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## ***THE CHESAPEAKE CORE GROWTH FUND***

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1st Quarter 2009

Dear Investor:

The Fund finished the first quarter with a loss of 2.72%, which compares to losses of 11.01% for the S&P 500 Index and 4.12% for the Russell 1000 Growth Index. Although it is not clear when looking at market averages, the negative tone with which the market began the year subsided as the quarter progressed. This led to a market reversal in early March, which provided the backdrop for our portfolio to get back into positive territory for the year through the first week of April. For more performance detail and important disclosure information, please refer to the following pages.

While the market was down when quarterly announcements began, we were encouraged to see not only that a large number of our companies posted solid results, but also that their stock prices began to benefit from their positive news. This was a marked shift from late last year when investor sentiment seemed so negatively biased that fundamentals of growth companies appeared to give way to general market panic. In fact, the vast majority of the companies in our portfolio posted earnings results during the quarter that met or exceeded consensus expectations, and many provided favorable outlooks despite the challenging economic state.

These strong company reports drove relative outperformance in nearly every sector during the quarter. This was the case in negative periods, like January and February, as well as the positive environment in March, which was the market's best month since 2002. This outperformance also came without the benefit of a sustained turnaround among Financials or the reversal of the market capitalization effect we have previously discussed. Information Technology provided the largest positive contribution to portfolio returns during the quarter, while our Industrials posted significant relative gains, as well. Healthcare was the portfolio's largest negative contributor on both an absolute and relative basis.

The stocks that contributed most to portfolio returns during the quarter were Monsanto, Goldman Sachs, and Mastercard. Monsanto again posted better-than-expected earnings gains on strong pricing and increasing demand for their seed and herbicide products, and the company raised 2009 guidance. Goldman Sachs rallied during the quarter as investor confidence increased regarding its capital structure, a rebound in transaction volumes, and Goldman's opportunity as a result. Mastercard also beat earnings estimates on strong pricing and transaction volume growth that is the result of their efforts to capitalize on the continued secular shift to debit and credit usage.

The positions that dragged the portfolio most in the quarter were Bank of America, Humana, and Wynn Resorts. Bank of America was impacted by the nationalization hysteria that spiked in late February before the rhetoric shifted. The stock rebounded sharply in March, as the company confirmed that various parts of its business were, in fact, much stronger than expected and that it has been profitable so far this year. Humana, our leading contributor during the first half of the quarter, struggled after 2010 preliminary governmental reimbursement rates for Medicare Advantage were lower than expected. However, we believe investors underestimate Humana's adaptable model and, therefore, its ability to maintain margins even in the face of a changing reimbursement rate environment. We expect the company to grow earnings this year in excess of 50%.

While the bulk of our holdings have performed relatively well thus far this year, we continue to monitor the current macroeconomic environment and its potential impact on our portfolio and its risk profile. Although economic data has been weak, recent housing market data and manufacturing production reports have been promising. We are also particularly encouraged by the Fed's aggressive action to boost its balance sheet and provide further liquidity to credit markets, which we believe is paramount to an economic recovery. Additionally, mark-to-market and potential uptick rule changes could provide further, although less significant, positive impact on stocks.

In an environment in which investors seem hesitant and more inwardly focused, we continue to increase the already high volume of contact we have with companies and their customers, competitors, and suppliers to identify strong growth opportunities. We have been proactive in making changes to the portfolio in the past few months to take advantage of this environment and upgrade the quality of our positions. As part of our continuous effort to improve, we have also made two additions to our research team, Amish Desai and Mark Vasquez, who we believe will have a positive impact on our team and our research.

The market and the economy still face significant challenges, but it appears that investors are beginning to differentiate among companies based on news that is more closely tied to their specific fundamentals rather than external influences. While it is impossible to precisely predict when the economy and stock market will make a sustainable turn, we believe this is a positive first step. We cannot recall a time in our recent history when we've had so many ideas that we believe represent such substantial opportunities from current price levels.

Sincerely,



W. Whitfield Gardner



John L. Lewis, IV

*Statements in this letter that reflect projections or expectations of future financial or economic performance of the Fund and of the market in general and statements of the Fund's plans and objectives for future operations are forward-looking statements. Actual results or events may differ materially from those projected, estimated, assumed or anticipated in any such forward-looking statements. Important factors that could result in such differences, in addition to the other factors noted with such forward-looking statements, include general economic conditions such as inflation, recession and interest rates.*

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## Portfolio Facts - March 31, 2009

### Portfolio Construction and Risk Management

In order to isolate our stock selection capability, and mitigate volatility associated with sector rotation, we typically limit sector exposures to +/-10% to the S&P 500 Index weightings. Individual positions are typically initiated at 1-3% of the portfolio's value and rarely exceed 5% of the total portfolio weight. The portfolio is limited to a maximum of 50 securities. Bottom-up stock picking approach avoids theme-based investments, market timing and sector rotation.

### Portfolio Characteristics\*

Number of Positions	50
Median Market Cap (in bil)	\$18.7
P/E Ratio - 2009 Earnings Estimates	14X

\* Source: Baseline Financial Services

### Newest Portfolio Holdings<sup>1</sup>

1. Celgene Corp.	<i>Biotechnology</i>
2. Freeport-McMoRan	<i>Metal Mining Svcs.</i>
3. Lam Research Corp.	<i>Semiconductor Equip.</i>
4. Marathon Oil Corp.	<i>Oil &amp; Gas</i>
5. Wells Fargo & Co.	<i>Money Center Banks</i>

### Sector Weights

SECTOR	FUND	S&P 500
Health Care	21.9%	15.3%
Information Technology	20.9%	17.7%
Financials	17.8%	11.0%
Consumer Discretionary	12.9%	8.9%
Consumer Staples	7.4%	12.8%
Energy	6.3%	13.0%
Industrials	5.9%	9.7%
Materials	5.5%	3.3%
Telecommunications	0.0%	4.0%
Utilities	0.0%	4.3%
Cash & Equivalents	1.4%	0.0%

### Ten Largest Holdings (32.6%)<sup>2</sup>

1. Monsanto Company	4.5%
2. Mastercard Inc. - Class A	3.8%
3. Gilead Sciences, Inc.	3.6%
4. Humana, Inc.	3.5%
5. Goldman Sachs, Inc.	3.1%
6. Teva Pharmaceutical - SP ADR	3.0%
7. Bank of America Corp.	2.9%
8. CVS Corporation	2.8%
9. Qualcomm, Inc.	2.8%
10. Apple Computer, Inc.	2.6%

*The Fund is subject to investment risks, including, without limitation, equity securities risk, market risk, portfolio turnover risk, short-term investment risk, investment adviser risk, overweighting in certain market sectors risk and market segment risk. As an investor in the Fund, you are subject to the risk that you may lose your money as a result of the impact of the Fund's investment risk on the Fund's net asset value per share. When you sell your investment in the Fund, the value of your investment may be more or less than your initial investment.*

*An investor should consider the investment objectives, risks, charges, and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. A copy of the prospectus is available by calling the Fund directly at (800) 430-3863 or the Fund's Adviser at (610) 558-2800. The prospectus should be read carefully before investing.*

<sup>1</sup>Newest portfolio holdings are the five portfolio positions with the most recent initiation dates, listed alphabetically.

<sup>2</sup>All holdings information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. The holdings information represents the largest holdings, by market value, in the Fund as of the most recent calendar quarter end. Each quarter, the Fund's Adviser uses this same objective, non-performance based criteria to select the ten largest holdings.

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## Distinguishing Features

- Bottom-up stock picking approach avoids theme-based investments, market timing, and sector rotation.
- Analysts are generalists working across multiple industries, sectors, and throughout the market cap spectrum in order to maximize our ability to uncover stock specific opportunities.
- Networked library of in-house research allows incremental information to be shared across the organization in real time.
- In-depth knowledge of small and mid-sized companies provides valuable insight into large cap companies within our research scope.

## Chesapeake Core Growth Performance as of 03/31/09

<i>Average Annual Total Returns</i>	<i>CHCGX</i>	<i>Russell 1000* Growth Index</i>	<i>S&amp;P 500 Total ** Return Index</i>
1 Year	-45.27%	-34.28%	-38.09%
5 Year	-8.52%	-4.38%	-4.76%
10 Year	-0.46%	-5.26%	-3.00%

*Total Gross Expense Ratio as of 10/31/08 was 1.42%.*

*Net Expense Ratio as of 10/31/08 was 1.39%.*

*The Net Expense Ratio reflects that the Fund has entered into brokerage/service arrangements with several brokers through commission recapture programs. These portions are then used to offset overall Fund expenses. There can be no assurance that these arrangements will continue in the future. In addition, the Adviser has entered into a contractual agreement with the Fund to waive its fees in an amount that limits Total Annual Fund Operating Expenses to not more than 1.40% for the period to end February 28, 2010. For more information, please see the Fund's prospectus. During part of the period cited above the adviser assumed certain expenses and/or waived a portion of its fee. Total return would have been lower absent such assumptions and/or fee waivers. These fee waivers and/or reimbursements are believed not to have had a significant effect on the performance of the Fund. The Chesapeake Core Growth Fund's inception date was September 29, 1997.*

*The performance data quoted above represents past performance, which is not a guarantee of future results. Investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data quoted. To obtain more current performance data regarding the Fund, including performance data current to the Fund's most recent month-end, please visit [www.chesapeakefunds.com](http://www.chesapeakefunds.com).*

\*The Russell 1000 Growth Index is comprised of the stocks of companies among the largest 1,000 U.S. companies with higher than average price-to-book ratios and higher forecasted growth rates.

\*\*The S&P 500 is a market capitalization-weighted index that is widely used as a barometer of U.S. stock market performance. The S&P 500 Total Return Index provides investors with a price-plus-gross cash dividend return of the companies represented in the S&P 500 Index.

It is not possible to invest directly in indexes which are unmanaged and do not incur fees and charges.

# THE CHESAPEAKE CORE GROWTH FUND

## Portfolio of Investments (unaudited) March 31, 2009

	Percent of Assets		Percent of Assets
<b>Consumer Discretionary - 12.9%</b>		<b>Industrials - 5.9%</b>	
Activision Blizzard, Inc.	2.3	Fluor Corporation	1.8
Liberty Media Corp.	2.2	Precision Cast Parts	1.7
TJX Company, Inc.	2.2	McDermott International	1.4
Best Buy Company, Inc.	1.9	URS Corporation	1.0
Comcast Corp. Special Class A	1.9		
Urban Outfitters, Inc.	1.3	<b>Information Technology - 20.9%</b>	
Wynn Resorts, Ltd.	1.0	Qualcomm, Inc.	2.8
		Apple Computer, Inc.	2.6
<b>Consumer Staples - 7.4%</b>		Oracle Corp.	2.2
CVS Corporation	2.8	Hewlett-Packard Co.	2.1
Coca-Cola Co.	1.8	MEMC Electronic Materials, Inc.	2.0
General Mills, Inc.	1.6	Corning, Inc.	1.8
Dean Foods Co.	1.2	Intel Corp.	1.8
		International Business Machines Corp.	1.5
<b>Energy - 6.3%</b>		Google, Inc. Cl-A	1.5
Anadarko Petroleum Corporation	2.0	Salesforce.com, Inc.	1.2
Chevron Corporation	1.7	Lam Research Corp.	1.0
Transocean Ltd.	1.6	Research In Motion Ltd.	0.6
Marathon Oil Corp.	1.0		
		<b>Materials - 5.5%</b>	
<b>Financials - 17.8%</b>		Monsanto Company	4.5
Mastercard Inc. - Class A	3.8	Freeport-McMoRan Copper & Gold, Inc.	1.0
Goldman Sachs, Inc.	3.1		
Bank of America Corp.	2.9	<b>TOTAL EQUITIES</b>	<b>98.6</b>
CME Group, Inc.	2.6		
Aon Corporation	1.8	<b>CASH AND EQUIVALENTS</b>	<b>1.4</b>
MetLife, Inc.	1.5		
JP Morgan Chase & Co	1.2	<b>TOTAL PORTFOLIO</b>	<b>100.0</b>
Wells Fargo & Co.	0.9		
<b>Health Care - 21.9%</b>			
Gilead Sciences, Inc.	3.6		
Humana, Inc.	3.5		
Teva Pharmaceutical - SP ADR	3.0		
Baxter International, Inc.	2.2		
McKesson Corp.	2.1		
Boston Scientific Corp.	2.0		
Abbott Labs	1.9		
Express Scripts	1.9		
Celgene Corp.	1.9		

## THE FUND

The Chesapeake Core Growth Fund  
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[www.chesapeakefunds.com](http://www.chesapeakefunds.com)  
Ticker: CHCGX

## THE INVESTMENT ADVISER

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## THE DISTRIBUTOR

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