

ADVISER'S PERSPECTIVE QUARTERLY | Q2 2009

QUAKER LONG-SHORT TACTICAL ALLOCATION FUND

Domestic markets showed surprising resilience as rally off the March 9 bottom continued. The S&P 500 ended the quarter up an impressive 15.93%, reflecting a year-to-date return of 3.16%.

The Quaker Long-Short Tactical Allocation Fund was up 0.49% for the quarter ending June 30, 2009 reflecting a year-to-date return of 6.20% (before sales charges, 0.36% for the quarter and -5.04% year-to-date after sales charges).

We continue to focus each day on finding the best reward opportunities available given the level of risk perceived in the markets. Our under-participation in the rally extension during Q2 was due to our assessment that the market environment did not justify heavy long exposure following the tremendous March surge. We opted to hedge away long market exposure which caused the fund to lose ground versus its benchmark, the S&P 500. Details are as follows:

Late in February of this year, our allocation model reached strong bullish levels, even as our factor work pointed to changing investor attitudes toward risk and greater investor preference for value-related stock characteristics (e.g. high book and cash flow yield, negative price momentum, negative earnings surprises). In hindsight, the shifts in our quantitative work--which began during the week of March 2--may have been precipitated by the market's improved perception of the growth outlook due to the March 12 House Financial Services Subcommittee hearings on mark-to-market reform.

We find it interesting that this inflection point was apparent approximately one week before either the hearings or the market bottom. The hearings ultimately led to changes by the Financial Accounting Standards Board (FASB) in mark-to-market accounting rules, and in turn, arguably boosted the valuations of assets on weak bank balance sheets. Given the correlation between the health of the banking system and economic conditions during the last year, these events may have boosted confidence that the worst of the counterparty risk concerns within the banking industry were behind us and the growth outlook appeared "repaired". Indeed, the S&P 500 rose more than 30% from the March 9 bottom.

By mid-May, our allocation model had turned negative for the first time since September 2008, indicating that market risks were skewed to the downside. Since the model turned negative, we have witnessed a Congressional campaign to pass sweeping cap-and-trade environmental legislation, as well as multi-trillion dollar healthcare reforms. Cap-and-trade threatens to impose an increased tax burden on the overall economy, while costly healthcare reform could reduce the amount of money possibly available to enact pro-growth, pro-stock market fiscal reforms such as reducing the corporate tax rate or eliminating the capital gains tax on investments in small businesses.

Our institutional flow work currently favors large-caps, while our factor work favors stocks with relatively better earnings visibil-

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Performance	For Calendar Quarter Ended 6/30/2009		
	Before Sales Charges	After Sales Charges	S&P 500 Total Return Index
Class A Inception 12/31/2002			
3 Months	0.49%	-5.04%	15.93%
Year-to-Date	6.20%	0.36%	3.16%
1 Year (Cumulative)	-7.64%	-12.72%	-26.21%
3 Years (Annualized)	-0.68%	-2.54%	-8.22%
5 Years (Annualized)	1.26%	0.12%	-2.24%
Life of Share Class (Annualized)	8.06%	7.13%	2.69%

Expense Ratio: 3.35%

As of June 15, 2009, Class A Shares of the Fund have a maximum sales charge of 5.50%. Performance information prior to June 15, 2009 represents that of the Top Flight Long-Short Fund (the "Top Flight Fund"), a series of the Rock Canyon Funds. On June 15, 2009, the Top Flight Fund was reorganized into the Quaker Long-Short Tactical Allocation Fund.

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: Rock Canyon Advisory Group, Inc.

Fund Assets: \$5.4 Million

Public Offering Price: \$10.88

Ticker Symbols

Class A: QLSAX

Class C: QLSCX

Institutional Class: QLSIX

Mutual Fund Exposures % Assets

Long Positions 35.22%

Exchange Traded Funds 7.47%

Short Positions -47.08%

Cash 104.39%

Top Positions % Assets

ITT Educational Services Inc. 2.60%

Ctrip.com International Ltd 2.40%

Bristol-Myers Squibb Co. 2.36%

Aeropostale Inc. 2.15%

Netease.com 2.15%

Canadian Natural Resources Ltd 2.13%

Dril-Quip Inc. 2.11%

Denbury Resources Inc. 2.04%

EnCana Corp. 2.01%

AsiaInfo Holdings Inc. 1.94%

Total 21.89%

The Fund's holdings and characteristics are as of 6/30/2009 and are subject to change. Current and future holdings are subject to risk.



QUAKER® FUNDS

Quaker Long-Short Tactical Allocation Fund engages in short selling (selling securities not owned at time of sale), which involves special risks and requires special investment expertise.

The Fund invests in small capitalization companies, which involve additional risks such as limited liquidity and greater volatility. As a non-diversified fund, which invests in a small number of issuers, changes to a single security held in the Fund will have a more pronounced negative effect on the Fund than if the investments were more widely distributed.

The S&P 500® Total Return Index is a widely recognized, unmanaged index of the approximately 500 largest companies in the United States as measured by market capitalization. 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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ity, more secure businesses, and lower leverage. This may be in response to the potential consequences of a deteriorating business climate, but it is certainly signaling the kind of shift in investor attitudes that we saw in March, only in the opposite direction.

Based on our quantitative data, our portfolio maintains a cautiously defensive allocation. Our quantitative output is consistent with trends that we are seeing from a stock supply and demand perspective. Stock sales by CEO's, directors and senior officers have accelerated to the highest level since 2007, just prior to the credit market freeze. At the same time, but not surprisingly given liquidity and solvency concerns, firms have issued more shares recently than even during the high priced offering periods of the tech bubble. Growing supply plus shrinking demand from the insiders equals plenty of potential downside risk, particularly given the relatively low prices at which the new shares have been issued and at which the insiders have been selling.

Although our model's outputs are signaling greater risk, the mid-May shift was gradual and not overly dramatic, perhaps reflective of the perception that cap-and-trade and/or healthcare reform do not have high probabilities of passing in their current forms. If their passage were to be perceived as more likely, we could see a weaker market, more favoritism toward high quality companies in our factor work, and greater short exposure in our portfolios.

Provided by Rock Canyon Advisory Group, Inc.

Counterparty Risk: The risk that the other party in an agreement will default.

Mark-to-Market: Recording the price or value of a security, portfolio, or account on a daily basis, to calculate profits and losses or to confirm that margin requirements are being met.



The Sub-Adviser: Rock Canyon Advisory Group, Inc., based in Lehi, UT, was founded in 2002 and currently has more than \$5.4 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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