



ADVISER'S PERSPECTIVE QUAKER MID-CAP VALUE FUND

A: QMVCX B: QMCBX C: QMCCX I: QMVIX

DECEMBER 31, 2006

Are we really engineering a soft landing or is the world economy holding us up? That seems to be the key question as we ended the year. Cyclical lead the market through April, but as the perception and then reality of the Fed ending their tightening reign appeared, market movers ran toward "safety" plays.

Consumer Staples, Utilities and some Finance stocks saw positive money flows in response to a perceived Economic slowdown. With Housing prices falling and Auto sales dissipating, the bond market signaled signs of a potential recession on the horizon. Lower oil prices, a labor cost report that was below expectations and a tame CPI report helped fuel expectations that the Fed might cut rates in the new year. So which is it a strong and steady economy or an economic slowdown?

For the month we sold Stanley Works (SWK) and purchased retailer Foot Locker (FL), 1.85%. Oil ended the year down 2 cents at \$62.81 and the 10-year US Treasury closed at 4.70% vs 4.39% for 2005.

Top Performing Stocks	Symbol	1 Mo. Advance	% Assets
Bear Stearns	BSC	6.8%	3.3%
HCC Insurance Holdings	HCC	6.3%	3.6%
Johnson Controls	JCI	5.6%	3.5%
Zions Bancorp	ZIONS	5.4%	2.0%
First American Corp.	FAF	5.4%	1.6%

Bottom Performing Stocks	Symbol	1 Mo. Decline	% Assets
Nabors Industries	NBR	-11.8%	2.6%
Grant Prideco	GRP	-9.2%	1.4%
Amphenol	APH	-8.9%	2.5%
Black & Decker	BDK	-6.9%	1.9%
CSX Corp.	CSX	-4.0%	2.4%

Source: Global Capital Management, Inc.

Provided by John Hammerschmidt, Portfolio Manager, Global Capital Management

Sub-Adviser:
Global Capital Management

Fund Assets: \$124,473,367
Public Offering Price: \$17.22

Mutual Fund Exposures	% Assets
Stocks	97.6%
Cash	2.4%

Top 10 Positions	% Assets
HCC Insurance Holdings, Inc.	3.6%
Johnson Controls	3.5%
Kla Tencor	3.4%
W.R. Berkley Corp.	3.3%
Bear Stearns Companies	3.3%
Cigna Corp.	3.2%
Benchmark Electronics	3.1%
Sherwin Williams Co.	3.1%
Philadelphia Consolidated	3.0%
Armor Holdings	3.0%
Total	32.5%

The Fund's holdings and characteristics are as of 12/31/2006 and are subject to change.

Performance	For Month Ended 12/31/2006		
	Before Sales Charges	After Sales Charges	Russell Midcap Value Index
Class A Inception 12/31/1997			
1 Month	-0.69%	-6.15%	1.02%
3 Months	4.70%	-1.06%	8.50%
Year-to-Date	8.04%	2.10%	20.22%
	For Calendar Quarter Ended 12/31/2006		
1 Year (Cumulative)	8.04%	2.10%	20.22%
5 Years (Annualized)	12.42%	11.15%	15.87%
Life of Share Class (Annualized)	9.78% ^{\$}	9.09% ^{\$}	11.55%

During the periods shown the Fund received expense reimbursements from the sub-advisor without which the performance would have been less favorable. 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%.

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 on our website, www.quakerfunds.com, by calling us toll free at 1-800-220-8888.

QUAKER MID-CAP VALUE FUND

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This Fund invests in companies with a market capitalization range from \$1B to \$10B. 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 \$1.4 billion and \$17.2 billion. The index assumes reinvestment of all dividends and distributions and does not reflect any asset-based charges for investment management or other expenses.

The Sub-Adviser: Global Capital Management, Inc. (GCM) founded in 1997, is an independent –employee owned, SEC Registered Investment Advisory firm located in Conshohocken, Pennsylvania. We are committed to delivering consistent excess returns relative to our benchmark. GCM leverages the expertise of the firm's investment professionals in security selection, portfolio construction, and practical risk management to develop a continually scrutinized portfolio of mid cap stocks. As of December 31, 2006 GCM had 1.01 billion under management.

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

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 1-800-220-8888. Read the Prospectus carefully before investing.



QUAKER® FUNDS

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