



## ADVISER'S PERSPECTIVE QUAKER MID-CAP VALUE FUND

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

JANUARY 31, 2007

U.S equities got off to a positive start in 2007. The indexes that represent small, mid and large-cap stocks all posted solid gains. Is this a hard landing, a soft landing, or how about no landing?

The S&P500 earnings per share growth appears to be in the double-digit range again and it looks like it will settle north of 13%. Economic data continues to show a strong and robust economy. Oil traded at prices from the low to high \$50's while existing housing sales declined by 8.4% and new home sales declined by 17.3%. December Durable Goods orders increased more than 3% supporting a strong manufacturing sector. Last spring, as the market began to react to the Fed's change in course, market mavens sold off economically sensitive cyclical stocks and purchased defensive sectors such as Electric Utilities and Consumer Staples.

We believed then, as we do now, that the economy is much stronger than the "talking heads" on CNBC are arguing. By staying the course and sticking with our disciplines, we have seen our stocks outperform the market thus far in this new year.

Top Performing Stocks	Symbol	1 Mo. Advance	% Assets
Steel Dynamics	STLD	0.55%	2.84%
YRC Worldwide Inc.	YRCW	0.53%	3.27%
Southern Cooper Corp.	PCU	0.45%	3.09%
Armor Holdings	AH	0.31%	3.40%
Johnson Controls Inc.	JCI	0.28%	3.59%

Bottom Performing Stocks	Symbol	1 Mo. Decline	% Assets
Benchmark Electronics	BHE	-0.22%	3.35%
WR Berkley Corp.	BER	-0.13%	3.15%
HCC Insurance Holdings	HCC	-0.09%	3.39%
Thor Industries	THO	-0.05%	1.26%
Tellabs	TLAB	-0.04%	2.04%

Source: Global Capital Management, Inc.

Provided by John Hammerschmidt, Portfolio Manager, Global Capital Management

**Sub-Adviser:**  
Global Capital Management, Inc.

**Fund Assets:** \$130,382,871  
**Public Offering Price:** \$17.89

Mutual Fund Exposures	% Assets
Stocks	98.5%
Cash	1.5%

Top 10 Positions	% Assets
Johnson Controls	3.6%
Benchmark Electronics	3.5%
YRC Worldwide, Inc.	3.4%
HCC Insurance Holdings, Inc.	3.4%
KLA Tencor Corp.	3.2%
Armor Holdings, Inc.	3.2%
Sherwin Williams Co.	3.2%
Bear Stearns Co., Inc.	3.2%
Ametek, Inc.	3.1%
Southern Copper Corp.	3.1%
<b>Total</b>	<b>32.9%</b>

The Fund's holdings and characteristics are as of 1/31/2007 and are subject to change.

Performance	For Month Ended 1/31/2007			
	Class A Inception 12/31/1997	Before Sales Charges	After Sales Charges	Russell Midcap Value Index
1 Month		3.93%	-1.78%	3.08%
Year-to-Date		3.93%	-1.78%	3.08%
3 Months		5.68%	-0.13%	7.49%
		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% <sup>§</sup>	9.09% <sup>§</sup>	11.55%
<i>Expense Ratio: 1.69% as of June 30, 2006</i>				

<sup>§</sup>During the periods shown, the Fund received expense reimbursements from the sub-adviser without which the performance would have been less favorable. This expense reimbursement arrangement may be modified or terminated at any time. 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](http://www.quakerfunds.com), by calling us toll free at 1-800-220-8888.

# QUAKER MID-CAP VALUE FUND

JANUARY 31, 2007

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.

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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](http://www.quakerfunds.com) or by calling 1-800-220-8888. Read the Prospectus carefully before investing.



QUAKER® FUNDS

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