSS

Our process begins with a proprietary macroeconomic forecast utilizing relevant factors including GDP analysis, monetary policy, interest rate trends, employment and productivity data, inflation-deflation studies, corporate earnings data, currency and global trade information. This forecast allows us to assess economic risk/reward relationships and provides a framework for both strategic and tactical sector and sub-sector positioning.

Sector selection is a derivative of our macroeconomic forecast. We overweight sectors whose fundamentals are favored by our long market (or strategic) view. Conversely, we underweight or avoid sectors that will be impaired by the prevailing forecast. Within sectors, we seek to identify opportunities specific to industry groups. These sub-sector or industry group themes represent the back end of our sector selection process and condense our list of candidates. In this way, our process differs from the purely sector-rotational bias common among top down mandates. We believe the combination of strategic and tactical positioning is unique to our discipline and has contributed to the overall consistency which has characterized the Knott Capital portfolio.

Individual stock selection is a key component to our investment process within the broader context of our economic forecast. Combining both independent and traditional Wall Street research, we seek companies that demonstrate strong earnings growth and pricing power, solid balance sheets, and prudent valuation from a sector, sub-sector and historical perspective. This emphasis on fundamentals reduces the impact of systematic risk and produces a bias favoring companies demonstrating capital preservation qualities. When well founded fundamental research fits within our proprietary macroeconomic forecast and sector analysis, we believe portfolio construction properly accounts for both opportunity and risk in the market.

Cash balances for our separate account and mutual fund clients typically range from 2% to 20%. During periods when our macroeconomic forecast is below the consensus view, it is more likely that we maintain higher-than-average cash balances for our clients.

We consider our investment strategy to be risk-averse, relative to our benchmark. This does not imply that our strategy is able to prevent losses from occurring. Investing in securities involves risk of loss that clients should be prepared to bear. Although all investments involve risk, including the potential loss of principal, some securities, such as equities, involve more risks than other securities. Higher-risk investments may have the potential for higher returns but also for greater losses. All client investors have a risk tolerance, which is the amount of risk of loss they are willing and able to tolerate in order to seek their investment goals.

Risk of Specific Types of Investments or Investment Strategies.

Knott Capital may recommend primarily certain particular types of securities for certain clients. Some types of securities or strategies involve significant or unusual risks. The following are the material risks involved in investing in these types of securities or using these investment strategies:

- *Common Stock Risk.* Common stock risks include the financial risk of selecting individual companies that do not perform as anticipated, the risk that the stock markets in which the client's portfolio is invested may experience periods of turbulence and instability, and the general risk that domestic and global economies may go through periods of decline and cyclical change.
- *Small- and Mid-Cap Stock Risk.* Investing in small and medium size companies, even indirectly, may involve greater volatility than investing in larger and more established companies. Small companies may have limited product lines, markets or financial resources and their management may be dependent on a limited number of key individuals. Securities of those companies may have limited market liquidity, and their prices may be more volatile.
- *Growth Stock Risk.* Investing in companies that appear to be growth-oriented involve the risk that the companies may not grow as anticipated and may even decline due to attempts to enter new markets or introduce new products or marketing techniques. If Knott Capital's perceptions of a company's potential are wrong, the securities purchased for the client may not perform as expected, reducing the client's return.
- *Special Situations Risk.* A client may be invested in "special situations." Special situations often involve much greater risk than is found in the normal course of investing. Liquidations, reorganizations, recapitalizations, material litigation, technological breakthroughs and new management or management policies may not have the effect on a company's price that Knott Capital expects, which could negatively impact the client's investment return.
- *Portfolio Turnover Risk.* When Knott Capital places trades, it increases portfolio turnover and the risks associated with turnover. These risks include the possibility of increased commissions (for those accounts that pay commissions). Additionally, portfolio turnover may have tax ramifications (either gains or losses) which may not be customized to meet each client's individually tax needs.
- *Foreign Securities Risk.* Investments in foreign securities involve greater risks compared to domestic investments for the following reasons: foreign companies may not be subject to the regulatory requirements of U.S. companies, so there may be less publicly available information about foreign issuers than U.S. companies; foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards; dividends and interest on foreign securities may be subject to foreign withholding taxes and such taxes may reduce the net return to the client; and foreign securities are often denominated in a currency other than the U.S. dollar, which will subject the client to the risks associated with fluctuations in currency values.
- *Non-Diversification Risk.* The client's investment portfolio may not be "diversified," which means the Knott Capital may allocate the client's investments to a relatively small number of issuers or industries, making the client's investment return more susceptible to adverse developments of a single issuer or industry. As a result, investing in this manner is potentially more risky for the client than investing in a more diversified investment portfolio.

ITEM 9 — DISCIPLINARY INFORMATION

As a registered investment adviser, Knott Capital is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Knott Capital or the integrity of Knott Capital's management. Knott Capital has no information applicable to this Item.

ITEM 10 — OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

At this time, NO Knott Capital management persons are:

- Registered or about to register as a broker-dealer or a registered representative or other associated person of a broker-dealer; or
- Registered or have a pending application to register as a futures commission merchant, commodity pool operator or a commodity trading advisor or an associated person of any of the foregoing entities.

At this time, regarding Knott Capital and its management persons, there are NO material relationships or arrangements with a related person of any of them that is:

- Any broker-dealer, municipal or government securities dealers or brokers;
- A banking or thrift institution;
- An accountant or accounting firm;
- A lawyer or law firm;
- An insurance company or agency;
- A pension consultant;
- A real estate broker or dealer;
- A sponsor or syndicator of limited partnerships; or
- A securities exchange, securities association or alternative trading system.

Related persons include advisory affiliates and any person (including a trust, company or association) that is under common control with Knott Capital. Advisory affiliates include (1) all of Knott Capital's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by Knott Capital; and (3) all of Knott Capital's current employees (other than employees performing only clerical, administrative, support or similar functions).

As more fully described herein, Knott Capital is a sub-adviser to the QUKTX Fund, which is a registered investment company.

Knott Capital will, upon client request, present a list of financial advisers who are currently using our services.

ITEM 11 — CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Knott Capital has adopted a Code of Ethics (the “Code of Ethics”) for all supervised persons of the firm describing the high standard of business conduct and fiduciary duty it owes as an investment adviser to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Knott Capital must acknowledge the terms of the Code of Ethics annually or as amended.

In appropriate circumstances, Knott Capital anticipates that consistent with clients’ investment objectives and over which Knott Capital has management authority to effect, Knott Capital will recommend to investment advisory clients or prospective clients, the purchase or sale of securities, which Knott Capital, its affiliates or clients, directly or indirectly, may also purchase or sell.

Employees and persons associated with Knott Capital are required to follow Knott Capital’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Knott Capital and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Knott Capital’s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the officers, directors and employees of Knott Capital will not interfere with (i) making decisions in the best interests of advisory clients and (ii) implementing such decisions while, at the same time, allowing officers, directors and employees to invest for their own accounts.

Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of Knott Capital’s clients. In addition, the Code of Ethics requires pre-clearance of many transactions, and restricts trading in close time proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit officers, directors and employees to invest in the same securities as clients, there is a possibility that officers, directors and employees might benefit unintentionally from market activity by a client in a security held by an officer, director or employee. Trading by officers, directors and employees is regularly monitored under the Code of Ethics to reasonably prevent conflicts of interest between Knott Capital and its clients. Particularly, the Code of Ethics is designed to prevent Knott Capital or its officers, directors or employees from benefitting in any way at clients’ expense.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Knott Capital’s obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Knott Capital will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained in writing on the applicable trade order.

Currently, it is Knott Capital's policy not to effect any principal or agency cross securities transactions for client accounts. However, as required under the Investment Act Rule 206(3)-2, Knott Capital's Compliance Manual contains policies and procedures in place regarding principal and/or agency cross securities transactions.

Knott Capital provides a copy of its Code of Ethics to any clients or prospective clients upon request. Clients and prospective clients may request a copy of the firm's Code of Ethics by contacting Joyce Marr, Chief Compliance Officer, at (610) 854-6000.

ITEM 12 — BROKERAGE PRACTICES

Broker Selection & Best Execution – Obtaining the best trade execution is an important aspect of every client trade that we place. Knott Capital has a Best Execution Committee that administers our Best Execution Policy. The Best Execution Committee selects the brokers to use to execute trades. This committee determines the reasonableness of the brokers' compensation based on the range and quality of the broker's services. The services considered in making the best execution decision include execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility and responsiveness. This committee review and selection process applies to Dual Contract (Directly Managed), the QUKTX Fund, and some Dual Contract (Model Based) accounts, but no Sub-Advisory (WRAP) accounts.

Knott Capital uses trade execution management systems to ensure proper trade management, including fair order allocation and best execution. Controls are in place for monitoring execution in clients' portfolio transactions, including reviewing trades for best execution. For Dual Contract Accounts (Directly Managed), clients designate preferred custodians. Generally 99% of these clients designate preferred broker-dealers. In other cases than a client's Dual Contract (Model Based) or Dual Contract (Directly Managed) Accounts, Knott Capital does not consider any factor except best execution when a trade is placed with a broker-dealer. (The remaining less than 1% falls under Sub-Advisory (WRAP) and/or QUKTX Fund accounts.)

For the less than 1% of client accounts where the client does not designate the preferred broker dealer, Knott Capital's Director of Trading Operations and Portfolio Administrator, Matthew Lovejoy, is responsible for ensuring that executions are done promptly and fairly. Knott Capital's selection criteria of broker-dealers to execute transactions will be based on:

- The reputation and financial strength of the broker-dealer;
- The ability of the broker-dealer to handle block orders;
- The ability of the broker-dealer to give the best price in the market;
- The ability of the broker-dealer to give prompt execution;
- The accuracy of reports and confirmations provided by the broker-dealer; and
- The type and quality of research that the broker-dealer can provide.

Research and Other Soft Dollar Benefits – Section 28(e) of the Securities Exchange Act of 1934 as amended, addresses the issue of paying "soft dollars" for products and services. This practice occurs when an adviser with discretionary authority causes an account to pay more than the lowest available commission to a broker-dealer in return for investment research and brokerage products and services from that broker-dealer.

As a fiduciary, Knott Capital is required to provide investments for the lowest cost coupled with the best execution available. Section 28(e) provides conditions as a "safe harbor" for advisers who use the commission dollars of their advised accounts to obtain investment research and brokerage services. These conditions are summarized as follows:

- The person seeking to take advantage of the safe harbor must be an investment manager that has “investment discretion” with respect to a client account;
- The manager must have caused the client account to pay a commission;
- The amount of commission must be paid to a broker-dealer for effecting a securities transaction for the client account;
- The services provided in exchange for the commission must be “brokerage and research services”;
- The services must be “provided” by the broker that receives the commission; and
- The investment manager must be able to determine in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services received.

Knott Capital will ensure that any soft dollar arrangements are fully disclosed to the client prior to engaging in these types of securities transactions. In addition, the Director of Trading Operations and the Chief Compliance Officer will periodically review transactions and soft dollar compensation arrangements to ensure fairness and reasonableness to clients.

More specifically, at the beginning of each year, a master brokerage allocation budget will be established by a designated person or committee. The budget will also include a list of all broker-dealers to which the adviser plans to give commission business that year. The list will also contain targeted commission amounts per broker (in percentage or dollar terms) and the purpose for the allocations. Purpose categories may include proprietary research, third-party soft dollar arrangements, underwritings, and client direction or execution capability.

An annual list of third-party soft dollar arrangements will also be prepared. Explanations for each existing arrangement will be reviewed by the designated person or committee to determine whether the product or service is needed and whether it provides legitimate assistance to the investment decision-making process. The list will also include all approved soft dollar arrangements including the name of the product or service, the name of the third-party provider, if any, the amount of the annual soft dollar commitment, and the soft dollar-hard dollar ratio. The list will be arranged by broker. Where a product or service has a mixed use (research and non-research), a reasonable allocation of the cost of the product according to its use should be determined.

Knott Capital’s evaluation of broker-dealers, which is used in terms of their trade execution capabilities and their overall research services, are accomplished, as follows:

- Daily, as needed for portfolio moves, the trader documents best execution concerns and corresponding resolutions.
- The analyst obtains feedback from traders and portfolio managers prior to completing the periodic evaluation.
- Periodically, Knott Capital samples trades evaluating quantitatively whether or not trades were done within the Volume Weighted Average Price (VWAP).
- Knott Capital maintains an approved brokers list. This list is developed by management, analysts and traders, and details those broker-dealers that the Adviser believes would provide best execution for clients. For a new broker to be added to the approved list, Knott Capital

would conduct a broker evaluation and the CEO and Best Execution Committee of Knott Capital would have to decide to approve the broker.

When Knott Capital uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Knott Capital receives a benefit because it does not have to produce or pay for the research, products or services that are provided by the broker-dealer, either directly or through a third party. Knott Capital may have an incentive to select or recommend a broker-dealer based on Knott Capital's interest in receiving the research or other products or services, rather than basing the selection on Knott Capital's interest in receiving the best execution for its clients. Knott Capital, however, is aware of and does not act on this incentive, but endeavors to achieve the best execution for its clients. Knott Capital uses soft dollar benefits to service all of its clients' accounts and not just those that paid for the research or brokerage benefits. Knott Capital will not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

1. Portfolio attribution software;
2. Economic research; and
3. Fundamental research on individual securities.

Directed Brokerage – Knott Capital permits its clients to direct brokerage, but does not recommend, request or require a client to direct brokerage. More than 95% of Knott Capital's account base utilizes directed brokerage. Directed brokerage occurs when a client "directs" Knott Capital "in writing" to utilize a certain broker-dealer(s) for execution of trades. Under these circumstances, Knott Capital still has a fiduciary obligation to disclose to the client the effect of the client's directing brokerage. Knott Capital will disclose in writing, either by way of the advisory contract or other means, the following (known as "Bailey" language and drawn from the Bailey Case):

"In the event that a client directs the Adviser to use a particular broker-dealer, the Adviser may not be authorized under these circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct the Adviser to use a particular broker-dealer and those that don't."

Knott Capital includes the foregoing disclosure in its client advisory contracts. Directing brokerage may cost a client more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because Knott Capital may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Commission Recapture – Knott Capital does not direct transactions to broker-dealers providing "commission recapture" programs. "Commission recapture" means a broker that permits a client, rather than the adviser, to receive benefits (including cash rebates, products, services, and expenses payment or reimbursements) from broker-dealers in connection with that client's securities transactions.

Bunching or Aggregation of Multiple Transaction Orders – The majority of our separate account business has directed brokerage arrangements. In those cases where the client directs Knott Capital to use a particular broker/dealer, the client acknowledges that by directing brokerage to the designated broker, Knott Capital may not be able to seek and obtain the best price and execution because of Knott Capital's inability to negotiate commissions or obtain volume discounts. Clients directing brokerage may not be included in aggregate transactions and may forego any benefits that result from bunching. As a result of these limitations, clients with directed brokerage arrangements could be charged higher commission rates than accounts without such arrangements. For these reasons, clients directing brokerage assume the responsibility of monitoring their brokerage fees and arrangements. The client agrees that Knott may, in compliance with applicable law, aggregate, within omnibus accounts established with brokers, purchase or sale orders of a given security for clients, who may be buying or selling that security at approximately the same time.

ITEM 13 — REVIEW OF ACCOUNTS

KNOTT CAPITAL ACCOUNTS

Account Types, Frequency of Reviews, Frequency of Reports and Advisors

Members of the Knott Capital Investment Team utilize Advent Portfolio Account Software to review portfolios at each quarter-end. Included in the quarter-end process, Knott Capital's reviews focus on compliance with established investment composite guidelines and verification that performance is in-line with applicable models; performance variances, cash balances, investment restrictions, and client directed transactions. Certain client portfolios may receive additional reviews due to additional client-directed activity (*e.g.*, cash infusion or dissemination, tax harvesting, etc.); change in market conditions; re-balancing of assets to maintain proper asset allocation; and trading signals indicated by portfolio software tools used by Knott Capital.

The client is encouraged to notify Knott Capital and/or his Primary Advisor at any time if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

Account types, frequency of reviews and reports, and the names of the Knott Capital investment advisers for the four (4) Knott Capital managed account types are separately described below. Commentaries, presentations and composite performance can be viewed by clients and the public on Knott Capital's website at www.knottcapital.com.

(1) Dual Contract Account (Model Based) Review

Frequency of Reviews – The Knott Capital Composite suitability requirements mandate that the client's stated investment goals, investment strategies, investment restrictions and risk tolerances are provided to Knott Capital at account inception by the client and the Primary Advisor. Thereafter, the Primary Advisor and/or the client provide (and Knott Capital periodically seeks) notification to Knott Capital of any changes in the client's investment goals, as imposed under the client's Knott Capital Advisory Agreement guidelines, and as information is amended from time to time by the client (and/or via the Primary Advisor). Upon such notification, Knott Capital completes a review of the account.

Content and Frequency of Reports – Dual Contract Account (Model Based) clients receive monthly written brokerage statements from their Custodian and quarterly written performance reports from Knott Capital. The monthly statements show transaction activity in the client's brokerage account for the previous period. The performance reports show historical performance for various previous time periods.

Account Advisors - Charles A. Knott, CEO, and Christopher Ouimet review Dual Contract (Model Based) Accounts.

(2) Sub-advisory (WRAP) Account Review

Based on a model portfolio of stocks, Knott Capital manages WRAP accounts on a sub-advisory basis for several broker-dealer affiliates, the WRAP Account Sponsors. Less than

10% of Knott Capital accounts are Sub-advisory (WRAP) Accounts. The WRAP Sponsor is the Primary Advisor and has responsibility for client suitability initially and for all changes with respect to client suitability that occur after the initial suitability determination.

Frequency of Reviews - Frequency of reviews is subject to the discretion of the Primary Advisor. Typically, the Primary Advisor calls for quarterly reports or more frequent reports.

Content and Frequency of Reports - All reporting responsibilities belong to the WRAP Sponsor. The WRAP Sponsor typically, in almost every case, provides written reports to clients no less frequently than quarterly. The reports show transaction activity in the client's brokerage account for the previous period.

Account Advisor - Each sub-advisory account has a financial adviser who is affiliated with the WRAP account plan sponsor.

(3) Dual Contract Account (Directly Managed) Review

Less than 5% of Knott Capital's client accounts are Dual Contract Accounts (Directly Managed). These portfolios are fully customized to address the client's directed investment objectives, client restrictions, financial and tax status and correlation to the client's other invested assets. As a result, clients requesting this level of service may have a portfolio that is substantially different from Knott Capital's Composite portfolio, and as a result, these accounts are not included in the Composite portfolio.

Frequency of Reviews - At account inception, a client completes a Knott Capital Investment Advisory Agreement, at which point, the Chief Investment Officer (CIO) and the Director of Trading review client suitability and the client's investment objectives. Periodically, thereafter, the client provides, and Knott Capital seeks, notification to Knott Capital of any changes to the client's selected investment goals and strategy. On an as-needed basis, the CIO meets with, or contacts by telephone, Dual Contract (Directly Managed) Account clients to review and discuss account performance and/or to further determine and implement any changes to the client's selected investment strategy.

Content and Frequency of Reports - Dual Contract (Directly Managed) Account clients receive quarterly written statements from Knott Capital. Knott Capital also provides investment management summaries and commentaries to its clients. The quarterly statements show transaction activity in the client's brokerage account for the previous period. The investment management summaries and commentaries show historical performance for various previous time periods.

Account Advisor - Charles A. Knott, CEO and CIO, is the Account Advisor and reviews Dual Contract (Directly Managed) Accounts.

(4) Mutual Fund(QUKTX Fund) Account Review

Knott Capital serves as investment sub-advisor to the Quaker Fund Capital Opportunities Fund (QUKTX Fund), managing the account assets only. The QUKTX Fund is reviewed quarterly to ensure the performance dispersion is minimal, when compared to our separate accounts. Additionally, the QUKTX Fund performs quarterly due diligence, addressing topics including client suitability, adherence to stated investment objectives and dispersion.

Frequency of Reviews - Knott Capital provides a model allocation strategy to the QUKTX Fund and the primary advisor of the QUKTX Fund, Quaker Funds, Inc. (the "Primary Advisor"). An annual review is conducted to ensure that Knott Capital is fully complying with the stated investment objectives, investment strategies and investment restrictions, and the brokerage arrangements as stated in QUKTX Fund's prospectus and statement of additional information. Knott Capital completes quarterly reviews or reports for the Board of Trustees of the Quaker Funds and the QUKTX Fund (the "Board") on an as-needed basis at the request of the Board or in connection with any changes in the investment strategies or restrictions instituted on behalf of QUKTX Fund.

Content and Frequency of Reports - Written QUKTX Fund shareholder statements are sent to its investors quarterly by the QUKTX's Fund transfer agent. The quarterly statements show transaction activity in the client's brokerage account for the previous period.

Account Sub-Advisor for QUKTX - Charles A. Knott, CEO and CIO, is the sub-advisor manager for the QUKTX Fund assets.

The amended Custody Rule – Rule 206(4)-2, under the Investment Advisers Act of 1940, as amended ("Advisers Act"), requiring an adviser (in this case, Knott Capital) to have reasonable belief that the qualified custodian sends account statements directly to clients must be formed by the adviser after "due inquiry." In that regard, Knott Capital annually requires a sampling of client statements from the custodian for comparison, which offers confirmation that the custodian's quarterly statements are mailed directly to Knott Capital's clients. Additionally, unless informed otherwise by the custodian, Knott Capital's review of the custodian's client account statement sampling will provide a reasonable basis for believing that the custodian is mailing the required statements to all of Knott Capital's clients.

ITEM 14 — CLIENT REFERRALS AND OTHER COMPENSATION

Knott Capital and its management persons have NO arrangements, oral or in writing, where it or the person is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

Knott Capital may compensate individuals internally or externally for client referrals. Knott will only initiate and continue these relationships in accordance with Rule 206(4)-3 of the Advisers Act. This rule requires a written agreement between Knott Capital and each person who provides client referrals (a “Solicitor”) and a written disclosure of the Solicitor to the prospective client. The Solicitor’s disclosure is required to state the compensation the Solicitor receives for referring the client to Knott Capital.

ITEM 15 — CUSTODY

An investment adviser having custody or access to customer funds or securities must comply with rules and regulations designed to protect the clients' assets. Rule 206(4)-2 adopted under the Advisers Act (the "Custody Rule") defines "custody" to mean "holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them." In addition, Knott Capital has custody if a "related person" of Knott Capital "holds, directly or indirectly, client funds or securities, or has any authority to obtain possession of them, in connection with advisory services." The funds and securities of each of Knott Capital's clients are held by a qualified custodian pursuant to a written contract between the client and the custodian. Knott Capital has custody solely as a consequence of its authority to make withdrawals from client accounts to pay its investment management fee (as governed by Rule 206(4)-2(b)(3)). Knott Capital as a matter of policy does not exercise this authority. Therefore, as this is the only way in which Knott Capital has custody over client accounts, Knott Capital's accounts are not subject to the specific safeguards incorporated in the Custody Rule.

The qualified custodian sends quarterly account statements directly to Knott Capital's clients. The clients will receive account statements from the broker-dealer, bank or other qualified custodian and the clients should carefully review those statements. As Knott Capital's clients also receive account statements from Knott Capital, we include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from Knott Capital.

ITEM 16 — INVESTMENT DISCRETION

At the outset of an advisory relationship, Knott Capital receives discretionary authority from each of its clients to select the identity and amount of securities to be bought and sold for the client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Knott Capital observes the investment policies, limitations and restrictions, as detailed in the investment advisory agreement of the clients for which it provides investment management advice. For registered investment companies, Knott Capital's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments for longer terms.

ITEM 17 — VOTING CLIENT SECURITIES

The SEC adopted rule 206(4)-6 under the Advisers Act, which requires Knott Capital, as a registered investment adviser that exercises voting authority over client securities, to implement proxy voting policies. In compliance with such Rules, Knott has adopted proxy voting policies and procedures (the “Proxy Voting Policies”). The Proxy Voting Policies address how Knott Capital will vote proxies with regard to specific matters, such as voting rights, mergers or acquisitions, the election of board members and other issues. The Proxy Voting Policies also direct Knott Capital to consider certain factors in respect of specific matters subject to a proxy vote to assist in voting securities properly.

Knott Capital’s basic proxy voting policies and procedures are as follows:

- Knott Capital has adopted the Proxy Voting Policies to make every effort to ensure the manner in which shares are voted is in the best interests of clients and enhance the value of the investment. Knott Capital may, under certain circumstances, have a conflict of interest with respect to how a particular proxy proposal may be voted. In this case, the Proxy Voting Policies require Knott Capital to vote securities held by clients in the interests of clients. Alternatively, under the Proxy Voting Policies, Knott Capital may delegate to a non-affiliated third party vendor the responsibilities to review proxy proposals and make voting recommendations on behalf of Knott Capital for its clients. Additionally, Knott Capital may vote a proxy contrary to the Proxy Voting Policies if it determines that such action is in the best interests of the applicable clients.
- The Proxy Voting Policies contain guidelines for reviewing all proxy proposals in a way that is consistent and facilitates voting solely in the interests of clients and beneficiaries.
- Clients may obtain a copy of Knott Capital’s complete Proxy Voting Policies upon request. Clients may also obtain information regarding how Knott Capital voted any proxies on behalf of their account(s). Clients should submit their requests by contacting Joyce Marr, Chief Compliance Officer, at (610) 854-6000 or jmarr@knottcapital.com.
- Knott Capital, however, is under no obligation under the Advisers Act or SEC rules to complete and return a client’s forms for class action lawsuits for mutual funds or other securities.
- Clients may request to vote their own proxies either for all proxy proposals or for a particular proxy solicitation. Clients should submit their requests by contacting Joyce Marr, Chief Compliance Officer, at (610) 854-6000 or jmarr@knottcapital.com.

ITEM 18 — FINANCIAL INFORMATION

As a registered investment adviser, Knott Capital, is required in this Item to provide you with certain financial information or disclosures about Knott Capital's financial condition. Knott Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

ITEM 19 — INVESTMENT PERFORMANCE

Knott Capital uses guidelines established by Global Investment Performance Standards (GIPS®) to calculate composite performance. We use a third party administrator, Kreisher Miller, to verify composite performance. (Prior to 2011, Knott Capital's GIPS' third party administrator has been Ashland Partners.) Additionally, Knott Capital's CCO reviews composite performance to ensure compliance with account presentation standards. All client reports which include composite performance include a disclosure stating our adherence to GIPS standards and additional information regarding the size of the composite, its performance history, account dispersion and fee calculations.

